

JIANGSU EASTERN SHENGHONG CO., LTD.

AUDITOR'S REPORT AND FINANCIAL STATEMENTS

**FOR EACH OF THE YEARS ENDED
DECEMBER 31 2019, 2020 AND 2021**

Auditor’s Report

To the Board of Directors of Jiangsu Eastern Shenghong Co., Ltd.:

Opinion

We have audited the accompanying financial statements of Jiangsu Eastern Shenghong Co., Ltd. (“Eastern Shenghong”), which comprise the consolidated and company’s balance sheets as at December 31, 2019, 2020 and 2021, 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 each of the years ended December 31, 2019, 2020 and 2021, 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, 2019, 2020 and 2021 and the consolidated and company’s financial performance and cash flows for each of the years ended December 31, 2019, 2020 and 2021 in accordance with the requirements of Accounting Standards for Business Enterprises.

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 our report. We are independent of Eastern Shenghong in accordance with the Code of Ethics for Professional Accountants of the Chinese Institute of Certified Public Accountants (“CICPA Code”), and we have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Eastern Shenghong has prepared separate sets of financial statements for each of the years ended December 31, 2019, December 31, 2020 and December 31, 2021 in accordance with Accounting Standards for Business Enterprises, on which we issued separate auditor’s reports to the shareholders of Eastern Shenghong, dated April 7, 2020, April 13, 2021 and April 17, 2022, respectively. This report is intended solely for the Board of Directors of Eastern Shenghong in connection with the listing of global depository receipts (GDRs) on SIX Swiss Exchange AG and is not to be used for any other purpose.

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

Management of Eastern Shenghong (“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, Management is responsible for assessing Eastern Shenghong’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 Management either intends to liquidate Eastern Shenghong or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Eastern Shenghong’s financial reporting process.

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 understand of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- (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 Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Eastern Shenghong'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 Eastern Shenghong to cease to continue as a going concern.
- (5) Evaluate the overall presentation (including the disclosures), structure and contents of the financial statements, and 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 Eastern Shenghong 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.

**BDO CHINA Shu Lun Pan
Certified Public Accountants LLP**

Certified Public Accountant of China:

Certified Public Accountant of China:

Shanghai, China

December 21, 2022

Jiangsu Eastern Shenghong Co., Ltd.
Consolidated Balance Sheets
(All amounts in RMB Yuan unless otherwise stated)

Assets	Note 5	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current assets:				
Cash at bank and on hand	5.1	13,398,450,538.95	18,556,686,869.47	7,437,048,706.00
Deposit reservation for balance				
Lending funds				
Financial assets held for trading	5.2	141,719,671.46	558,934,767.38	952,104,976.47
Derivative financial assets				
Notes receivable	5.3	348,987,413.80		641,483,353.18
Accounts receivable	5.4	531,097,626.60	336,149,774.87	305,571,547.66
Receivables financing	5.5	77,650,379.06	449,679,866.95	329,349,846.37
Advances to suppliers	5.6	738,790,250.32	637,530,700.72	679,620,987.51
Premiums receivable				
Reinsurances receivable				
Reinsurance contract reserves receivable				
Other receivables	5.7	92,825,594.30	41,090,611.74	113,103,976.46
Purchase of resale financial assets				
Inventories	5.8	6,085,991,650.69	3,910,849,372.32	4,078,337,722.70
Contract assets				
Assets held for sale				
Non-current assets due within one year				
Other current assets	5.9	3,601,776,114.95	1,170,455,199.78	615,178,839.49
Total current assets		25,017,289,240.13	25,661,377,163.23	15,151,799,955.84
Non-current assets:				
Loans and advances issued				
Debt investments				
Other debt investments				
Long-term receivables				
Long-term equity investments	5.10	139,961,042.52	72,268,276.17	56,220,775.71
Investments in other equity instruments	5.11	583,395,820.00	685,961,180.00	638,826,600.00
Other non-current financial assets	5.12	4,477,532.09	6,738,046.30	267,209,296.71
Investment properties	5.13	1,134,963,721.44	1,188,180,799.72	1,492,024,511.26
Fixed assets	5.14	31,186,602,365.19	26,054,386,350.02	26,036,607,057.67
Construction in progress	5.15	59,972,450,211.13	15,006,833,388.30	3,378,415,134.25
Biological assets				
Oil and gas assets				
Right-of-use assets	5.16	1,092,117,728.00		
Intangible assets	5.17	3,054,656,734.27	2,829,748,766.82	2,031,377,626.84
Capitalized development costs				
Goodwill	5.18	694,977,494.40	694,977,494.40	694,977,494.40
Long-term prepaid expenses	5.19	20,199,672.88	16,607,080.55	756,179.34
Deferred tax assets	5.20	472,404,205.44	465,022,839.60	408,532,597.68
Other non-current assets	5.21	8,629,047,411.26	10,650,265,119.74	3,560,086,585.80
Total non-current assets		106,985,253,938.62	57,670,989,341.62	38,565,033,859.66
Total assets		132,002,543,178.75	83,332,366,504.85	53,716,833,815.50

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Liabilities and shareholders' equity	<i>Note 5</i>	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current liabilities:				
Short-term borrowings	5.22	11,640,180,358.86	9,217,979,290.73	6,568,258,608.63
Borrowing from the Central Bank				
Borrowing funds				
Financial liabilities held for trading	5.23	3,567,808.37	53,267,088.20	876,090.00
Derivative financial liabilities				
Notes payable	5.24	5,792,969,431.39	4,632,876,879.18	2,682,640,525.81
Accounts payable	5.25	12,696,217,538.89	4,679,586,988.53	3,632,196,894.37
Advances from customers	5.26	34,444,991.05	40,041,159.00	645,210,777.42
Contract liabilities	5.27	884,411,615.82	726,569,056.54	
Financial assets sold for repurchase				
Savings absorption and interbank deposits				
Acting trading securities				
Acting underwriting securities				
Employee benefits payable	5.28	534,015,775.82	340,657,463.89	288,713,880.56
Taxes payable	5.29	177,753,147.32	289,403,723.28	141,844,788.85
Other payables	5.30	2,582,749,884.22	996,359,701.70	314,602,043.21
Handling charges and commissions payable				
Accounts payable reinsurance				
Liabilities held for sale				
Non-current liabilities due within one year	5.31	5,071,129,222.05	3,120,765,485.74	3,125,669,790.74
Other current liabilities	5.32	368,691,811.04	97,722,661.81	
Total current liabilities		39,786,131,584.83	24,195,229,498.60	17,400,013,399.59
Non-current liabilities:				
Provision for insurance contacts				
Long-term borrowings	5.33	52,373,793,742.68	23,151,155,888.81	8,712,242,431.49
Bonds payable	5.34	3,927,567,223.43	996,698,113.14	994,811,320.74
Of which: Preferred shares				
Perpetual debt				
Lease liabilities	5.35	985,281,636.81		
Long-term payables	5.36	2,691,695,545.75	2,247,847,344.41	1,512,463,198.46
Long-term employee benefits payable				
Provisions				
Deferred income	5.37	2,254,329,127.92	2,102,048,647.78	1,653,014,740.41
Deferred tax liabilities	5.20	542,445,448.41	448,767,704.14	353,438,077.77
Other non-current liabilities	5.38	33,269,790.86	44,009,116.31	57,632,843.39
Total non-current liabilities		62,808,382,515.86	28,990,526,814.59	13,283,602,612.26
Total liabilities		102,594,514,100.69	53,185,756,313.19	30,683,616,011.85
Shareholders' equity:				
Share capital	5.39	8,934,888,229.16	7,823,263,574.16	7,017,452,930.16
Other equity instruments	5.40	1,218,368,686.59		
Of which: Preferred shares				
Perpetual debt				
Capital reserves	5.41	10,161,654,344.13	13,026,663,948.36	10,257,823,045.57
Less: Treasury shares				
Other comprehensive income	5.42	61,610,475.56	141,511,143.47	109,648,355.15
Special reserves	5.43	20,965,757.18	36,537,457.57	26,369,073.72
Surplus reserves	5.44	601,569,763.59	371,183,266.63	324,619,555.31
General risk reserves				
Retained earnings	5.45	6,615,477,283.13	2,639,792,012.38	2,888,666,040.69
Total equity attributable to shareholders of the Company		27,614,534,539.34	24,038,951,402.57	20,624,579,000.60
Non-controlling interests		1,793,494,538.72	6,107,658,789.09	2,408,638,803.05
Total shareholders' equity		29,408,029,078.06	30,146,610,191.66	23,033,217,803.65
Total liabilities and shareholders' equity		132,002,543,178.75	83,332,366,504.85	53,716,833,815.50

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Jiangsu Eastern Shenghong Co., Ltd.
Company's Balance Sheet
(All amounts in RMB Yuan unless otherwise stated)

Assets	Note 14	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current assets:				
Cash at bank and on hand		350,977,071.10	302,600,943.91	163,456,664.92
Financial assets held for trading.		86,357,171.46	87,977,608.85	131,226,994.94
Derivative financial assets				
Notes receivable				103,457,140.97
Accounts receivable	14.1	81,581,660.48	49,209,354.00	104,999,340.47
Receivables financing		11,597,971.23	17,989,139.57	
Advances to suppliers		794,484.75	1,454,282.62	850,094.29
Other receivables	14.2	927,682,975.81	73,808.51	164,245,087.26
Inventories		15,161,894.49	20,546,515.38	8,548,184.43
Contract assets				
Assets held for sale				
Non-current assets due within one year.				
Other current assets.		8,443,065.26	1,878,776.15	5,073,152.84
Total current assets		1,482,596,294.58	481,730,428.99	681,856,660.12
Non-current assets:				
Debt investments				
Other debt investments				
Long-term receivables				
Long-term equity investments	14.3	46,036,050,438.00	23,185,478,357.92	17,697,309,414.74
Investments in other equity instruments.		583,395,820.00	685,961,180.00	638,826,600.00
Other non-current financial assets		1,406,830,003.25	3,474,168,350.14	267,209,296.71
Investment properties.		689,393,828.27	719,403,919.34	992,428,068.96
Fixed assets.		378,136,332.02	381,820,182.48	359,625,782.91
Construction in progress.		1,122,908.68	322,468.27	1,575,864.47
Biological assets.				
Oil and gas assets.				
Right-of-use assets				
Intangible assets		69,907,675.68	71,757,425.01	37,455,127.28
Capitalized development costs				
Goodwill.				
Long-term prepaid expenses				
Deferred tax assets		68,063,800.33	15,875,813.27	8,665,762.10
Other non-current assets.		1,928,267.00	2,768,720.00	
Total non-current assets		49,234,829,073.23	28,537,556,416.43	20,003,095,917.17
Total assets		50,717,425,367.81	29,019,286,845.42	20,684,952,577.29

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Liabilities and shareholders' equity	<i>Note 14</i>	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Current liabilities:				
Short-term borrowings		2,523,513,438.99	1,634,187,196.09	1,876,713,883.22
Financial liabilities held for trading		3,567,808.37	39,213,848.20	876,090.00
Derivative financial liabilities				
Notes payable		635,850,000.00		
Accounts payable		247,406,837.44	27,739,906.79	26,692,331.78
Advances from customers		31,132,194.01	42,272,204.52	60,317,125.04
Contract liabilities		28,925,918.19	17,408,413.40	
Employee benefits payable		21,757,749.42	22,809,892.65	40,730,452.32
Taxes payable		5,225,770.93	49,837,114.50	13,084,594.26
Other payables		5,814,246,665.10	4,262,750,696.77	20,628,922.25
Liabilities held for sale				
Non-current liabilities due within one year		1,625,330,341.78	16,618,750.00	15,000,000.00
Other current liabilities		3,791,388.68	2,364,683.20	
Total current liabilities		10,940,748,112.91	6,115,202,706.12	2,054,043,398.87
Non-current liabilities:				
Long-term borrowings		1,864,000,000.00	499,000,000.00	
Bonds payable		3,927,567,223.43	996,698,113.14	994,811,320.74
Of which: Preferred shares				
Perpetual debt				
Lease liabilities				
Long-term payables		1,200,580,000.00	1,405,775,833.33	1,000,000,000.00
Long-term employee benefits payable				
Provisions				
Deferred income				
Deferred tax liabilities		160,430,710.48	75,259,710.90	66,358,381.00
Other non-current liabilities		33,269,790.86	44,009,116.31	57,632,843.39
Total non-current liabilities		7,185,847,724.77	3,020,742,773.68	2,118,802,545.13
Total liabilities		18,126,595,837.68	9,135,945,479.80	4,172,845,944.00
Shareholders' equity:				
Share capital		5,946,488,521.00	4,834,863,866.00	4,029,053,222.00
Other equity instruments		1,218,368,686.59		
Of which: Preferred shares				
Perpetual debt				
Capital reserves		21,394,743,718.63	13,350,132,175.35	10,573,704,374.36
Less: Treasury shares				
Other comprehensive income		68,171,865.00	145,095,885.00	109,744,950.00
Special reserves				
Surplus reserves		652,896,900.49	363,567,531.87	347,912,464.42
Retained earnings		3,310,159,838.42	1,189,681,907.40	1,451,691,622.51
Total shareholders' equity		32,590,829,530.13	19,883,341,365.62	16,512,106,633.29
Total liabilities and shareholders' equity		50,717,425,367.81	29,019,286,845.42	20,684,952,577.29

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Jiangsu Eastern Shenghong Co., Ltd.
Consolidated Income Statement
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 5	Year 2021	Year 2020	Year 2019
I. Revenue		51,722,179,697.92	33,698,796,950.06	36,736,918,927.52
Of which: Revenue	5.46	51,722,179,697.92	33,698,796,950.06	36,736,918,927.52
Interest income				
Premiums earned				
Incomes for handling charges and commissions				
II. Cost of sales		45,599,276,835.62	32,757,006,914.90	33,985,107,182.26
Of which: Cost of sales	5.46	43,073,203,645.89	31,047,552,185.40	31,715,081,202.73
Interest costs				
Expenditures for handling charges and commissions				
Surrender value				
Net amount of compensation expenditure				
Net insurance liability reserve withdrawn				
Policyholder dividend expenditure				
Reinsurance expenses				
Taxes and surcharges	5.47	209,420,399.49	144,737,546.86	147,662,409.94
Selling expenses	5.48	155,396,328.60	127,155,253.05	462,184,171.99
General and administrative expenses	5.49	642,262,065.98	365,571,135.93	372,095,870.90
Research and development expenses	5.50	427,210,997.61	247,692,466.79	239,910,317.05
Financial expenses	5.51	1,091,783,398.05	824,298,326.87	1,048,173,209.65
Of which: Interest expenses		1,163,780,314.49	977,774,037.30	948,894,799.87
Interest income		142,311,545.44	88,392,891.08	46,477,143.25
Add: Other income	5.52	108,304,116.91	155,324,080.15	86,054,523.92
Investment income (loss expressed with “-”)	5.53	-22,845,888.62	136,938,857.71	157,784,116.35
Of which: Share of net profits of associates and joint ventures		12,792,766.35	24,269,191.07	5,302,227.30
Profit or loss arising from derecognised financial assets at amortised cost				
Exchange gains (loss expressed with “-”)				
Net exposure hedging gains (loss expressed with “-”)				
Gains arising from changes in fair value (loss expressed with “-”)	5.54	19,602,121.17	-52,914,770.50	15,940,216.36
Credit impairment losses (loss expressed with “-”)	5.55	-13,759,136.23	403,174.20	10,210,342.11
Assets impairment losses (loss expressed with “-”)	5.56	-215,740,376.30	-114,233,062.33	-55,585,666.14
Gains on disposal of assets (loss expressed with “-”)	5.57	18,290,382.02	43,114,282.96	9,516,732.37
III. Operating profit (loss expressed with “-”)		6,016,754,081.25	1,110,422,597.35	2,975,732,010.23
Add: Non- operating income	5.58	52,869,927.78	24,078,955.82	17,015,039.42
Less: non-operating expenses	5.59	10,892,311.68	17,046,747.59	5,495,170.50
IV. Total profit (total loss expressed with “-”)		6,058,731,697.35	1,117,454,805.58	2,987,251,879.15

Item	<i>Note 5</i>	Year 2021	Year 2020	Year 2019
Less: income tax expenses	5.60	972,485,590.84	277,727,236.86	433,546,666.39
V. Net profit (net loss expressed with “-”)		5,086,246,106.51	839,727,568.72	2,553,705,212.76
(I) Classified by continuity of operations				
1. Net profit from continuing operations (net loss expressed with “-”)		5,086,246,106.51	839,727,568.72	2,548,085,484.68
2. Net profit from discontinued operations (net loss expressed with “-”)				5,619,728.08
(II) Classified by ownership of the equity.				
1. Net profit attributable to shareholders of the Company (net loss expressed with “-”)		4,543,604,009.84	766,648,020.16	2,463,151,017.02
2. Net profit attributable to non-controlling interests (net loss expressed with “-”)		542,642,096.67	73,079,548.56	90,554,195.74
VI. Other comprehensive income, net of tax		-80,529,509.69	30,971,686.06	107,615,579.20
Other comprehensive income, net of tax, attributable to shareholders of the Company		-79,900,667.91	31,862,788.32	107,638,355.15
(I) Other comprehensive income that will not to be reclassified to profit or loss		-76,924,020.00	35,350,935.00	107,734,950.00
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 investments in other equity instruments.		-76,924,020.00	35,350,935.00	107,734,950.00
4. Changes in the fair value of the company’s own credit risk.				
(II) Other comprehensive income that will be reclassified to profit or loss.		-2,976,647.91	-3,488,146.68	-96,594.85
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. Cash flow hedging reserve				
6. Translation differences of foreign currency financial statements		-2,976,647.91	-3,488,146.68	-96,594.85
7. Others.				

Item	<i>Note 5</i>	Year 2021	Year 2020	Year 2019
Net after-tax amount of other comprehensive income attributable to non-controlling interests		-628,841.78	-891,102.26	-22,775.95
VII. Total comprehensive income		5,005,716,596.82	870,699,254.78	2,661,320,791.96
Total comprehensive incomes attributable to the Company's shareholders		4,463,703,341.93	798,510,808.48	2,570,789,372.17
Total comprehensive incomes attributable to non-controlling interests		542,013,254.89	72,188,446.30	90,531,419.79
VIII. Earnings per share:				
(I) Basic earnings per share (yuan/share)		0.76	0.14	0.48
(II) Diluted earnings per share (yuan/share)		0.73	0.14	0.48

In case of business combination under common control for the current period, the net profit realized by the combinee before the combination in 2021 was RMB3,776,983,744.96; the net profit realized by the combinee in 2020 was RMB526,992,784.23, and the net profit realized by the combinee in 2020 was RMB1,047,109,134.53.

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Jiangsu Eastern Shenghong Co., Ltd.
Company's Income Statement
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 14	Year 2021	Year 2020	Year 2019
I. Revenue	14.4	6,795,760,267.56	3,359,918,620.83	1,044,949,320.54
Less: operating cost	14.4	6,450,648,253.97	2,985,587,879.48	607,907,540.27
Taxes and surcharges		22,174,045.71	23,537,407.90	24,184,785.51
Selling expenses		441,023.08	1,309,727.65	370,392.28
General and administrative expenses		114,822,884.51	55,493,908.14	72,214,474.33
Research and development expenses				
Financial expenses		405,899,765.25	144,016,757.46	92,287,643.22
Of which: Interest expenses		411,369,821.66	171,827,567.13	92,598,811.18
Interest income		8,653,785.42	6,497,767.70	4,482,637.60
Add: Other income		7,016,425.40	6,978,423.48	653,002.76
Investment income (loss expressed with "-")	14.5	2,953,065,236.71	26,261,285.20	179,287,984.78
Of which: Share of net profits of associates and joint ventures		14,397,830.28	22,390,633.79	1,745,902.60
Profit or loss arising from derecognised financial assets at amortised cost				
Net exposure hedging gains (loss expressed with "-")				
Gains arising from changes in fair value (loss expressed with "-")		193,642,851.87	-26,109,180.65	11,289,055.63
Credit impairment losses (loss expressed with "-")		-1,443,804.82	2,853,722.39	-1,691,285.47
Assets impairment losses (loss expressed with "-")				
Gains on disposal of assets (loss expressed with "-")		264,886.34	31,933,879.11	55,415,862.91
II. Operating profit ("-") for losses)		2,954,319,890.54	191,891,069.73	492,939,105.54
Add: Non- operating income		879,411.17	10,179,431.89	4,986,795.22
Less: non-operating expenses		3,281,262.95	146,483.20	1,595,342.47
III. Total profit (total loss expressed with "-")		2,951,918,038.76	201,924,018.42	496,330,558.29
Less: income tax expenses		58,624,352.52	45,373,343.88	111,698,677.47
IV. Net profit (net loss expressed with "-")		2,893,293,686.24	156,550,674.54	384,631,880.82
(I) Net profit from continuing operations (net loss expressed with "-")		2,893,293,686.24	156,550,674.54	384,631,880.82
(II) Net profit from discontinued operations (net loss expressed with "-")				
V. Other comprehensive income, net of tax		-76,924,020.00	35,350,935.00	107,734,950.00
(I) Other comprehensive income that will not to be reclassified to profit or loss		-76,924,020.00	35,350,935.00	107,734,950.00
1. Changes arising from remeasurement of defined benefit plan				

Item	<i>Note 14</i>	Year 2021	Year 2020	Year 2019
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 investments in other equity instruments.		-76,924,020.00	35,350,935.00	107,734,950.00
4. Changes in the fair value of the Company's own credit risk.				
(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 investments				
5. Cash flow hedging reserve . . .				
6. Translation differences of foreign currency financial statements				
7. Others.				
VI. Total comprehensive income		2,816,369,666.24	191,901,609.54	492,366,830.82
VII. Earnings per share:				
(I) Basic earnings per share (yuan/share)				
(II) Diluted earnings per share (yuan/share)				

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Jiangsu Eastern Shenghong Co., Ltd.
Consolidated Statement of Cash Flows
(All amounts in RMB Yuan unless otherwise stated)

Item	Note 5	Year 2021	Year 2020	Year 2019
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		54,734,917,497.56	36,946,269,943.07	39,705,116,181.88
Net increase in customer bank deposits and interbank deposits				
Net increase in borrowings from the Central Bank				
Net increase in borrowings from other financial institutions				
Cash received from premiums obtained from 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 increase in repurchase business capital				
Net cash received from agency purchases and sales of securities				
Refund of taxes and surcharges		388,110,756.85	227,687,554.13	197,138,790.33
Cash received relating to other operating activities	5.61	7,261,607,193.29	4,275,878,880.66	3,379,791,973.72
Sub-total of cash inflows from operating activities		62,384,635,447.70	41,449,836,377.86	43,282,046,945.93
Cash paid for goods and services		44,106,942,148.69	29,808,387,038.63	31,032,075,629.65
Net increase in borrowings and advances				
Net increase of deposits in the Central Bank and other 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		2,045,774,094.97	1,773,268,645.12	1,713,518,919.50

Item	<i>Note 5</i>	Year 2021	Year 2020	Year 2019
Payments of taxes and surcharges		2,081,548,173.10	568,086,811.03	811,873,573.69
Cash paid relating to other operating activities	5.61	8,816,659,938.00	5,318,059,013.90	2,503,458,822.28
Sub-total of cash outflows from operating activities		57,050,924,354.76	37,467,801,508.68	36,060,926,945.12
Net cash flows from operating activities		5,333,711,092.94	3,982,034,869.18	7,221,120,000.81
II. Cash flows from investing activities				
Cash received from disposal of investments		1,469,048,210.16	1,303,687,896.02	4,473,566,300.57
Cash received from returns on investments		22,957,557.09	123,972,053.72	94,636,003.09
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		154,619,227.95	392,727,477.01	118,748,154.43
Net cash received from disposal of subsidiaries and other business units			4,605,889.80	137,163,660.15
Cash received relating to other investing activities	5.61	807,790,634.52	1,148,467,854.56	7,010,151,052.13
Sub-total of cash inflows from investing activities		2,454,415,629.72	2,973,461,171.11	11,834,265,170.37
Cash paid to acquire fixed assets, intangible assets and other long-term assets		41,717,365,127.29	18,617,544,384.87	7,757,115,112.16
Cash paid to acquire investments		1,745,304,798.91	879,137,906.52	3,981,947,451.80
Net increase in pledge loans				
Net cash paid for the acquisition of subsidiaries and other business units				
Cash payments relating to other investing activities	5.61		1,056,000,000.00	4,615,153,441.38
Sub-total of cash outflows from investing activities		43,462,669,926.20	20,552,682,291.39	16,354,216,005.34
Net cash flows from investing activities		-41,008,254,296.48	-17,579,221,120.28	-4,519,950,834.97
III. Cash flows from financing activities				
Cash received from capital contributions			7,546,571,431.64	1,346,580,000.00
Of which: Cash received from capital contributions by non-controlling interests of subsidiaries			3,965,420,000.00	1,296,580,000.00
Cash received from borrowings		52,877,996,262.84	34,004,988,237.07	13,615,987,460.34
Cash received relating to other financing activities	5.61	6,920,000,000.00	3,000,000,000.00	2,570,500,000.00
Sub-total of cash inflows from financing activities		59,797,996,262.84	44,551,559,668.71	17,533,067,460.34
Cash repayments for borrowings		16,233,037,978.54	16,755,064,778.59	12,926,694,979.57

Item	<i>Note 5</i>	Year 2021	Year 2020	Year 2019
Cash payments for distribution of dividends, profits or interest expenses		3,885,492,625.12	2,295,089,961.38	1,341,756,317.80
Of which: Share dividends and profits paid to non-controlling interests of subsidiaries		96,000,000.00	96,307,171.05	
Cash payments relating to other financing activities	<i>5.61</i>	10,267,394,901.34	2,367,388,408.44	4,390,489,382.96
Sub-total of cash outflows from financing activities		30,385,925,505.00	21,417,543,148.41	18,658,940,680.33
Net cash flows from financing activities		29,412,070,757.84	23,134,016,520.30	-1,125,873,219.99
IV. Effect of changes in foreign exchange rate on cash and cash equivalents		7,831,605.34	-37,291,046.59	-5,143,734.24
V. Net increase in cash and cash equivalents		-6,254,640,840.36	9,499,539,222.61	1,570,152,211.61
Plus: beginning balance of cash and cash equivalents		15,931,142,588.10	6,431,603,365.49	4,861,451,153.88
VI. Ending balance of cash and cash equivalents		9,676,501,747.74	15,931,142,588.10	6,431,603,365.49

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Jiangsu Eastern Shenghong Co., Ltd.
Company's Statement of Cash Flows
(All amounts in RMB Yuan unless otherwise stated)

Item	<i>Note 14</i>	Year 2021	Year 2020	Year 2019
I. Cash flows from operating activities				
Cash received from sale of goods or rendering of services		7,758,306,701.37	4,104,861,024.16	1,104,646,165.35
Refund of taxes and surcharges				
Cash received relating to other operating activities		11,510,949,935.59	5,284,546,807.25	1,651,042,968.50
Sub-total of cash inflows from operating activities		19,269,256,636.96	9,389,407,831.41	2,755,689,133.85
Cash paid for goods and services		6,451,730,597.11	3,530,885,552.02	508,977,962.90
Cash paid to and on behalf of employees		104,311,003.21	96,592,098.89	97,536,728.34
Payments of taxes and surcharges		88,239,322.41	79,755,435.26	162,774,916.00
Cash paid relating to other operating activities		12,567,789,796.76	1,556,974,757.45	1,648,972,885.63
Sub-total of cash outflows from operating activities		19,212,070,719.49	5,264,207,843.62	2,418,262,492.87
Net cash flows from operating activities		57,185,917.47	4,125,199,987.79	337,426,640.98
II. Cash flows from investing activities				
Cash received from disposal of investments		1,270,588.24	91,940,895.63	1,870,386,545.93
Cash received from returns on investments		2,704,888,860.15	41,545,931.85	40,790,135.41
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		348,249.74	351,557,921.50	108,062,340.70
Net cash received from disposal of subsidiaries and other business units				
Cash received relating to other investing activities				1,546,991,052.13
Sub-total of cash inflows from investing activities		2,706,507,698.13	485,044,748.98	3,566,230,074.17
Cash paid to acquire fixed assets, intangible assets and other long-term assets		31,452,678.57	98,342,156.38	40,577,796.86
Cash paid to acquire investments		9,681,660,000.00	8,093,000,000.00	5,961,000,000.00
Net cash paid for the acquisition of subsidiaries and other business units				
Cash payments relating to other investing activities				1,262,440,000.00
Sub-total of cash outflows from investing activities		9,713,112,678.57	8,191,342,156.38	7,264,017,796.86
Net cash flows from investing activities		-7,006,604,980.44	-7,706,297,407.40	-3,697,787,722.69

Item	<i>Note 14</i>	Year 2021	Year 2020	Year 2019
III. Cash flows from financing activities				
Cash received from capital contributions			3,581,151,431.64	
Cash received from borrowings		9,550,723,006.00	2,472,646,058.00	3,245,480,935.00
Cash received relating to other financing activities		5,500,000,000.00	2,250,000,000.00	1,000,000,000.00
Sub-total of cash inflows from financing activities		15,050,723,006.00	8,303,797,489.64	4,245,480,935.00
Cash repayments for borrowings		1,780,914,311.63	2,172,737,513.10	680,000,000.00
Cash payments for distribution of dividends, profits or interest expenses		702,818,976.10	565,261,603.02	461,556,381.97
Cash payments relating to other financing activities		5,700,200,000.00	1,850,547,717.98	
Sub-total of cash outflows from financing activities		8,183,933,287.73	4,588,546,834.10	1,141,556,381.97
Net cash flows from financing activities		6,866,789,718.27	3,715,250,655.54	3,103,924,553.03
IV. Effect of changes in foreign exchange rate on cash and cash equivalents				
		-95.08	-262.92	-8.29
V. Net increase in cash and cash equivalents				
		-82,629,439.78	134,152,973.01	-256,436,536.97
Plus: beginning balance of cash and cash equivalents		287,339,525.05	153,186,552.04	409,623,089.01
VI. Ending balance of cash and cash equivalents				
		204,710,085.27	287,339,525.05	153,186,552.04

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Year 2020

Equity attributable to shareholders of the Company

Item	Other equity instruments				Less: Treasury shares	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Sub-total	Non-controlling interests	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt	Others									
I. Balance as at December 31, 2019	7,017,452,930.16				4,500,257,361.05	109,648,355.15	24,909,779.40	324,619,555.31		2,039,310,549.38	14,016,198,530.45	1,283,813,020.81	15,300,011,551.26
Plus: changes in accounting policies													
Correction of prior errors													
Business combination under common control					5,757,565,684.52		1,459,294.32			849,355,491.31	6,608,380,470.15	1,124,825,782.24	7,733,206,252.39
Others													
II. Balance as at January 1, 2020	7,017,452,930.16				10,257,823,045.57	109,648,355.15	26,369,073.72	324,619,555.31		2,888,666,040.69	20,624,579,000.60	2,408,638,803.05	23,033,217,803.65
III. Movement for the period (decrease expressed with "+")	805,810,644.00				2,768,840,902.79	31,862,788.32	10,168,383.85	46,563,711.32		-248,874,028.31	3,414,372,401.97	3,699,019,986.04	7,113,392,388.01
(I) Total comprehensive income						31,862,788.32				766,648,020.16	798,510,808.48	72,188,446.30	870,699,254.78
(II) Capital contribution and reduction by shareholders	805,810,644.00				2,776,427,800.99						3,582,238,444.99	3,965,420,000.00	7,547,658,444.99
1. Common share capital contribution by shareholders	805,810,644.00				2,776,427,800.99						3,582,238,444.99	3,965,420,000.00	7,547,658,444.99
2. Capital contribution by the holders of other equity instruments													
3. Amount recorded in shareholders' equity arising from share-based payment arrangements													
4. Others													
(III) Distribution of profits										-1,015,522,048.47	-968,958,337.15	-96,307,171.05	-1,065,265,508.20
1. Appropriation to surplus reserves										-46,563,711.32			
2. Appropriation to common risk provision													
3. Distribution to shareholders										-968,958,337.15	-968,958,337.15	-96,307,171.05	-1,065,265,508.20
4. Others													

Jiangsu Eastern Shenghong Co., Ltd.
Company's Statement of Changes in Shareholders' Equity
(All amounts in RMB Yuan unless otherwise stated)

Year 2021

Item	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt							
I. Balance as at December 31, 2020	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
Plus: changes in accounting policies										
Correction of prior errors										
Others										
II. Balance as at January 1, 2021	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. Movement for the period (decrease expressed with "-")	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 contribution and reduction by shareholders	1,111,624,655.00		1,218,368,686.59	1,290,373.84						2,331,283,715.43
1. Common share capital contribution by shareholders	1,111,528,326.00									1,111,528,326.00
2. Capital contribution 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. Amount recorded in shareholders' equity arising from share-based payment arrangements										
4. Others										
(III) Distribution of profits								289,329,368.62	-772,815,755.22	-483,486,386.60
1. Appropriation to surplus reserves								289,329,368.62	-289,329,368.62	
2. Distribution to shareholders									-483,486,386.60	-483,486,386.60
3. Others										
(IV) Transfer within shareholders' equity										
1. Transfer from capital reserves to share capital										

Year 2021

Item	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt							
2. Transfer from surplus reserves to share capital										
3. Surplus reserves used to offset accumulated losses										
4. Transfer remeasurements of defined benefit obligation to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserves.										
1. Accrual in the period										
2. Use in the period.										
(VI) Others										
IV. Balance as at December 31, 2021	5,946,488,521.00			1,218,368,686.59	8,043,321,169.44	68,171,865.00		652,896,900.49	3,310,159,838.42	8,043,321,169.44

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Year 2020

Item	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt							
I. Balance as at December 31, 2019	4,029,053,222.00			10,573,704,374.36		109,744,950.00		347,912,464.42	1,451,691,622.51	16,512,106,633.29
Plus: changes in accounting policies										
Correction of prior errors										
Others										
II. Balance as at January 1, 2020	4,029,053,222.00			10,573,704,374.36		109,744,950.00		347,912,464.42	1,451,691,622.51	16,512,106,633.29
III. Movement for the period (decrease expressed with "-")	805,810,644.00			2,776,427,800.99		35,350,935.00		15,655,067.45	-262,009,715.11	3,371,234,732.33
(I) Total comprehensive income						35,350,935.00			156,550,674.54	191,901,609.54
(II) Capital contribution and reduction by shareholders	805,810,644.00			2,776,427,800.99						3,582,238,444.99
1. Common share capital contribution by shareholders	805,810,644.00			2,776,427,800.99						3,582,238,444.99
2. Capital contribution by the holders of other equity instruments										
3. Amount recorded in shareholders' equity arising from share-based payment arrangements										
4. Others										
(III) Distribution of profits										
1. Appropriation to surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Transfer within shareholders' equity										
1. Transfer from capital reserves to share capital										
2. Transfer from surplus reserves to share capital										
3. Surplus reserves used to offset accumulated losses										
								15,655,067.45	-418,560,389.65	-402,905,322.20
								15,655,067.45	-15,655,067.45	
									-402,905,322.20	-402,905,322.20

Year 2020

Item	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt							
4. Transfer remeasurements of defined benefit obligation to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserves										
1. Accrual in the period										
2. Use in the period										
(VI) Others										
IV. Balance as at December 31, 2020	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

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Year 2019

Item	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt							
I. Balance as at December 31, 2018	4,029,053,222.00			10,562,263,278.47		70,483,291.69		302,400,947.17	1,435,270,247.38	16,399,470,986.71
Plus: changes in accounting policies						-68,473,291.69		7,048,329.17	73,158,004.59	11,733,042.07
Correction of prior errors										
Others										
II. Balance as at January 1, 2019	4,029,053,222.00			10,562,263,278.47		2,010,000.00		309,449,276.34	1,508,428,251.97	16,411,204,028.78
III. Movement for the period (decrease expressed with "-")										
(I) Total comprehensive income				11,441,095.89		107,734,950.00		38,463,188.08	-56,736,629.46	100,902,604.51
(II) Capital contribution and reduction by shareholders						107,734,950.00			384,631,880.82	492,366,830.82
1. Common share capital contribution by shareholders										
2. Capital contribution by the holders of other equity instruments										
3. Amount recorded in shareholders' equity arising from share-based payment arrangements										
4. Others										
(III) Distribution of profits										
1. Appropriation to surplus reserves										
2. Distribution to shareholders										
3. Others										
(IV) Transfer within shareholders' equity										
1. Transfer from capital reserves to share capital										
2. Transfer from surplus reserves to share capital										
3. Surplus reserves used to offset accumulated losses										
								38,463,188.08	-441,368,510.28	-402,905,322.20
								38,463,188.08	-38,463,188.08	
									-402,905,322.20	-402,905,322.20

Year 2019

Item	Other equity instruments			Capital reserves	Less: treasury shares	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Total shareholders' equity
	Share capital	Preferred shares	Perpetual debt							
4. Transfer remeasurements of defined benefit obligation to retained earnings										
5. Other comprehensive income carried forward to retained earnings										
6. Others										
(V) Special reserves										
1. Accrual in the period										
2. Use in the period										
(VI) Others										
IV. Balance as at December 31, 2019	4,029,053,222.00				11,441,095.89	109,744,950.00		347,912,464.42	1,451,691,622.51	11,441,095.89
					10,573,704,374.36					16,512,106,633.29

The attached notes to the financial statement are an integral part of these financial statements.

Legal Representative:

Chief Accountant:

Chief Finance Officer:

Jiangsu Eastern Shenghong Co., Ltd.
Notes to the Financial Statements
(All amounts in RMB Yuan unless otherwise stated)

1 Company profile

1.1 Company overview

Jiangsu Eastern Shenghong Co., Ltd. (the “Company”), formerly known as Jiangsu Wujiang China Eastern 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 unified social credit code of the Company: 91320500704043818X.

With the approval (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 ultimate 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 at December 31, 2021, both the registered capital and paid-in capital of the Company were RMB5,946,488,500.00.

See Note 5.39 for details about the changes in equity in 2021. Registered address: No. 73, Market East Road, Shengze Town, Wujiang District, Suzhou, Jiangsu, and the headquarters address: No. 73, Market East Road, Shengze Town, Wujiang District, Suzhou, Jiangsu.

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 the ultimate controllers of the Company are Mr. and Mrs. Miao Han'gen and Zhu Hongmei.

The financial statements have been approved by the Company for disclosure on December 21, 2022

1.2 Scope of consolidated financial statements

As at December 31, 2021, entities within the scope of the consolidated financial statements of the Company are as follows:

Names

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.
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.
Suzhou Shenghong Digital Cloud Technology Co., Ltd.
Suzhou Shengze Real Estate Leasing Co., Ltd.
Suzhou Shengze Warehousing Management Co., Ltd.
Lianyungang Shenghong Refining and Chemical Industry Fund Partnership (Limited Partnership)
Suzhou Yinghong Industrial Investment Fund (Limited Partnership)
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.*
Jiangsu Honggang Petrochemical 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 Guanhong Trading Co., Ltd.
Jiangsu Hongwei Chemical Co., Ltd.
Lianyungang Shengtai New Materials Co., Ltd.
Lianyungang Hongke New Materials Co., Ltd.
Shenghong (Shanghai) Polyester Material 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.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.
Jiangsu Hongjing New Materials Co., Ltd.

As at December 31, 2020 entities within the scope of the consolidated financial statements of the Company are as follows:

Names

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.
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.
Suzhou Shenghong Digital Cloud Technology Co., Ltd.
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.*
Jiangsu Honggang Petrochemical Co., Ltd.
Shenghong Oils Sales Co., Ltd.
Shenghong (Lianyungang) Oils Sales Co., Ltd.
Shenghong Petrochemical (Singapore) International Co., Ltd.
Lianyungang Guanhong Trading Co., Ltd.
Jiangsu Hongwei Chemical Co., Ltd.
Shenghong (Shanghai) Polyester Material Co., Ltd.
Shenghong New Materials (Suqian) Co., Ltd.
Jiangsu Reborn Eco-tech Co., Ltd.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.

As at December 31, 2019 entities within the scope of the consolidated financial statements of the Company are as follows:

Names

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.
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.*
Jiangsu Honggang Petrochemical Co., Ltd.
Shenghong Oils Sales Co., Ltd.
Shenghong (Lianyungang) Oils Sales Co., Ltd.
Shenghong Petrochemical (Singapore) International Co., Ltd.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.
Sierbang (Shanghai) Supply Chain Management Co., Ltd.

* Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. was formerly known as Jiangsu Shenghong Petrochemical Industry Development Co., Ltd.

See Note “6 Changes in the scope of consolidation” for details of the changes in the scope of consolidation during the reporting period.

See Note “7 Equity in other entities” for relevant information on subsidiaries of the Company.

2 Basis of preparation for the financial statements

2.1 Basis of preparation

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.

On December 31, 2021, Eastern Shenghong consolidated Jiangsu Sierbang Petrochemical Co., Ltd. under the same control and restated the financial statements for each of the years ended December 31, 2019, 2020 and 2021 in accordance with Accounting Standards for Business Enterprises, on which BDO CHINA Shu Lun Pan Certified Public Accountants LLP issued auditor’s reports to the shareholders of Eastern Shenghong, dated 13 May 2022. The matter detailed in Note “6.2 Business combination under common control”.

2.2 Going concern

The financial statements are prepared on a going-concern basis.

2.3 New Accounting Standards adopted for the first time during reporting period

Standard adopted for the first time for 2019

In 2017, the Ministry of Finance released the revised Accounting Standard for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments, Accounting Standard for Business Enterprises No. 23—Transfer of Financial Assets, Accounting Standard for Business Enterprises No. 24—Hedge Accounting (collectively hereinafter referred to as the “New Financial Instruments Standards”) and the Circular on the Transitional Measures Related to the Implementation of the Accounting New Financial Instruments Standards (Cai Kuai [2017] No. 20) (“the Circular”), which came into effect on January 1, 2019. The Company and its subsidiaries (the “Group”) has adopted these standards for the first time in the 2019 financial statements. Pursuant to the New Financial Instruments Standards and the Circular, for financial instruments that have not been derecognized at the date of initial implementation, previous recognition and measurement that are inconsistent with the requirements of the revised standard should be adjusted retrospectively. On January 1, 2019, main impacts of the implementation of the New Financial Instruments Standards are as follows:

Content of and reason for changes in accounting policies	Affected items	Impact on the balance as at January 1, 2019
		Consolidated
(1) Reclassify financial investments originally presented in items “other current assets”, “financial assets held for trading” and “other non-current financial assets” to items “financial assets held for trading” and “other non-current financial assets”	Financial assets held for trading	1,510,030,000.00

Content of and reason for changes in accounting policies	Affected items	Impact on the balance as at January 1, 2019
		Consolidated
	Other current assets	-1,510,030,000.00
	Available-for-sale financial assets	-6,985,943.90
	Other non-current assets	-20,000,000.00
	Other non-current financial assets	39,950,000.00
	Deferred tax liabilities	3,241,014.03
	Retained earnings	9,723,042.07
(2) Reclassify available-for-sale equity instrument investments as the item “financial assets measured at fair value through the current profit or loss”	Financial assets held for trading	126,794,722.26
	Available-for-sale financial assets	-126,794,722.26
	Other comprehensive income	3,885,126.93
	Retained earnings	-3,885,126.93
(3) Designate available-for-sale equity instrument investments held not for trading as “financial assets measured at fair value through other comprehensive income”	Available-for-sale financial assets	-492,500,000.00
	Investments in other equity instruments	495,180,000.00
	Other comprehensive income	2,010,000.00
	Deferred tax liabilities	670,000.00
(4) Reclassify notes receivable measured at fair value through other comprehensive income to the item “receivables financing”	Notes receivable	-631,098,965.05
	Receivables financing	631,098,965.05
(5) Reclassify the item “interest receivable” to the corresponding asset, and the item “interest payable” to the corresponding liability.	Cash at bank and on hand	12,649,576.42
	Financial assets held for trading	2,047,333.33
	Other receivables — Interest receivable	-14,696,909.75
	Short-term borrowings	9,770,889.19
	Non-current liabilities due within one year	19,701,439.39
	Other payables — Interest payable	-29,472,328.58

Standard adopted for the first time for 2020

In 2017, the Ministry of Finance released the revised Accounting Standard for Business Enterprises No. 14—Revenue (the “New Revenue Standard”), which came into effect on January 1, 2020. The Group adopted this standard for the first time in the 2020 financial statements. On January 1, 2020, main impacts of the implementation of the New Revenue Standard are as follows:

Content of and reason for changes in accounting policies	Affected items	Impact on the balance as at Wednesday, January 1, 2020
The obligation of transferring goods to customers in the future in advances from customers relevant to sales of goods or rendering of services is reclassified to contract liabilities, and the VAT payment obligation which has not happened yet is reclassified to other current liabilities as the output tax to be carried forward.	Advances from customers	-601,927,787.30
	Contract liabilities	535,089,320.89
	Other current liabilities	66,838,466.41

Standard adopted for the first time for 2021

In 2018, the Ministry of Finance released the revised Accounting Standard for Business Enterprises No. 21—Leases (the “New Lease Standard”), which became effective on January 1, 2021. The Group adopted this New Lease Standard for the first time in the 2021 financial statements. The Group did not restate comparatives retrospectively and recognised the cumulative effect of applying this standard initially as an adjustment to the relevant line items in the financial statements as permitted under the specific transitional provisions in the standard. On January 1, 2021, main impacts of the implementation of the New Lease Standard are as follows:

Content of and reason for changes in accounting policies	Affected items	Impact on the balance as at January 1, 2021
As a lessee, the Company adjusts the operating lease existing before the first execution date	Right-of-use assets	697,683,319.94
	Lease liabilities	652,020,683.70
	Non-current liabilities due within one year	45,662,636.24

Changes in significant accounting policies and their impact are detailed in Note “3.34 Changes in significant accounting policies and accounting estimates”.

3 Significant accounting policies and accounting estimates

3.1 Statement on compliance with Accounting Standards for Business Enterprises

The financial statements meet the requirements of the *Accounting Standards for Business Enterprises* issued by the Ministry of Finance, and truly and completely reflect the consolidated and the company’s financial position of the Company as at December 31, 2019, December 31, 2020 and December 31, 2021, and the consolidated and the company’s financial performance and cash flows for the three years then ended.

3.2 Accounting period

The accounting year is from January 1 to December 31.

3.3 Business cycle

The Company's operating cycle is 12 months.

3.4 Functional currency

The Company's functional currency is Renminbi ("RMB"). 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 are presented in RMB.

3.5 Accounting treatment methods for business combinations under common control and not under common control

Business combination under common control: For assets and liabilities (including the goodwill formed by the acquisition of the combinee by the ultimate controller) obtained through business combination by the combining party, they are measured based on the book value of the assets and liabilities of the combinee 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.

3.6 Preparation method of consolidated financial statements

3.6.1 Scope of consolidation

The consolidation scope of consolidated financial statements is determined on the basis of control, covering the Company and all the 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 affect the Company's return by using the power over the investee.

3.6.2 Consolidation procedures

The Company takes the enterprise group as a whole accounting entity, and prepares the consolidated financial statements according to uniform accounting policies 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 policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

The share of owners' 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 owners' equity of the subsidiary at the beginning of the period, non-controlling interests will be written down accordingly.

(1) Increase in subsidiaries or business

During the reporting period, where the Company acquired subsidiaries or business from the business combination under common control, the operating results and cash flows of the newly acquired subsidiaries or business from the beginning of the period for business combination to the end of the reporting period are included in the consolidated financial statements; the beginning amount of the consolidated financial statements and relevant items in the comparative statements are adjusted accordingly, as if the reporting entity after the business combination exists as of the time 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 to profit or loss and other changes in owners' 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 treatment methods

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 to profit or loss and other change in owners' 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.

When these transactions belong to a package of transactions, they are accounted for as a transaction of disposing subsidiary and losing control; however, the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control is recognized as other comprehensive income in the consolidated financial statements, and is transferred into current profit or loss upon loss of control.

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 minority interest of subsidiaries

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.

3.7 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) Revenues from sale of output enjoyed by it from the joint operation;
- (4) Revenues from sale of output from the joint operation based on its percentage; 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.

3.8 Recognition criteria for cash and cash equivalents

Cash refers to the Company's cash on hand and the unrestricted deposits; 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.

3.9 Foreign currency transactions and translation of foreign currency statements

3.9.1 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.

3.9.2 Translation of foreign currency statements

Assets and liabilities in the balance sheet shall be translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "retained earnings", shall be 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 in foreign currency statements related to such overseas business should be transferred to the current profit or loss from the owners' equity.

3.10 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.

3.10.1 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 the other comprehensive income and financial assets measured at fair value through the current profit or loss.

Financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions will be reclassified into 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. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortized cost or those measured at fair value through other comprehensive income as the financial assets measured at fair value through the 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) According to the corporate risk management or investment strategies stated in the official written document, the management and performance evaluation of the financial liability portfolio or the financial asset and financial liability portfolio are conducted based on the fair value, and the report of the same is made to key management personnel on the basis within the enterprise.
- (3) The financial liabilities contain embedded derivative needed to be separated.

3.10.2 Recognition and measurement 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 investments 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 receivables financing and other creditor's investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The interest, impairment losses or gains and exchange gains or losses calculated by the effective interest method will be included in the current profit or loss, and other gains or losses will be included in the other comprehensive income.

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 the 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 value through the 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 the 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 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.

3.10.3 Derecognition and transfer of financial assets

Where a financial asset satisfies any of the following requirements, the Company shall derecognize it:

- 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 is included in the current profit or loss:

- (1) The book value of the transferred financial asset;
- (2) The sum of consideration received from the transfer, and the accumulated change amount of fair value originally recorded in owners' equity (the financial assets involved in the transfer are financial assets (debt instruments) measured at fair value through other comprehensive income).

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 the derecognized part;
- (2) The sum of the consideration for the derecognized part and the amount corresponding to the derecognition part in the accumulated change amount of fair value originally and directly included in owners' equity (where the financial assets transferred are the financial assets (debt instruments) measured at fair value through other comprehensive income).

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.

3.10.4 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 shall 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 shall be derecognized, and at the same time, the new financial liabilities shall 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 the current profit or loss.

Where the Company redeems part of its financial liabilities, it should, on the redemption date, allocate the entire book value of whole financial liabilities according to 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.

3.10.5 Method of determining fair values of financial assets and financial liabilities

The fair value of a financial instrument having an active market is determined on the basis of quoted price 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.

3.10.6 Test method and accounting treatment for impairment of financial assets

(1) Measurement and accounting treatment for the 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) Receivables with the measurement of expected credit loss made by portfolio (excluding accounts receivable)

<u>Item</u>	<u>Basis for portfolio determination</u>	<u>Measurement method for expected credit loss</u>
Portfolio of credit risk characteristics	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 expected credit loss ratio over the following 12 months or the whole duration.
Related-party portfolio	Related party	

(3) Accounts receivable with the measurement of expected credit loss made by portfolio

① Specific portfolio and measurement method for expected credit loss

Item	Basis for portfolio determination	Measurement method for 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	

② Accounts receivable—Comparison table of the aging of credit risk characteristics portfolios and the expected credit loss rate during the entire duration

Credit risk characteristics (Aging)	Expected credit loss ratio 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

3.11 Inventories

3.11.1 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.

3.11.2 Measurement method of dispatched inventories

The inventories are measured at weighted average method when dispatched.

3.11.3 Recognition basis of net realizable value of different types of inventories

On the balance sheet date, inventories shall be valued at the lower of their costs or net realizable values. When the inventory costs are higher than the net realizable values, the provision for inventory depreciation reserves shall 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.

3.11.4 Inventory system

The perpetual inventory system is adopted.

3.11.5 Amortization method for low-cost consumables and packaging materials

- (1) Low-cost consumables are amortized at lump-sum method;
- (2) Packaging materials: Lump-sum amortization method.

3.12 Contract assets

The applicable accounting policies as of January 1, 2020

3.12.1 Recognition method and criteria for contract assets

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between its performance of fulfillment obligations and customer payments. 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) shall be presented as contract assets. Contract assets and contract liabilities under the same contract should be presented at net amount. The Company's unconditional (depending only on the passage of time) right to receive consideration from customers is shown separately as a receivable.

3.12.2 Determination method and accounting treatment for the expected credit loss of contract assets

See Note "3.10.6 Test method and accounting treatment for the impairment of financial assets", for the determination method and accounting treatment for the expected credit loss of contract assets.

3.13 Assets held for sale

Where the Company recovers its book value mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using a non-current asset or disposal group, such non-current asset or disposal group shall be classified into the category of 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 can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

For any non-current asset (excluding financial assets, Deferred tax assets and the assets arising from employee compensation) or disposed asset portfolio classified assets as held for sale, where its book value is higher than the net amount of its fair value less the selling expense, the book value shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognized as the losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.

3.14 Long-term equity investments

3.14.1 Judgment criteria for joint control and significant influence

Joint 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 joint control over the investee together with other parties to the joint venture and enjoys the right on the investee's net assets, the investee is 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.

3.14.2 Determination of initial investment costs

- (1) Long-term equity investments acquired from 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 due to 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 acquired by means other than business combination

For long-term equity investments acquired through making payments in cash, its initial investment cost is the actually paid purchase cost.

For long-term equity investments acquired from issuing equity securities, the initial investment cost is the fair value of the issued equity securities.

3.14.3 Subsequent measurement and recognition of profits or losses

(1) Long-term equity investment accounted for under the cost method

The Company's long-term equity investments in its subsidiaries are accounted for by the cost method, except for those meeting the held-for-sale conditions. Under the cost method, 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 proportion it shall enjoy in the cash dividends or profits declared by the investee as its investment income.

(2) Long-term equity investment accounted for under the equity method

The Company's long-term equity investments in associates and joint ventures are accounted for under the equity method. If the cost of initial investment is in excess of the proportion of the fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial investment cost of long-term equity investment; if the cost of initial investment is in short of the proportion 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, meanwhile the costs of long-term equity investments will be adjusted.

The Company respectively recognizes the investment income and other comprehensive income according to the shares of net profit or loss and other comprehensive income realized by the investee that should enjoyed or assumed by the Company, and adjusts the book value of long-term equity investment; according to the profit declared to be distributed by the investee or the part shall be enjoyed cash dividends calculation, to reduce the book value of long-term equity investment correspondingly; for other changes in owners' equity excepting for all profit or loss of the investee, other comprehensive income and distribution of profits (hereinafter referred to as "other changes in owners' equity"), the book value of long-term equity investment shall be adjusted and included in the owners' equity.

The Company should, based on the fair value of net identifiable assets of the investee when the investment is made, recognize its attributable share of the net profits or losses, other comprehensive income and other changes in owners' equity of the investee after the adjustment made to the net profit and other comprehensive income of the investee according to the accounting policies and accounting period adopted by the Company.

Unrealized gains or losses on internal transactions between the Company and its affiliates or joint ventures that are attributable to the Company on the basis of their proportionate share are offset, and investment income is recognized on this basis, except when the assets invested or sold constitute a business. Unrealized losses from internal transactions between the Company and any investee should be recognized in full if they belong to the losses from asset impairment.

The Company's net loss incurred by a joint venture or an associate, except for the obligation to assume additional losses, is limited to a write-down to zero of the book value of the long-term equity investment and other long-term interests that substantially constitute a net investment in the joint venture or associate. Where any joint venture or associate realize net profit in the future, the Company will recognize its share of profit after offsetting the unrecognized share of loss with such profit.

(3) Disposal of long-term equity investments

For the disposal of long-term equity investments, the difference between the book value and the actual purchase price is included in the current profit or loss.

In case of partial disposal of long-term equity investments accounted for under equity method, the remaining equity shall still be accounted for using the equity method; other comprehensive income recognized under the original equity method shall be carried forward according to the corresponding proportion on the same basis as the direct disposal of related assets or liabilities by the investee; and changes in other owners' equity related to the original equity investment are transferred into the current profit or loss.

If the Company loses its common control over or significant influence on an investee due to its disposal of equity investment or to other reasons, other comprehensive income recognized based on the measurement of original equity investments under the equity method are accounted for on the same basis as the related assets or liabilities directly disposed by the investee when the equity method is terminated, and the changes in other owners' equity are fully transferred to the current profit or loss when the accounting by the equity method is terminated.

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting should be made by the equity method, and an adjustment should be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained should be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method should be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets should be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same should be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained should be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment should be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity investment corresponding to the equity disposed should be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment should be made respectively for each transaction.

3.15 Investment properties

Investment properties refer to the properties held for earning rent or for capital appreciation, or for both, including rented land use right, land use right held for transfer after the capital appreciation, rented buildings (including self-built or developed buildings for renting, and building in the process of construction or development for renting in the future).

Subsequent expenditures related to investment properties are included in the costs of investment properties when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; otherwise, such subsequent expenditures shall be included in the current profit or loss when occur.

The Company measures the 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.

Category	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	0~4	1.96~3.23

3.16 Fixed assets

3.16.1 Recognition and initial measurement of fixed assets

Fixed assets refer to tangible assets held for commodity production, rendering of services, renting or business management, with the useful lives over one 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.

Fixed assets are initially measured at cost (taking into account the effect of expected disposal cost factors).

Subsequent expenditures related to fixed assets are included in the cost of fixed assets when it is probable that the economic benefits associated with them will flow and their cost can be measured reliably; for the replaced portion, its book value shall be derecognized; all other subsequent expenditures are recognized in profit or loss when incurred.

3.16.2 Depreciation method

Depreciation of fixed assets is made on a category basis using the straight-line method. The depreciation rate is determined based on the category, estimated useful life and estimated net residual value rate of fixed assets. For fixed assets for which provision for impairment has been made, depreciation is determined in future periods based on their book value net of provision for impairment and on their remaining useful lives. Where the fixed assets have the components with different useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to make provision for depreciation on a separate basis.

The depreciation methods, depreciation years, residual value rates and annual depreciation rates of fixed assets are presented by categories as follows:

Category	Depreciation method	Depreciation life (year)	Net residual 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 equipment and other equipment	Straight-line method	2~20	0, 3~5, 65	4.75~50.00

Accounting policies applied before January 1, 2021:

The fixed assets acquired through finance lease are recognized if one of the following conditions is specified in the agreement concluded by the Company and the leaser:

- (1) Upon the expiration of the lease term, the ownership of the leased asset has been transferred to the Company;
- (2) The Company has the option to buy the asset at a price that is far lower than the fair value of the leased asset at the date when the option becomes exercisable;
- (3) The lease term covers the most of the useful life of the leased asset;
- (4) There is no large difference between the present value of the minimum lease payments on the lease commencement date and the fair value of the asset.
- (5) The leased assets are only to be used by the lessee for reason of their specialized nature unless major modifications are made.

Fixed assets acquired under finance lease are subject to the depreciation policies for self-owned fixed assets. Where it is reasonably certain that the ownership of the leased assets will be obtained by the end of the lease term, the provision for depreciation of the leased assets shall be made over the remaining useful life; otherwise, such provision will be made over the shorter of the lease term or the remaining useful life.

3.16.3 Disposal of fixed assets

Fixed assets that are disposed or expected to produce no economic benefits through use or disposal are derecognized. The difference of the income from sales, transfer, retirement or damage of fixed assets deducting the book value and related taxes is included in the current profit or loss.

3.17 Construction in progress

The construction in progress is measured at the actual cost incurred. The actual cost includes the construction cost, installation cost, borrowing cost eligible for capitalization and other necessary expenditure incurred before making the construction in progress reach the working condition for its intended use. When the construction in progress reaches the working condition for its intended use, it will be transferred to fixed assets, and the provision for depreciation of the construction in progress will be made in the next month.

3.18 Borrowing costs

3.18.1 Recognition criteria 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 included in relevant asset costs; other borrowing costs should be recognized as cost based on the amount incurred and be included in the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets that may reach its intended use or sale status only after long-time acquisition and construction or production activities.

3.18.2 Capitalization period for borrowing costs

The capitalization period refers to the period from the time-point when borrowing costs are capitalized to the time-point when the capitalization is ceased, except the period when the capitalization of borrowing costs is suspended.

Borrowing costs may be capitalized only when all the following conditions are met at the same time:

- (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) The borrowing costs have already been incurred;
- (3) The acquisition and construction or production activities which are necessary to prepare the assets for their intended use or sale have already been started.

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.

3.18.3 Period of capitalization suspension

If the acquisition, construction or production activities of assets eligible for capitalization are abnormally interrupted and such interruption lasts for more than three months, the capitalization of borrowing costs should be suspended; if the interruption is necessary for the acquired, constructed or produced assets eligible for capitalization to reach the working condition for their intended use or sale, the borrowing costs will continue to be capitalized. Borrowing costs incurred during the suspension period are recognized as the current profit or loss till the acquisition, construction or production of the asset restarts.

3.18.4 Measurement method of capitalization rate and capitalized amounts of borrowing costs

As for special borrowings for acquiring, constructing or producing assets eligible for capitalization, borrowing costs actually incurred during the period for special borrowings less the interest income from the unused borrowings deposited in the bank or investment income from temporary investment with the unused borrowings should be recognized as the capitalization amount of borrowing costs.

As for general borrowings used for acquiring and 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 calculated by weighted average actual interest rate of general borrowings.

During the capitalization period, exchange differences on the principal and interest of special borrowings in foreign currencies are capitalized and included in the cost of the assets eligible for capitalization. Exchange differences arising from the principal amount of foreign currency borrowings other than special borrowings in foreign currencies and interest thereon are recognized in the current profit or loss.

3.19 Intangible assets

3.19.1 Measurement 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 expenditures incurred to prepare the assets for their intended uses.

(2) Subsequent measurement

The useful lives of intangible assets are analyzed and determined on acquisition.

Intangible assets with definite useful lives are amortized over the period in which they bring economic benefits to the enterprise; if such period cannot be estimated, the intangible assets will be deemed as intangible assets with indefinite useful lives and will not be amortized.

3.19.2 Estimated useful lives of intangible assets with definite useful lives

<u>Item</u>	<u>Estimated useful life (year)</u>	<u>Basis</u>
Land use right	36~50	Period indicated on the land certificate
Software	2~10	Benefit period
Patent use right	20	Benefit period
Others	10	Benefit period

3.19.3 Determination basis of intangible assets with indefinite useful lives and procedures for reviewing the useful life thereof

The emission rights and coal replacement volume indicators obtained by the Company have no definite permitted period of use and will be used for operation on an ongoing basis, and the period for which they will bring future economic benefits to the Company cannot be reliably estimated. Therefore, the Company recognizes the emission rights and coal replacement volume indicators without definite permitted period of use as intangible assets with indefinite useful lives.

The useful lives of intangible assets with indefinite useful lives are reviewed at the end of each period.

Upon review, the useful lives of such intangible assets are still indefinite.

3.19.4 Specific criteria for classifying research and development phases

The Company's internal research and development expenditures include those incurred in the research phase and those in the development phase.

Research phase: research phase is the stage when creative and planned investigation and research activities are conducted to acquire and understand new scientific or technological knowledge.

Development phase: 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, to produce any new or substantially improved material, device or product.

3.19.5 Specific criteria for qualifying expenditure on the development phase for capitalization

The research expenditure is included in the current profit or loss when it occurs. The development expenditure is recognized as intangible assets when it meets the following conditions at the same time, and is included in the current profit or loss when it fails to meet the following conditions:

- (1) It is technically feasible to finish intangible assets 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.

Where the research expenditures and the development expenditures are indistinguishable, the Company shall include research expenditures and development expenditures incurred in the current profit or loss.

3.20 Long-term assets impairment

Where there are signs of impairment on long-term assets, such as long-term equity investments, investment properties measured with cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with definite useful lives and oil and gas assets, on the balance sheet date, the impairment test should be made. 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 amounts of intangible assets are the higher of their fair values less costs to sell and the present values of the future cash flows expected to be derived from the assets. 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. Asset portfolio is the smallest one that can independently generate cash inflows.

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 that is able to benefit from the synergistic effect of business combination.

When making an impairment test on the relevant asset groups or combination of asset groups containing goodwill, if any indication shows that the asset groups or combinations of asset groups related to the goodwill may be impaired, the Company shall first conduct an impairment test on the asset groups or combinations 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 losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognized.

3.21 Long-term prepaid expenses

Long-term prepaid expenses are various expenses that have been already incurred but will be borne in the current period and in the future with an amortization period over one year.

3.21.1 Amortization method

Long-term prepaid expenses are amortized evenly over the benefit period.

3.21.2 Amortization period

Long-term prepaid expenses are amortized evenly over the remaining useful life.

3.22 Contract liabilities

Accounting policies applicable as of January 1, 2020

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 obligation of the Company to transfer goods or provide services to customers for the considerations collected or receivable from customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

3.23 Employee benefits

3.23.1 Accounting treatment of short-term compensation

During the accounting period when employees serve the Company, the actual short-term compensation is recognized as liabilities and included in the current profit or loss or asset-related costs.

The social insurance premiums and housing provident fund paid by the Company for its employees, together with the labor union expenditures and employee education fund drew as required, are used to calculate corresponding amount of employee compensation according to the stipulated provision basis and proportion during the accounting period in which the employees provide services to the Company.

The employee welfare expenses incurred in the Company are included in the current profit or loss or assets-related cost based on the actually incurred amount, in which the non-monetary benefits are measured at fair value.

3.23.2 Accounting treatment of post-employment benefits

Defined contribution plan

The Company pays basic endowment insurance premium and unemployment insurance premium for its employees in accordance with relevant provisions of local government. During the accounting period when the Company receives services from employees, the payable amount calculated based on the basis and proportion prescribed is recognized as a liability and included in the current profit or loss, or related asset cost.

3.23.3 Accounting treatment of dismissal benefits

Where the Company provides dismissal benefits for employees, the employee compensation liabilities incurred from such dismissal benefits are included in the current profit or loss at the date when the Company 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.

3.24 Provisions

When an obligation relating to a contingency meets all the following conditions at the same time, it will be recognized as an estimated liability 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 are initially measured at 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 contingencies. If the time value of money is significant, the best estimates shall 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 estimates will be determined at the average amount of upper and lower limits within the range; under other circumstances, the best estimates shall be treated as follows in different circumstances:

- If contingencies are involved with single project, the estimate will be determined based on the amount which is most likely to occur.
- If contingencies are involved with several projects, the estimate will be determined based on various possible results and relevant probabilities.

If all or part of the expenses necessary for liquidating provisions are expected to be compensated by a third party, the compensation will be separately recognized as assets when it is virtually certain that the compensation will be received. The compensation recognized should not exceed the book value of provisions.

The Company reviews the book value of provisions on the balance sheet date. If there is unambiguous evidence indicating that such book value cannot reflect the current best estimate, such book value will be adjusted based on the current best estimate.

3.25 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 time of the initial recognition, in accordance with contractual terms of financial instruments 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) Having the contract obligation where the Company cannot unconditionally avoid to paying with cash or other financial assets;
- (2) Including the contract obligation of settlement via delivering the own equity instruments with variable amount;
- (3) Including the derivative instrument settled with the own equity (such as the convertibility), and the settlement of such derivative instrument does not be conducted by exchanging the cash or other financial assets of fixed assets with the own equity instrument with fixed number;
- (4) Including the contract term where the contract obligation can be formed indirectly;
- (5) If the perpetual debts are in the same order of liquidation as the common bonds and other bonds issued by the issuer upon liquidation of 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:

3.26 Revenue

Accounting policies applicable as of January 1, 2020

3.26.1 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 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 at the transaction price amortized to individual performance obligation.

The transaction price is the amount of consideration that the Company expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Company determines the transaction price according to the contract terms and in light of its previous regular practice, in the meantime, factors such as variable consideration, significant

financing composition existing in the contract, non-cash consideration, and consideration payable to customers will be taken into account. The Company determines the transaction price involving the variable consideration at the amount that should not exceed the amount of accumulatively recognized revenue that is highly unlikely to have a major reversal when relevant uncertainty is eliminated. If the significant financing component is covered in the contract, the Company will determine the transaction price based on the amount of cash payable at once by the customer when the customer acquires the control over goods or services, as assumed, and amortize the difference between such transaction price and the contract price by the effective interest method during the contract period.

If the Company meets one of the following conditions, it shall perform the performance obligation within a certain period; otherwise, it shall perform the performance obligation at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the performance of the Company while the company is performing the obligation;
- The customer is able to control the goods under construction in the Company's performance process.
- The goods produced in the course of performing obligations have irreplaceable uses, and the Company has the right to receive payments for the portion of the performance that has been completed to date.

For a performance obligation performed within a certain period, the Company recognizes the revenue according to the performance progress within such period, except for the case that the performance progress cannot be reasonably determined. The Company may determine the performance progress by the output method or input method based on the nature of goods or service. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the Company recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

For performance obligations performed at a certain time-point, the Company recognizes revenue when the customer obtains control over the relevant goods or services. The Company will consider the following signs when judging whether the customer has acquired Service control over the goods or services, including:

- The customer has the current payment obligation for such goods or service, i.e. the Company enjoys the current right to collect the payment for such goods or service.
- The Company has transferred the legal ownership of such goods to the customer, i.e. the customer possesses the legal ownership of such goods.
- The Company has transferred goods to the customer in kind, i.e. the customer has possessed such goods in kind.
- The substantial risks and rewards of the ownership of such goods have been transferred by the Company to the customer, i.e. the customer has acquired the substantial risks and rewards of the ownership of such goods.
- 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.

3.26.2 Differences in revenue recognition accounting policies due to different operating models for similar businesses

None.

3.27 Contract costs

Accounting policies applicable as of January 1, 2020

The contract costs include contract performance costs and contract acquisition costs.

The costs incurred by the Company to perform a contract that are not regulated by the accounting standards for inventories, fixed assets or intangible assets, are recognized as an asset as contract performance costs when the following conditions are met:

- Such cost is directly relevant to the contract that has been or is expected to be acquired.
- Such cost increases the resource that will be used by the Company for obligation performance.
- Such cost is expected to be recoverable.

If the incremental cost incurred by the Company for obtaining the contract is expected to be recovered, the contract acquisition cost is recognized as an asset.

Assets related to contract cost are amortized on the basis for the recognition of revenue from goods or services relevant to such assets; however, if the amortization period of contract acquisition cost is less than one year, the Company will include such cost in the current profit or loss when it occurs.

If the assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess part and recognize it as loss from asset impairment:

1. The remaining consideration expected to be obtained due to the transfer of goods or services related to the asset;
2. Estimate the costs that will occur in order to transfer the relevant goods or services.

If there is a subsequent change in the impairment factors in previous periods, such that the aforementioned difference is higher than the carrying amount of the asset, the Company reverses the provision for impairment and recognizes it in the current profit or loss, provided that the book value of the reversed asset does not exceed the book value of the asset at the date of reversal recorded by assuming no impairment provision had been made.

3.28 Government grants

3.28.1 Type

Government grants refer to monetary or non-monetary assets obtained from the government for free, and are classified into asset-related government grants and income-related government grants.

The asset-related government grants refer to government grants obtained by the Company for forming long-term assets by acquisition, construction or other manners. The income-related government grants refer to government grants other than asset-related government grants.

3.28.2 Timing of recognition

Government grants are recognized when the Company is eligible for and is capable of receiving the government grants.

3.28.3 Accounting treatment

Asset-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. If such grants 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 (If such grants are relevant to routine activities of the Company, they will be included in other income; if such grants are irrelevant to routine activities of the Company, they will be included in non-operating revenue); 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 revenue); 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 revenue).

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 discount funds to the Company, the Company will use the corresponding interest discount to offset related borrowing costs.

3.29 Deferred tax assets and deferred tax liabilities

Income taxes include the current income tax and deferred income tax. The Company recognizes current income tax and deferred income tax in the current profit or loss, except for the income tax arising from business combinations and transactions or events directly recognized in owners' equity (including other comprehensive income).

Deferred tax assets and deferred tax liabilities are recognized based on the difference (temporary difference) between the tax basis of the assets and liabilities and their book values.

Deferred tax assets are recognized for deductible temporary differences to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible temporary differences. For deductible losses and tax credits that can be carried forward to subsequent periods, Deferred tax assets arising therefrom are recognized to the extent of the taxable income probably obtained in future period that can be used for deducting the deductible losses and tax credits.

Taxable temporary differences are recognized as deferred tax liabilities except in special circumstances.

Special circumstances in which Deferred tax assets or deferred tax liabilities shall not be recognized include:

- Initial recognition of goodwill;
- A transaction or event that is neither a business combination nor, when it occurs, affects accounting profit and taxable income (or deductible loss).

Taxable temporary differences related to investments in subsidiaries, associates and joint ventures are recognized as deferred tax liabilities; unless the Company is able to control the time for reversing such temporary differences and such temporary differences are unlikely 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, the Deferred tax assets and deferred tax liabilities are measured at the tax rates applicable to the period where relevant assets are expected to be recovered or relevant liabilities are expected to be discharged, according to the tax law.

On the balance sheet date, the Company reviews the book value of Deferred tax assets. If it is unlikely to obtain sufficient taxable income in the future to offset against the benefit of Deferred tax assets, the book value of Deferred tax assets will be written down. The amount written down may be reversed when the taxable income obtained may be sufficient.

If the Company has the legal right to settle in net amounts 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, the Deferred tax assets and deferred tax liabilities are presented at net of offsetting amounts when both of the following conditions are met:

- The taxpayer has the legal right to settle current income tax assets and current income tax liabilities on a net basis;
- The 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 income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities.

3.30 Leases

Accounting policies applicable as of January 1, 2021

The term “lease” refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period in order to obtain consideration.

On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If any party to a contract has exchanged the right to control the use of one or more identified assets within a certain period for consideration, the contract is concluded for lease or involved with lease.

If the contract contains multiple individual leases, the Company will split the contract and make accounting treatment over each individual lease. If the contract contains both leased and non-leased parts, the lessee and lessor will split the leased and non-leased parts.

As for rent concessions such as rent reductions and deferred payments agreed upon for existing lease contracts that are directly triggered by the COVID-19 epidemic and meet the following conditions, the Company does not assess whether a lease change has occurred or reassess the lease classification using the simplified method for all lease options:

- The reduced lease consideration is less than or basically equal to the original lease consideration, in which the lease consideration is not discounted or is discounted at the discount rate applicable before the rent concession;
- The reduction is only for the lease payment that is payable before June 30, 2021, and both the increase and the decrease in the lease payments payable after June 30, 2021 do not affect the satisfaction of such condition; and
- Other lease terms and conditions are determined to be unchanged after a comprehensive consideration of the qualitative and quantitative factors.

1. The Company as the lessee

(1) Right-of-use assets

On the commencement date of the lease term, the Company recognizes leases other than short-term lease and low-value asset lease as the right-of-use assets. The right-of-use assets are initially measured at costs. Such costs include:

- the initially measured amount of lease liabilities;
- the lease payment amount on or before the commencement date of the lease term, or the balance of such amount less the amount relevant to the enjoyed lease incentive, if any;
- the initially direct expense incurred in the Company; and
- the cost expected to incur in the Company for the purpose of disassembling and removing the leased assets, restoring the location of the leased assets or restoring the leased assets to the status specified in the lease clauses, excluding the cost on producing inventories.

The Company subsequently makes the provision for depreciation of right-of-use assets by the straight-line method. If there is a reasonable assurance that the ownership of a leased asset can be acquired when the lease term expires, the depreciation of the right-of-use asset will be made over the remaining useful life of such lease asset; otherwise, the depreciation of such leased asset is made over the shorter of the lease term or the remaining useful life of the leased asset.

The Company determines whether the right-of-use assets are impaired and conduct the accounting treatment for the identified impairment loss in accordance with the principles described in the Note “3.20 Impairment of long-term assets”.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes leases other than short-term leases and low-value asset leases as the lease liabilities. The lease liabilities are initially measured at the present value of unpaid lease payment. The lease payment includes:

- the fixed payments (including substantial fixed payments), less the relevant amount of the lease incentive (if any);
- the variable lease payments made by some index or ratio;
- the payments expected to be payable based on the residual value of the guarantee provided by the Company;
- the exercise price of purchased option, provided that the Company reasonably determines that it will exercise the option; and
- 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 term.

The Company adopts the implicit rate of lease as the discount rate, but if the implicit rate of lease cannot be reasonably determined, the incremental borrowing rate will be adopted as the discount rate.

The Company calculates the interest cost of the lease liability in each period of the lease term according to the fixed periodic interest rate, and records it into the current profit or loss or the cost of related assets.

The variable lease payments not included in the measurement of lease liabilities shall be included in the current profit or loss or the costs of related assets when they actually occur.

After the commencement of the lease term, the Company shall re-measure the lease liability and adjust corresponding right-of-use assets based on the following situations: If the book value of the right-of-use assets has been reduced to zero and further reduction of lease liabilities is still required, the Company will include the remaining amount in the current profit or loss.

- If the Company's assessment results of call options, lease renewal options or lease termination options have changed, or the actual exercise of the said options is inconsistent with the original assessment results, the Company remeasures its lease liabilities based on the lease payments after change and the present value calculated at revised discount rate;
- When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures lease liabilities based on the lease payments after change and the present value calculated at original discount rate. However, if the changes in lease payments result from changes in floating interest rates, the present value is calculated using the revised discount rate.

(3) Short-term leases and low-value asset leases

The Company chooses not to recognize right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and the relevant lease payments are included in the current profit or loss or the cost of related assets by straight-line method over each period within the lease term. Short-term leases refer to the leases that do not exceed 12 months on the commencement date of the lease term and do not include any purchase option. Low-value asset leases refer to any lease of a single lease asset with lower value when it is brand new. For the lease asset subleased by the Company subleases or expected to be subleased, the original lease is not a lease of low-value assets.

(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;
- Where the increase of the consideration is equivalent to the adjusted individual price of the expanded part of the lease scope according to the contract.

Where the lease change is 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 concession relevant to the COVID-19 epidemic

Where the simplified method for the rent concession relevant to the COVID-19 epidemic is adopted, the Company should not assess whether the lease has changed, but should continuously calculate the interest cost in lease liabilities based on the discount rate consistent with that adopted before such rent concession and include such expense in the current profit or loss, and continuously make the provision for depreciation of right-of-use assets by the method adopted before such rent 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 the short-term lease and the low-value asset lease, the Company continues to include the rent under the original lease contract in asset-related cost or expense by the method that is consistent with the method applicable before the rent concession. In case of the rent relief, the Company should take the rent relieved as the variable rent payment and use it to offset the asset-related cost or expense during the rent concession period; in case of the deferred rent payment, the Company should recognize the rent payable as payables during the original payment period and offset the payables recognized in the prior period when the rent is actually paid.

2. 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 lease

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 “3.10 Financial instruments” herein.

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 3.10 Financial instruments on modifying or renegotiating the contract.

(3) Rent concession relevant to the COVID-19 epidemic

- For the operating lease where the simplified method is adopted for the rent concession relevant to the COVID-19 epidemic, the Company continues to recognize the original contract rent as the lease revenue by the method that is consistent with the method applicable before the rent concession; in case of any rent relief, the Company will recognize the variable lease payment rent at the rent relieved and use the same to offset the lease revenue during the period for rent concession; in case of any deferred rent collection, the Company will recognize receivables at the rent receivable during the original collection period and offset the receivables recognized in the prior period when the rent is actually received.

- 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 an 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.

3. Leaseback

The Company determines via assessment whether the assets transfer under leaseback belongs to sales according to the principle specified in “Note 3.26 Revenue”.

(1) Acting as the lessee

If the assets transfer under leaseback belongs to sales, the Company, as the lessee, will measure the right-of-use assets arising from leaseback based on the part relevant to the use right acquired via leaseback in the book value of the original assets, and recognize relevant gain or loss only regarding the right transferred to the lessor; if the assets transfer under leaseback does not belong to sales, the Company, as the lessee, will continue to recognize the transferred assets, and will recognize a financial liability equal to the transfer revenue at the same time. Please refer to Note 3.10 Financial instruments for the accounting treatment for financial liabilities.

(2) Acting as the lessor

If the assets transfer under leaseback belongs to sales, the Company, as the lessor, will carry out the accounting treatment for assets purchase, and make the accounting treatment for assets lease-out according to “2. The Company as the lessor” mentioned above; if the assets transfer under leaseback does not belong to sales, the Company, as the lessor, will not recognize the transferred assets, but will recognize a financial asset equal to the transfer revenue at the same time. Please refer to Note 3.10 Financial instruments for the accounting treatment for financial assets.

Accounting policies applied before January 1, 2021

The Company divides leases into the finance lease and the operating lease. The finance lease refers to the lease where all risks and rewards related to the ownership of assets have been transferred. The operating lease refers to other leases than the finance lease.

If the rent relief, deferred rent payment and other rent concessions directly caused by the novel coronavirus pneumonia (COVID-19) epidemic or agreed regarding the existing lease contract meet the following conditions at the same time, the Company will adopt a simplified method to measure all leases without the assessment on whether any lease has changed and the re-assessment for lease classification:

- The lease consideration after such concession is less than or basically equal to the original lease consideration, in which the lease consideration is not discounted or is discounted at the discount rate applicable before the rent concession;

- The rent concession is only for the lease payment that is payable before June 30, 2021. The increase in the lease payment that is payable after June 30, 2021 does not affect the satisfaction of such condition and the decrease in same does not satisfy such condition; and
- Other lease terms and conditions are determined to be unchanged after a comprehensive consideration of the qualitative and quantitative factors.

1. Accounting treatment of operating lease

- (1) Lease fees paid by the Company for leased asset are amortized by the straight-line method over the whole lease term (including the rent-free period), and included in the period charges. Initial direct costs related to lease transactions paid by the Company are included in the period charges.

When assets lessor bears costs related to the lease borne by the Company, the Company shall deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term and include them in current expenses.

For the operating lease where the simplified method is adopted for the rent concession relevant to the COVID-19, the Company continues to include the rent under the original lease contract in assets-related cost or expense by the method that is consistent with the method applicable before the rent concession. In case of any rent relief, the Company will recognize the contingent rent at the rent relieved and include the same in the profit or loss during the period for such rent relief; in case of any deferred rent payment, the Company will recognize the rent payable as payables during the original payment period and offset the payables recognized in the prior period when the rent is actually paid.

- (2) Lease fees received by the Company from leasing assets are amortized at the straight-line method over the whole lease period (including rent-free period) and recognized as lease-related revenue. Initial direct cost related to any lease transaction paid by the Company is included in the period charges; if it has a large amount, it will be capitalized, and included in the current income by stages within the whole lease term on same basis for recognition of lease-related revenue.

When the Company has borne the costs related to the lease which shall be borne by the lessee, the Company should deduct the part of expenses from the total rents and amortize the rents after deduction over the lease term.

For the operating lease where the simplified method is adopted for the rent reduction relevant to the COVID-19, the Company continues to recognize the original contract rent as the lease revenue by the method that is consistent with the method applicable before the rent reduction; in case of any rent reduction, the Company will recognize the contingent rent at the rent reduced and use the same to offset the lease revenue during the period for rent reduction; in case of any deferred rent collection, the Company will recognize receivables at the rent receivable during the original collection period and offset the receivables recognized in the prior period when the rent is actually received.

2. Accounting treatment of finance lease

- (1) Assets acquired under the finance lease: On the lease commencement date, the entry value of the leased asset is recognized at the lower between the fair value of the leased asset or the present value of the minimum lease payment, while the entry value of the long-term payables is recognized at the minimum lease payment. The difference between the aforesaid book values is recognized as the unrecognized finance charges. The Company amortizes the unrecognized finance charges by the effective interest method during the lease term, and includes the amortized amount in the financial expenses. The initial direct expenses on the Company are included in the value of leased asset.

For finance leases where the simplified method for the rent concession relevant to the COVID-19 epidemic is adopted, the Company continues to recognize the unrecognized finance fees as the current finance fees at the discount rate consistent with that adopted before the rent concession, and to make the provision for depreciation of assets acquired under finance leases by the method consistent with that adopted before the rent concession; in case of the rent relief, the Company will take the rent relieved as the contingent rent, include the same in the current profit or loss when the original rent payment obligation is discharged by reaching a rent concession agreement, and adjust the long-term payables accordingly, or discount the rent relieved at the discount rate adopted before the rent concession, include the discounted amount in the current profit or loss and adjust the unrecognized finance fees; in case of deferred rent payment, the Company will offset the long-term payables recognized in prior period at the actual payment.

- (2) Assets leased out under the finance lease: on the lease commencement date, the Company recognizes the difference between the sum of finance lease payment receivable and unguaranteed residual value and the present value of the assets as unrealized financing income, and as the lease revenue in each period where the rent is received. The Company's initial direct expenses related to lease are included in the initial measurement of finance lease payment receivable, and the income recognized in lease term is decreased accordingly.

For finance leases where the simplified method for the rent concession relevant to the COVID-19 epidemic is adopted, the Company continues to recognize the unrealized financing income as the lease revenue at the interest rate implicit in lease which is consistent with that adopted before the rent concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as contingent rent, and when a concession agreement is reached, etc. to waive the right to receive the original rent, the rental income recognized in the previous period will be offset. The part insufficient to be offset will be included in investment income, the long-term receivables will be adjusted accordingly, or the amount discounted at the discount rate before concession will be included in the current profit or loss and the unrealized financing income will be adjusted; if the collection of rent is delayed, the Company will offset the long-term receivables recognized in the previous period when it is actually received.

3.31 Discontinued operation

Discontinued operation refers to the component which meets one of the following conditions and can be separately distinguished, moreover such component has been disposed 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 a related plan where an independent major business or a sole major business area will be disposed as planned; or
- (3) The component is a subsidiary acquired only for re-sale.

Profit or loss from continued operation and profit or loss from discontinued operation are presented in the income statement. Impairment losses from discontinued operation, 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 continued operations are re-presented as the profit or loss from discontinued operations for the comparable accounting period in the current financial statements.

3.32 Hedging accounting

3.32.1 Classification of hedging

- (1) The term “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 and 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. The term “net investment in overseas business” refers to the Company’s equity share in the net assets of its overseas business.

3.32.2 Designation of hedging relationship and identification 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 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 the economic relationship between the hedged item and the hedging instrument.
- (2) In the value change arising from the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.
- (3) The appropriate hedging ratio is adopted, and it will not cause the unbalance of the relative weight of the hedged item and the hedging instrument, so as not to produce any accounting result that is inconsistent with the hedging accounting objective. If the hedging ratio is no longer appropriate, but the hedging risk management objective does not change, the quantity of hedged items or hedging instruments will be adjusted to make the hedging ratio meet the effectiveness requirements again.

3.32.3 Accounting method of hedging

(1) Fair value hedging

Changes in the fair value of derivative instruments are recognized 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 hedging

The portion of profit or loss on the hedging instrument that is attributable to the effective hedging is directly recognized as other comprehensive income; while the portion that is attributable to the ineffective hedging is included in the current profit or loss.

Where the hedged transaction affects the current profit or loss, amount recognized in other comprehensive income should be transferred into the current profit or loss when the hedged financial revenues or financial expenses are recognized, or when anticipated sales occur. 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) Hedging 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.

3.33 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.

3.34 Changes in significant accounting policies and accounting estimates

3.34.1 Changes in significant accounting policies

- (1) Implementation of the *Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets*, the *Accounting Standards for Business Enterprises No. 24—Hedge Accounting* and the *Accounting Standards for Business Enterprises No. 37—Presentation of Financial Instruments (Revised in 2017)* (hereinafter collectively referred to as the “New Standards for Financial Instruments”)

In 2017, the Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 22—Recognition and Measurement of Financial Instruments*, the *Accounting Standards for Business Enterprises No. 23—Transfer of Financial Assets*, the *Accounting Standards for Business Enterprises No. 24—Hedge Accounting*, and the *Accounting Standards for Business Enterprises No. 37—Presentation of Financial Instruments*. According to the revised standards, for financial instruments that have not been derecognized on the implementation date, if the previous confirmation and measurement are inconsistent with the revised standards, the retrospective adjustment will be made. If the comparative data of financial statements for prior periods are inconsistent with the revised standards, no adjustment will be required.

The Company has implemented the New Standards for Financial Instruments as of January 1, 2019, and adjusted the retained earnings and other comprehensive income as at January 1, 2019 based on the cumulatively affected amounts arising from the retroactive adjustment.

Based on balances as at December 31, 2018 adjusted according to the document (CK [2019] No. 6) and the document (CK [2019] No. 16), the comparison of results of the classification and measurement of all financial assets and financial liabilities made according to the standards for recognition and measurement of financial instruments before and after revision is as follows:

Consolidated

Original Standards for Financial Instruments			New Standards for Financial Instruments		
Item	Measurement category	Book value	Item	Measurement category	Book value
Cash at bank and on hand	Measured at amortized cost	6,375,751,039.00	Cash at bank and on hand	Measured at amortized cost	6,388,400,615.42
Financial assets measured at fair value through the current profit or loss.	Measured at fair value through the current profit or loss	1,530,030,000.00	Financial assets held for trading	Measured at fair value through the current profit or loss	1,512,077,333.33
			Other non-current financial assets		20,000,000.00
Other current assets	Measured at amortized cost	1,990,000,000.00	Other current assets	Measured at amortized cost	1,990,000,000.00
Notes receivable	Measured at amortized cost	741,467,875.96	Notes receivable	Measured at amortized cost	110,368,910.91
			Receivables financing	Measured at fair value through other comprehensive income	631,098,965.05

Original Standards for Financial Instruments			New Standards for Financial Instruments		
Item	Measurement category	Book value	Item	Measurement category	Book value
Accounts receivable . . .	Measured at amortized cost	219,881,749.57	Accounts receivable	Measured at amortized cost	219,881,749.57
			Receivables financing	Measured at fair value through other comprehensive income	
Other receivables	Measured at amortized cost	110,033,635.48	Other receivables	Measured at amortized cost	95,336,725.73
Available-for-sale financial assets (Including the other current assets)	Measured at fair value through other comprehensive income (debt instruments)		Debt investments (Including the other current assets)	Measured at amortized cost	
	Measured at fair value through the other comprehensive income (equity instruments)	126,794,722.26	Other debt investments (Including the other current assets)	Measured at fair value through other comprehensive income	
	Measured at cost (equity instruments)	499,485,943.90	Financial assets held for trading	Measured at fair value through the current profit or loss	126,794,722.26
			Other non-current financial assets		
			Investments in other equity instruments	Measured at fair value through other comprehensive income	
			Financial assets held for trading	Measured at fair value through the current profit or loss	
			Other non-current financial assets		19,950,000.00
			Investments in other equity instruments	Measured at fair value through other comprehensive income	495,180,000.00

The Company

Original Standards for Financial Instruments			New Standards for Financial Instruments		
Item	Measurement category	Book value	Item	Measurement category	Book value
Cash at bank and on hand	Measured at amortized cost	411,019,884.63	Cash at bank and on hand	Measured at amortized cost	411,019,884.63
Financial assets measured at fair value through the current profit or loss	Measured at fair value through the current profit or loss	683,000,000.00	Financial assets held for trading	Measured at fair value through the current profit or loss	663,000,000.00
			Other non-current financial assets		20,000,000.00
Notes receivable	Measured at amortized cost	94,930,511.33	Notes receivable	Measured at amortized cost	94,930,511.33
			Receivables financing	Measured at fair value through other comprehensive income	

Original Standards for Financial Instruments			New Standards for Financial Instruments		
Item	Measurement category	Book value	Item	Measurement category	Book value
Accounts receivable . . .	Measured at amortized cost	38,842,752.63	Accounts receivable	Measured at amortized cost	38,842,752.63
			Receivables financing	Measured at fair value through other comprehensive income	
Other receivables	Measured at amortized cost	1,761,254.37	Other receivables	Measured at amortized cost	1,761,254.37
Available-for-sale financial assets (Including the other current assets)	Measured at fair value through other comprehensive income (debt instruments)		Debt investments (Including the other current assets)	Measured at amortized cost	
	Measured at fair value through the other comprehensive income (equity instruments)	126,794,722.26	Other debt investments (Including the other current assets)	Measured at fair value through other comprehensive income	
			Financial assets held for trading	Measured at fair value through the current profit or loss	126,794,722.26
			Other non-current financial assets		
			Investments in other equity instruments	Measured at fair value through other comprehensive income	
	Measured at cost (equity instruments)	499,485,943.90	Financial assets held for trading	Measured at fair value through the current profit or loss	
			Other non-current financial assets		19,950,000.00
			Investments in other equity instruments	Measured at fair value through other comprehensive income	495,180,000.00

(2) Implementation of the *Accounting Standards for Business Enterprises No. 14—Revenue* (Revised in 2017) (hereinafter referred to as the “New Standards for Revenue”)

The Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 14—Revenue* in 2017. For the initial implementation of the revised standards, the retained earnings at the beginning of the current year and the amounts of other relevant items in the financial statements should be adjusted based on the cumulatively affected amount, without adjustment to the information in the comparable period.

The Company has implemented the New Standards for Revenue as of January 1, 2020. According to these Standards, the Company only adjusted the retained earnings at the beginning of 2020 and the amounts of other relevant items in the financial statements based on the cumulatively affected amounts in the contract which has not been completed on the initial implementation day, without adjustment to the financial statements for the year ended December 31, 2019.

- (3) Implementation of the *Accounting Standards for Business Enterprises No. 21—Leases* (Revised in 2018)

In 2018, the Ministry of Finance revised the *Accounting Standards for Business Enterprises No. 21—Leases* (hereinafter referred to as the “New Standards for Leases”). The Company has implemented the new lease standards as from January 1, 2021. According to the New Standards for Lease, the Company chooses not to re-assess on the initial implementation day whether the contract existing on such day is a lease or includes a lease.

- The Company acted as the lessee:

The Company adjusted the retained earnings at the beginning of the year when the New Standards for Lease is initially implemented and the amounts of other relevant items in the financial statements based on the cumulatively affected amounts arising from the initial implementation of the New Standards for Lease, without adjustment to the information in the comparable period.

For the operating lease existing before the initial implementation day, the Company, on the initial implementation day, measured the lease liabilities at the present value discounted based on the remaining lease payment at the interest rate for incremental borrowings of the Company on the same day, and measured right-of-use assets by the following method based on each lease:

- It is assumed that the book value of the new lease standards will be adopted from the lease commencement date, and the incremental borrowing rate of the Company on the first execution date will be used as the discount rate.
- For the amount equal to the lease liability, necessary adjustments will be made based on the prepaid rent.

The Company chose one or more simplified method(s) to deal with each operating lease existing before the initial implementation day, while adopting the above mentioned methods:

- (1) Taking leases completed within 12 months after the initial implementation day as short-term leases;
- (2) Adopting the same discount rate for leases with the similar characteristics at the measurement of lease liabilities;
- (3) Excluding the initial direct expense at the measurement of right-of-use assets;
- (4) In case the lease renewal option or lease termination option exist, determining the lease term based on the actual implementation of the option before the initial implementation day and other latest situations;
- (5) As an alternative to the impairment test of the right-of-use asset/whether the contract including the lease is an onerous contract before the first implementation date will be evaluated according to Note “3.24 Provisions”; and the right-of-use assets will be adjusted according to the amount of the loss allowance included in the balance sheet before the first implementation date;
- (6) The lease change that occurred before the first implementation date will not be retrospectively adjusted, and accounting treatments will be made in accordance with the new lease standards based on the final arrangement for the lease change.

At the measurement of lease liabilities, the Company discounted the lease payment at the interest rate prevailing on January 1, 2021 for incremental borrowings of the lessee.

Minimum unpaid lease payment for the significant operating lease as at December 31, 2020 Present value discounted at the interest rate* prevailing on January 1, 2021 for incremental borrowings of the Company	697,683,319.94
Lease liabilities under the New Standards for Lease as at January 1, 2021	697,683,319.94
Difference between the present value discounted and the lease liabilities	

* The subsidiaries of the Company Jiangsu Honggang Petrochemical Co., Ltd., Shenghong Refining and Chemical (Lianyungang) Co., Ltd. and Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd. used the interest rate for incremental borrowings of 4.65%, Shenghong Petrochemical (Singapore) International Co., Ltd. used the interest rate for incremental borrowings of 5.00%, and Jiangsu Sierbang Petrochemical Co., Ltd. used the interest rate for incremental borrowings of 4.02% for discount.

For finance leases existing before the initial implementation day, the Company measures the right-of-use assets and lease liabilities respectively at the original book values on the initial implementation day of the assets acquired under finance leases and the account payable for finance lease.

- The Company as the lessor

The Company re-assessed the sublease that was divided into the operating lease before the initial implementation day and still existed on such day based on the remaining contract term and the contract clauses of the original lease and the sublease on the initial implementation day, and reclassified the same according to the New Standards for Lease. If the sublease was reclassified as the finance lease, the Company will make the accounting treatment for such sublease by taking it as a new finance lease.

Other than subleases, the Company did not need to adjust leases where it acted as a lessor according to the New Standards for Lease. From the initial implementation day, the Company makes accounting treatment according to the New Standards for Lease.

3.34.2 Adjustment to items in the financial statements at the beginning of the year for initial implementation of the new standards for financial instruments, revenue and leases according to the new standards for financial instruments, revenue and leases initially implemented

- (1) Adjustment to items in the financial statements at the beginning of 2019 for the initial implementation of the new standards for financial instruments on January 1, 2019

Consolidated Balance Sheet

Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted
Current assets:			
Cash at bank and on hand	6,375,751,039.00	6,388,400,615.42	12,649,576.42
Financial assets held for trading.	N/A	1,638,872,055.59	1,638,872,055.59
Notes receivable	741,467,875.96	110,368,910.91	-631,098,965.05
Receivables financing	N/A	631,098,965.05	631,098,965.05
Other receivables	110,033,635.48	95,336,725.73	-14,696,909.75
Other current assets.	4,147,804,752.81	2,637,774,752.81	-1,510,030,000.00
Non-current assets:			
Available-for-sale financial assets.	626,280,666.16	N/A	-626,280,666.16

Item	Balance as at December 31, 2018	Balance as at January 1, 2019	Amount adjusted
Investments in other equity instruments	N/A	495,180,000.00	495,180,000.00
Other non-current financial assets	N/A	39,950,000.00	39,950,000.00
Other non-current assets	858,487,211.90	838,487,211.90	-20,000,000.00
Current liabilities:			
Short-term borrowings	6,597,615,200.00	6,607,386,089.19	9,770,889.19
Other payables	1,849,349,954.28	1,819,877,625.70	-29,472,328.58
Non-current liabilities due within one year	2,302,697,569.32	2,322,399,008.71	19,701,439.39
Non-current liabilities:			
Deferred tax liabilities	303,890,360.90	307,801,374.93	3,911,014.03
Shareholders' equity:			
Other comprehensive income	-3,885,126.93	2,010,000.00	5,895,126.93
Retained earnings	2,021,067,893.95	2,026,905,809.09	5,837,915.14

- (2) Adjustment to items in the financial statements at the beginning of 2020 for the initial implementation of the new standards for revenue on January 1, 2020

Consolidated Balance Sheet

Item	Balance as at December 31, 2019	Balance as at January 1, 2020	Amount adjusted		
			Reclassification	Remeasurement	Total
Advances from customers	645,210,777.42	43,282,990.12	-601,927,787.30		-601,927,787.30
Contract liabilities		535,089,320.89	535,089,320.89		535,089,320.89
Other current liabilities		66,838,466.41	66,838,466.41		66,838,466.41

- (3) Adjustment to items in the financial statements at the beginning of 2021 for the initial implementation of the new standards for leases on January 1, 2021

Consolidated Balance Sheet

Item	Balance as at December 31, 2020	Balance as at January 1, 2021	Amount adjusted		
			Reclassification	Remeasurement	Total
Right-of-use assets		697,683,319.94		697,683,319.94	697,683,319.94
Lease liabilities		652,020,683.70	-45,662,636.24	697,683,319.94	652,020,683.70
Non-current liabilities due within one year	3,120,765,485.74	3,166,428,121.98	45,662,636.24		45,662,636.24

3.34.3 Changes in significant accounting estimates

None.

4 Taxation

4.1 Major tax types and tax rates

Tax type	Basis of tax assessment	Tax rate		
		Year 2021	Year 2020	Year 2019
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	<i>Note 1</i>	<i>Note 1</i>	<i>Note 1</i>
Real estate tax . . .	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%	1.2%, 12%	1.2%, 12%
Urban maintenance and construction tax	Levied based on the paid-in turnover tax	5%, 7%	5%, 7%	5%, 7%
Enterprise income tax	Levied based on the amount of taxable income	<i>Note 2</i>	<i>Note 2</i>	<i>Note 2</i>

Note 1: In 2019, value-added tax rates adopted by enterprises were 3%, 5%, 6%, 11% and 16%. According to the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No. 39), from April 1, 2019, VAT rates available shall be 3%, 5%, 6%, 9% and 13%.

Note 2: Within the consolidation scope, the income tax rates applied to all entities are as follows:

Taxpayer	Income tax rate		
	Year 2021	Year 2020	Year 2019
Jiangsu Eastern Shenghong Co., Ltd.	25%	25%	25%
Jiangsu Sierbang Petrochemical Co., Ltd.	15%	25%	15%
Lianyungang Shunmeng Trading Co., Ltd.	25%	25%	25%
Sierbang (Shanghai) Supply Chain Management Co., Ltd.	/	25%	25%
Inner Mongolia Shenghuayi Energy Co., Ltd.	25%	25%	25%
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.	25%	25%	25%
Jiangsu Hongjing New Materials Co., Ltd.	25%	/	/
Jiangsu Guowang High-tech Fibre Co., Ltd.	15%	15%	15%
Suzhou Shenghong Fiber Co., Ltd.	15%	15%	15%
Jiangsu Zhonglu Technology Development Co., Ltd.	15%	15%	15%
Suzhou Suzhen Biological Engineering Co., Ltd.	15%	15%	15%
Jiangsu Shenghong Fiber Testing Co., Ltd.	25%	25%	25%
Jiangsu Ganghong Fiber Co., Ltd.	15%	25%	25%
Jiangsu Shenghong Technology and Trade Co., Ltd.	25%	25%	25%
Lantean Holding Group Co., Limited	16.50%	16.50%	16.50%
Suzhou Tangnan Sewage Treatment Co., Ltd.	25%	25%	25%

Taxpayer	Income tax rate		
	Year 2021	Year 2020	Year 2019
Jiangsu Honggang Petrochemical Co., Ltd.	25%	25%	25%
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	25%	25%	25%
Shenghong (Lianyungang) Refining and Chemical Co., Ltd.	25%	25%	25%
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.	Exempted	25%	25%
Shenghong Petrochemical (Singapore) International Co., Ltd.	17%	17%	17%
Shenghong Shipping (Singapore) International Co., Ltd.	17%	/	/
Shenghong Oils Sales Co., Ltd.	25%	25%	25%
Shenghong (Lianyungang) Oils Sales Co., Ltd.	25%	25%	25%
Lianyungang Guanhong Trading Co., Ltd.	25%	25%	/
Jiangsu Hongwei Chemical Co., Ltd.	25%	25%	/
Shenghong (Shanghai) Polyester Material Co., Ltd.	25%	25%	/
Lianyungang Shengtai New Materials Co., Ltd.	25%	/	/
Lianyungang Hongke New Materials Co., Ltd.	25%	/	/
Shenghong New Materials (Suqian) Co., Ltd.	25%	25%	/
Jiangsu Reborn Eco-tech Co., Ltd.	25%	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%	/	/
Suzhou Silk Real Estate Co., Ltd.	/	/	25%
Suzhou Shengze Yunfangcheng E-commerce Co., Ltd.	/	/	25%
Jiangsu Hengwu Media Co., Ltd.	/	/	20%
Wujiang Silk Real Estate Co., Ltd.	/	/	25%
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	25%	25%	25%
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.	25%	25%	25%
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	25%	25%	25%
Suzhou Shenghong Digital Cloud Technology Co., Ltd.	25%	25%	/
Suzhou Shengze Real Estate Leasing Co., Ltd.	25%	/	/
Suzhou Shengze Warehousing Management Co., Ltd.	25%	/	/
Lianyungang Shenghong Refining and Chemical Industrial Fund Partnership (Limited Partnership)	25%	/	/
Suzhou Yinghong Industrial Investment Fund (Limited Partnership)	25%	/	/

4.2 Tax preference

4.2.1 Jiangsu Guowang High-tech Fibre 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, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2020 to 2022, it shall be entitled to the income tax rate of 15%.

On December 7, 2017, Jiangsu Guowang High-tech Fibre Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR201732002135 and the valid term of 3 years, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, Jiangsu Provincial Tax Service, State Taxation Administration, and the Local Taxation Bureau of Jiangsu Province. From 2017 to 2019, it shall be entitled to enterprise income tax rate of 15%.

4.2.2 Jiangsu Zhonglu Technology Development Co., Ltd.

On December 6, 2019, Jiangsu Zhonglu Technology Development Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR201932010158 and the valid term of 3 years, jointly issued by the Science and Technology Department of Jiangsu Province, the Finance Department of Jiangsu Province, Jiangsu Provincial Tax Service, State Taxation Administration, and the Local Taxation Bureau of Jiangsu Province. From 2019 to 2021, it shall be entitled to the income tax rate of 15%.

4.2.3 Suzhou Shenghong Fiber 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, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2021 to 2023, it shall be entitled to the income tax rate of 15%.

On November 30, 2018, Suzhou Shenghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR201832007341 and the valid term of 3 years, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2018 to 2020, it shall be entitled to the income tax rate of 15%.

4.2.4 Suzhou Suzhen Biological Engineering Co., Ltd.

On December 6, 2019, Suzhou Suzhen Biological Engineering Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR201932009905 and the valid term of 3 years, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2019 to 2021, it shall be entitled to the income tax rate of 15%.

4.2.5 *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, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2021 to 2023, it shall be entitled to the income tax rate of 15%.

4.2.6 *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, jointly issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2021 to 2023, it shall be entitled to the income tax rate of 15%.

On December 27, 2017, Jiangsu Sierbang Petrochemical Co., Ltd. passed the qualification examination for high-tech enterprises and was recognized as a hi-tech enterprise, obtaining the *High-tech Enterprise Certificate* with the number of GR201732004365 and the valid term of 3 years, jointly issued by the Science and Technology Department of Jiangsu Province, the Finance Department of Jiangsu Province, Jiangsu Provincial Tax Service, State Taxation Administration, the Local Taxation Bureau of Jiangsu Province. According to the *Record Form for Matters Concerning Enterprise Income Tax Discount* issued by Lianyungang Hi-tech Industrial Development Zone Tax Service, State Taxation Administration, during the period from January 1, 2017 to December 31, 2019, the Company, as a high-tech enterprise, enjoyed the preferential enterprise income tax rate of 15%.

4.2.7 *Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.*

According to Article 87 of the Implementing Regulations on the Enterprise Income Tax Law, the income from investment and operation by Shenghong Refining (Lianyungang) Port Storage and Transportation Co., Ltd. in projects such as ports and terminals, airports, railroads, highways, urban public transportation, electric power and water conservancy as stipulated in the Catalogue of Preferential Enterprise Income Tax for Public Infrastructure Projects will be exempted from enterprise income tax from the first year to the third year from the tax year in which the first production and operation income of the project is obtained and taxed at a 50% reduction in from the fourth to sixth year. 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 in 2021, 2022 and 2023.

4.2.8 *Jiangsu Hengwu Media Co., Ltd.*

According to the Circular on Implementing the Policy on Inclusive Tax Reliefs for Small and Micro Enterprises (CS [2019] No. 13), for Jiangsu Hengwu Media Co., Ltd., an original subsidiary of the Company, from January 1, 2019 to December 31, 2021, the portion of less than RMB1 million, and the portion of more than RMB1 million but less than RMB3 million, of the annual taxable income, shall be included in the actual taxable income at 25% and 50% respectively, based on which the enterprise income tax payable shall be calculated at the reduced tax rate of 20%.

5 Notes to the items of consolidated financial statements

5.1 Cash at bank and on hand

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Cash on hand	100,907.36	213,497.81	71,725.90
Bank deposits	10,730,471,449.11	16,454,123,945.58	6,421,647,383.42
Other Cash at bank and on hand	2,667,536,122.35	2,091,723,007.19	1,015,329,596.68
Interest on outstanding time deposits	342,060.13	10,626,418.89	
Total	13,398,450,538.95	18,556,686,869.47	7,437,048,706.00
Including: total amount of deposit abroad	108,555,051.56	147,836,881.64	4,227,244.82

Cash at bank and on hand restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation are as follows:

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Bank acceptance bills deposit	1,656,234,434.52	1,394,641,080.95	676,639,855.93
Letters of credit deposits	754,539,709.73	556,262,800.03	309,335,371.70
Loan deposit	119,900,000.00	48,352,562.64	
Time deposit or call deposit used for guarantee	1,153,120,625.00	600,000,000.00	1,500,000.00
Others	38,154,021.96	26,287,837.75	17,970,112.88
Total	3,721,948,791.21	2,625,544,281.37	1,005,445,340.51

5.2 Financial assets held for trading

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Financial assets measured at fair value through current profit or loss	141,719,671.46	558,934,767.38	952,104,976.47
Of which: investment in equity instruments	86,338,213.82	87,933,786.56	93,784,219.94
Derivative financial assets	1,781,457.64	43,822.29	49,992,755.80
Bank wealth management and trust products	53,600,000.00	470,957,158.53	808,328,000.73
Total	141,719,671.46	558,934,767.38	952,104,976.47

See Note 5.63 for details of bank wealth management.

5.3 Notes receivable

5.3.1 Presentation of notes receivable by category

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Bank acceptance bills	348,987,413.80		641,483,353.18
Commercial acceptance bills . .			
Total	348,987,413.80		641,483,353.18

5.3.2 Pledged notes receivable of the Company as at the end of the period

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Bank acceptance bills	11,349,094.00		
Commercial acceptance bills . .			
Total	11,349,094.00		

5.4 Accounts receivable

5.4.1 Disclosure of accounts receivable by aging

Aging	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Within 1 year	558,297,383.24	353,402,436.37	321,198,730.27
1-2 years	13,173.25	42,828.20	555,266.60
2-3 years	39,338.90	555,266.60	25,497.84
Over 3 years	4,054,535.91	3,501,736.16	3,487,235.06
Sub-total	562,404,431.30	357,502,267.33	325,266,729.77
Less: provision for bad debts . .	31,306,804.70	21,352,492.46	19,695,182.11
Total	531,097,626.60	336,149,774.87	305,571,547.66

5.4.2 Classified disclosure of accounts receivable by provision of bad debts

As at December 31, 2021

Type	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts made by portfolio	562,404,431.30	100.00	31,306,804.70	5.57	531,097,626.60
Total	562,404,431.30	100.00	31,306,804.70	5.57	531,097,626.60

As at December 31, 2020

Type	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	554,632.00	0.16	554,632.00	100.00	
Provision for bad debts made by portfolio	356,947,635.33	99.84	20,797,860.46	5.83	336,149,774.87
Total	357,502,267.33	100.00	21,352,492.46	5.97	336,149,774.87

As at December 31, 2019

Type	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	554,632.00	0.17	554,632.00	100.00	
Provision for bad debts made by portfolio	324,712,097.77	99.83	19,140,550.11	5.89	305,571,547.66
Total	325,266,729.77	100.00	19,695,182.11	6.06	305,571,547.66

Provision for bad debts accrued on an individual basis:

As at December 31, 2020				
Name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
House rent	554,632.00	554,632.00	100.00	Lawsuit payments are expected to be irrecoverable
Total	554,632.00	554,632.00	100.00	

As at December 31, 2019				
Name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
House rent	554,632.00	554,632.00	100.00	Lawsuit payments are expected to be irrecoverable
Total	554,632.00	554,632.00	100.00	

Provision for bad debts made by portfolio:

Provision made on portfolio basis:

Name	As at December 31, 2021			As at December 31, 2020			As at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)	Accounts receivable	Provision for bad debts	Proportion of provision (%)	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of related parties	13,698,775.91			7,657,609.18			8,390,432.21		
Accounts receivable with allowance for bad debts accrued by aging analysis method	548,705,655.39	31,306,804.70	5.71	349,290,026.15	20,797,860.46	5.95	316,321,665.56	19,140,550.11	6.05
Total	562,404,431.30	31,306,804.70	5.57	356,947,635.33	20,797,860.46	5.83	324,712,097.77	19,140,550.11	5.89

5.4.3 Provision, reversal or recovery of provision for bad debts during the reporting period

Category	As at December 31, 2020	Increase or decrease in 2021			As at December 31, 2021
		Provision	Recovery or reversal	Write-off or charge- off	
Provision for bad debts of accounts receivable	21,352,492.46	9,954,312.24			31,306,804.70
Total	21,352,492.46	9,954,312.24			31,306,804.70

Category	As at December 31, 2019	As at January 1, 2020	Increase or decrease in 2020			As at December 31, 2020
			Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of accounts receivable	19,695,182.11	19,695,182.11	1,657,310.35			21,352,492.46
Total	19,695,182.11	19,695,182.11	1,657,310.35			21,352,492.46

Category	As at December 31, 2018	As at December 31, 2019	Increase or decrease in 2019				As at December 31, 2019
			Provision	Recovery or reversal	Write-off or charge- off	Others	
Provision for bad debts of accounts receivable	16,462,798.76	16,462,798.76	3,989,062.20		240,362.00	516,316.85	19,695,182.11
Total	16,462,798.76	16,462,798.76	3,989,062.20		240,362.00	516,316.85	19,695,182.11

5.4.4 Accounts receivable actually charged-off during this reporting period

Item	Year 2021	Year 2020	Year 2019
Accounts receivable actually charged off.			240,362.00

5.4.5 Top 5 of accounts receivable as at the end of the period, presented by debtor

	As at December 31, 21			As at December 31, 20			As at December 31, 2019		
	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts	Accounts receivable	Proportion in the total accounts receivable (%)	Provision for bad debts
The sum amount of the top 5 ending balances	269,059,074.66	47.84	13,452,953.74	159,657,577.19	44.66	7,982,878.86	156,449,191.72	48.10	7,822,459.59

5.4.6 *The accounts receivable derecognized due to the transfer of financial assets*

None.

5.4.7 *Amounts of assets or liabilities arising from transfer of accounts receivable and relevant continuous involvement*

None.

5.4.8 *See Note 10.6 for details about the receivables from related parties during the reporting period*

5.5 Receivables financing

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Notes receivable	77,650,379.06	449,679,866.95	329,349,846.37
Total	77,650,379.06	449,679,866.95	329,349,846.37

See Note 5.63 for details about pledge of receivables financing.

5.6 Advances to suppliers

5.6.1 *Presentation of advances to suppliers by aging*

Aging	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019	
	Amount	Proportion (%)	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year . . .	727,788,655.90	98.51	618,018,865.77	96.94	665,885,128.54	97.98
Over 1 year	11,001,594.42	1.49	19,511,834.95	3.06	13,735,858.97	2.02
Total	738,790,250.32	100.00	637,530,700.72	100.00	679,620,987.51	100.00

5.6.2 *Significant advances from customers with aging more than one year*

None.

5.6.3 *Top five of advances to suppliers as at the end of the period*

Supplier	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019	
	Ending balance	Proportion in the total ending balance of advances to suppliers (%)	Ending balance	Proportion in the total ending balance of advances to suppliers (%)	Ending balance	Proportion in the total ending balance of advances to suppliers (%)
The sum amount of the top 5 ending balances	186,756,729.29	25.28	234,189,502.32	36.73	202,431,695.92	29.79

5.7 Other receivables

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Other receivables	92,825,594.30	41,090,611.74	113,103,976.46
Total	92,825,594.30	41,090,611.74	113,103,976.46

5.7.1 Disclosure of other receivables by aging

Aging	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Within 1 year	83,375,280.55	42,751,161.98	112,374,374.24
1-2 years	16,724,286.87	592,949.02	41,131.14
2-3 years	479,296.64	5,235.80	6,802,360.12
Over 3 years	2,658,848.94	4,377,188.65	2,582,799.72
Sub-total	103,237,713.00	47,726,535.45	121,800,665.22
Less: provision for bad debts . .	10,412,118.70	6,635,923.71	8,696,688.76
Total	92,825,594.30	41,090,611.74	113,103,976.46

5.7.2 Provision for bad debts of other receivables

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2020	6,635,923.71			6,635,923.71
In 2021, as at December 31, 2020				
— Transfer to Stage II . . .				
— Transfer to Stage III . .				
— Reversal from Stage II				
— Reversal from Stage I				
Provision in 2021	3,804,823.99			3,804,823.99
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021	25,000.00			25,000.00
Other changes	3,629.00			3,629.00
Balance as at December 31, 2021	10,412,118.70			10,412,118.70

	Stage I	Stage II	Stage III	
Provision for bad debts	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Balance as at December 31, 2019	8,696,688.76			8,696,688.76
In 2020, as at December 31, 2019				
— Transfer to Stage II . . .				
— Transfer to Stage III. . .				
— Reversal from Stage II				
— Reversal from Stage I				
Provision in 2020	-2,060,484.55			-2,060,484.55
Reversal in 2020				
Write-off in 2020				
Charge-off in 2020				
Other changes	280.50			280.50
Balance as at December 31, 2020	6,635,923.71			6,635,923.71

	Stage I	Stage II	Stage III	
Provision for bad debts	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Balance as at January 1, 2019	25,018,771.92			25,018,771.92
In 2019, as at January 1, 2019				
— Transfer to Stage II . . .				
— Transfer to Stage III. . .				
— Reversal from Stage II				
— Reversal from Stage I				
Provision in 2019	-14,199,404.31			-14,199,404.31
Reversal in 2019				
Write-off in 2019				
Charge-off in 2019				
Other changes	2,122,678.85			2,122,678.85
Balance as at December 31, 2019	8,696,688.76			8,696,688.76

5.7.3 Changes in the book balance of other receivables are as follows:

	Stage I	Stage II	Stage III	
Book balance	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Balance as at December 31, 2020	47,726,535.45			47,726,535.45
In 2021, as at December 31, 2020				
— Transfer to Stage II . . .				
— Transfer to Stage III. . .				
— Reversal from Stage II				
— Reversal from Stage I				
Increase in 2021	55,536,177.55			55,536,177.55
Derecognition in 2021 . . .	25,000.00			25,000.00
Other changes				
Balance as at December 31, 2021	103,237,713.00			103,237,713.00
	Stage I	Stage II	Stage III	
Book balance	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Balance as at December 31, 2019	121,800,665.22			121,800,665.22
In 2020, as at December 31, 2019				
— Transfer to Stage II . . .				
— Transfer to Stage III. . .				
— Reversal from Stage II . .				
— Reversal from Stage I . .				
Increase in 2020	-74,074,129.77			-74,074,129.77
Derecognition in 2020 . . .				
Other changes				
Balance as at December 31, 2020	47,726,535.45			47,726,535.45
	Stage I	Stage II	Stage III	
Book balance	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	Total
Balance as at January 1, 2019	120,355,497.65			120,355,497.65
In 2019, as at January 1, 2019				
— Transfer to Stage II . . .				
— Transfer to Stage III. . .				
— Reversal from Stage II				
— Reversal from Stage I				
Increase in 2019	1,445,167.57			1,445,167.57
Derecognition in 2019 . . .				
Other changes				
Balance as at December 31, 2019	121,800,665.22			121,800,665.22

5.7.4 Provision, reversal or recovery of provision for bad debts during the reporting period

Category	As at December 31, 2020	Increase or decrease in 2021			As at December 31, 2021	
		Provision	Recovery or reversal	Write-off or charge-off		Other changes
Provision for bad debts of other receivables	6,635,923.71	3,804,823.99		25,000.00	3,629.00	10,412,118.70
Total	6,635,923.71	3,804,823.99		25,000.00	3,629.00	10,412,118.70

Category	As at December 31, 2019	Increase or decrease in 2020			As at December 31, 2020	
		Provision	Recovery or reversal	Write-off or charge-off		Other changes
Provision for bad debts of other receivables	8,696,688.76	-2,060,484.55			280.50	6,635,923.71
Total	8,696,688.76	-2,060,484.55			280.50	6,635,923.71

Category	As at December 31, 2018	As at January 1, 2019	Increase or decrease in 2019			As at December 31, 2019	
			Provision	Recovery or reversal	Write-off or charge-off		Other changes
Provision for bad debts of other receivables	25,018,771.92	25,018,771.92	-14,199,404.31			2,122,678.85	8,696,688.76
Total	25,018,771.92	25,018,771.92	-14,199,404.31			2,122,678.85	8,696,688.76

5.7.5 Other receivables actually charged-off during the reporting period

Item	Year 2021	Year 2020	Year 2019
Other receivables actually charged off.	25,000.00		

5.7.6 Classification of other receivables by the nature of payment

Nature of payment	Book balance		
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Advances	19,438,584.69	16,274,225.20	17,337,842.66
Various deposits and security deposits.	81,101,743.74	29,786,799.16	44,442,661.86
Petty cash.	886,931.03	1,188,500.47	835,190.97
Equity transfer fund			58,284,720.00
Others	1,810,453.54	477,010.62	900,249.73
Total	103,237,713.00	47,726,535.45	121,800,665.22

5.7.7 Top 5 of other receivables as at the end of the period

	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019	
	Other receivables	Proportion in total other receivables (%)	Other receivables	Proportion in total other receivables (%)	Other receivables	Proportion in total other receivables (%)
The sum amount of the top 5 ending balances	82,489,340.44	79.90	6,050,737.02	76.30	115,511,733.60	94.84
			Provision for bad debts		Provision for bad debts	
			82,489,340.44	4,846,687.58	6,790,954.38	

5.7.8 Other receivables involving government grants

None.

5.7.9 Other receivables derecognized due to the transfer of financial assets

None.

5.7.10 Assets or liabilities amount arising from the transfer of other receivables and continuous involvement

None.

5.7.11 See Note 10.6 for details about other receivables from related parties during the reporting period

5.8 Inventories

5.8.1 Classification of inventories

Item	As at December 31, 2021			As at December 31, 2020			As at December 31, 2019				
	Book balance	Provision for inventory depreciation and impairment of contract	performance costs	Book value	Book balance	Provision for inventory depreciation and impairment of contract	performance costs	Book value	Book balance	Provision for depreciation	Book value
	Materials in transit	180,140,146.31			180,140,146.31	207,021,227.79			207,021,227.79	60,383,296.95	
Raw materials	3,247,245,125.74	15,312,686.19		3,231,932,439.55	1,692,719,367.28	9,945,956.13		1,682,773,411.15	1,649,724,070.85	21,475,509.52	1,628,248,561.33
Merchandise inventories	2,352,938,275.51	102,688,828.20		2,250,249,447.31	1,793,681,748.08	48,922,379.75		1,744,759,368.33	2,121,506,548.50	24,404,232.52	2,097,102,315.98
Goods in progress	236,442,390.13	8,283,173.87		228,159,216.26	244,739,070.72	7,441,327.98		237,297,742.74	278,361,681.79	8,225,405.83	270,136,275.96
Goods dispatched	196,535,155.08	1,038,611.90		195,496,543.18	38,954,520.54			38,954,520.54	22,411,020.26		22,411,020.26
Others	13,858.08			13,858.08	43,101.77			43,101.77	56,252.22		56,252.22
Total	6,213,314,950.85	127,323,300.16		6,085,991,650.69	3,977,159,036.18	66,309,663.86		3,910,849,372.32	4,132,442,870.57	54,105,147.87	4,078,337,722.70

5.8.2 Provision for inventory depreciation and provision for impairment of contract performance costs

Item	As at December 31, 2020	Increase in 2021		Decrease in 2021		As at December 31, 2021
		Provision	Others	Reversal or write-off	Others	
Raw materials	9,945,956.13	14,295,713.31		8,928,983.25		15,312,686.19
Merchandise inventories	48,922,379.75	192,122,877.22		138,356,428.77		102,688,828.20
Goods in progress	7,441,327.98	8,283,173.87		7,441,327.98		8,283,173.87
Goods dispatched		1,038,611.90				1,038,611.90
Total	66,309,663.86	215,740,376.30		154,726,740.00		127,323,300.16

Item	As at December 31, 2019	As at January 1, 2020	Increase in 2020		Decrease in 2020		As at December 31, 2020
			Provision	Others	Reversal or write-off	Others	
Raw materials	21,475,509.52	21,475,509.52	9,945,956.13		21,475,509.52		9,945,956.13
Merchandise inventories	24,404,232.52	24,404,232.52	96,903,264.43		72,385,117.20		48,922,379.75
Goods in progress	8,225,405.83	8,225,405.83	7,383,841.77		8,167,919.62		7,441,327.98
Total	54,105,147.87	54,105,147.87	114,233,062.33		102,028,546.34		66,309,663.86

Item	As at December 31, 2018	Increase in 2019		Decrease in 2019		As at December 31, 2019
		Provision	Others	Reversal or write-off	Others	
Raw materials	16,834,970.66	20,415,544.21		15,775,005.35		21,475,509.52
Merchandise inventories	47,600,953.51	26,876,540.65		50,073,261.64		24,404,232.52
Goods in progress	1,850,889.61	8,061,656.63		1,687,140.41		8,225,405.83
Development products	1,424,935.49				1,424,935.49	
Total	67,711,749.27	55,353,741.49		67,535,407.40	1,424,935.49	54,105,147.87

5.8.3 Specific basis of determining net realization value, reasons for reversal or write-off of provision for inventory depreciation in the current period

Item	Specific basis of determining net realization value	Reason for reversal of provision for inventory depreciation in the current period	Reason for write-off of provision for inventory depreciation in the current period
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 taxes and surcharges.	Not applicable	Inventories with provision for depreciation made on or before January 1, 2021 have been sold in 2021
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.	Not applicable	Inventories with provision for depreciation made on or before January 1, 2021 have been sold in 2021

<u>Item</u>	<u>Specific basis of determining net realization value</u>	<u>Reason for reversal of provision for inventory depreciation in the current period</u>	<u>Reason for write-off of provision for inventory depreciation in the current period</u>
Merchandise inventories . . .	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	Not applicable	Inventories with provision for depreciation made on or before January 1, 2021 have been sold in 2021
Development products	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	Not applicable	Decrease in the scope of business combination
Goods dispatched . . .	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	Not applicable	Not applicable

5.8.4 *Borrowing costs capitalized and included to inventory costs: None*

5.8.5 *See Note 5.63 for details about the inventories used for guarantee among the ending balances.*

5.9 *Other current assets*

<u>Item</u>	<u>As at December 31, 2021</u>	<u>As at December 31, 2020</u>	<u>As at December 31, 2019</u>
Input VAT retained for future offsetting	3,201,420,491.80	1,109,072,559.79	582,164,013.71
Uncertified input tax	104,969,343.08	59,505,422.24	27,396,133.98
Prepayment of income tax and other taxes	295,386,280.07	1,877,217.75	5,618,691.80
Total	3,601,776,114.95	1,170,455,199.78	615,178,839.49

5.10 Long-term equity investments

Investee	Increase or decrease in 2021						As at December 31, 2021	Provision for impairment Balance as at December 31, 2021
	As at December 31, 2020	Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity change		
Associates								
Jiangsu Xinshijie Advanced Functional Fiber Innovation Center Co., Ltd.	49,789,918.06	1,000,000.00		-1,859,608.52			48,930,309.54	
Tianjiao Technology Venture Capital Co., Ltd.	22,478,358.11			14,397,830.28			36,876,188.39	
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	72,268,276.17	53,900,000.00		254,544.59			54,154,544.59	
Total		54,900,000.00		12,792,766.35			139,961,042.52	
Investee	Increase or decrease in 2020						As at December 31, 2020	Provision for impairment Balance as at December 31, 2020
As at December 31, 2019	Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed		
Associates								
Jiangsu Xinshijie Advanced Functional Fiber Innovation Center Co., Ltd.	26,911,360.78	21,000,000.00		1,878,557.28			49,789,918.06	
Tianjiao Technology Venture Capital Co., Ltd.	24,722,664.82			22,455,688.29		24,699,995.00	22,478,358.11	
Jiangsu Dongfang Yingta Security and Preservation Systems Co., Ltd.	4,586,750.11		4,521,695.61	-65,054.50				
Total	56,220,775.71	21,000,000.00	4,521,695.61	24,269,191.07		24,699,995.00	72,268,276.17	

Investee	As at December 31, 2018	Increase or decrease in 2019						As at December 31, 2019	Balance of provision for impairment as at December 31, 2019
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity change	Cash dividends or profits declared to be distributed		
Associates									
Jiangsu Xinshijie Advanced Functional Fiber Innovation Center Co., Ltd.	14,100,000.00	11,900,000.00		911,360.78					26,911,360.78
Tianjiao Technology Venture Capital Co., Ltd.	38,555,526.23	13,333,333.33	4,433,799.92				4,933,328.00		24,722,664.82
Jiangsu Dongfang Yingfa Security and Preservation Systems Co., Ltd.	8,351,014.52	3,520,000.00	-244,264.41						4,586,750.11
Jiangsu Shengze Oriental Agricultural Development Commercial Factoring Co., Ltd.	25,743,914.29			2,519,744.65				28,263,658.94	
Jiangsu Shengze Oriental Textile City Development Co., Ltd.	16,899,057.80	14,486,221.00	-2,412,836.80						1,914,937.87
Suchou Sifang Outdoor Media Co., Ltd.	1,820,514.71		94,423.16						30,178,596.81
Total	105,470,027.55	11,900,000.00	31,339,554.33	5,302,227.30			4,933,328.00		56,220,775.71

5.11 Investments in other equity instruments

5.11.1 Details of investments in other equity instruments

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Non-trading equity instruments	583,395,820.00	685,961,180.00	638,826,600.00
Total	583,395,820.00	685,961,180.00	638,826,600.00

5.11.2 Details of non-trading equity instrument investments

As at December 31, 2021/Year 2021

Item	Initial cost	Dividend income recognized in 2021	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	1,257,381.70	90,895,820.00		The investment is held by the Company for long-term strategy

As at December 31, 2020/Year 2020

Item	Initial cost	Dividend income recognized in 2021	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	7,387,159.83	193,461,180.00		The investment is held by the Company for long-term strategy

As at December 31, 2019/Year 2019

Item	Initial cost	Dividend income recognized in 2021	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	2,737,315.17	146,326,600.00		The investment is held by the Company for long-term strategy

5.12 Other non-current financial assets

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Financial assets measured at fair value through current profit or loss	4,477,532.09	6,738,046.30	267,209,296.71

5.13 Investment properties

5.13.1 Investment properties measured at cost

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) As at December 31, 2020 . .	1,121,718,930.08	516,874,566.26	1,638,593,496.34
(2) Increase in 2021	1,271,012.87		1,271,012.87
— Outsourcing	70,536.94		70,536.94
— Transfer-in of inventories, fixed assets and construction in progress	1,200,475.93		1,200,475.93
(4) As at December 31, 2021 . .	1,122,989,942.95	516,874,566.26	1,639,864,509.21
2. Accumulative depreciation and accumulative amortization			
(1) As at December 31, 2020 . .	308,725,225.31	141,687,471.31	450,412,696.62
(2) Increase in 2021	37,619,352.23	16,868,738.92	54,488,091.15
— Provision or amortization . .	37,619,352.23	16,868,738.92	54,488,091.15
(3) Decrease in 2021			
— Disposal.			
(4) As at December 31, 2021 . .	346,344,577.54	158,556,210.23	504,900,787.77
3. Provision for impairment			
(1) As at December 31, 2020 . .			
(2) Increase in 2021			
— Provision			
(3) Decrease in 2021			
— Disposal.			
(4) As at December 31, 2021 . .			
4. Book value			
(1) Book value as at December 31, 2021	776,645,365.41	358,318,356.03	1,134,963,721.44
(2) Book value as at December 31, 2020	812,993,704.77	375,187,094.95	1,188,180,799.72
Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) As at December 31, 2019 . .	1,340,939,163.09	582,316,107.90	1,923,255,270.99
(2) Increase in 2020	2,709,875.85		2,709,875.85
— Outsourcing	2,709,875.85		2,709,875.85
— Transfer-in of inventories, fixed assets and construction in progress			
(3) Decrease in 2020	221,930,108.86	65,441,541.64	287,371,650.50
— Disposal.	221,930,108.86	65,441,541.64	287,371,650.50
(4) As at December 31, 2020 . .	1,121,718,930.08	516,874,566.26	1,638,593,496.34

Item	Buildings and constructions	Land use right	Total
2. Accumulative depreciation and accumulative amortization			
(1) As at December 31, 2019 ..	301,496,216.43	129,734,543.30	431,230,759.73
(2) Increase in 2020	45,361,972.41	18,240,858.72	63,602,831.13
— Provision or amortization ..	45,361,972.41	18,240,858.72	63,602,831.13
(3) Decrease in 2020	38,132,963.53	6,287,930.71	44,420,894.24
— Disposal.	38,132,963.53	6,287,930.71	44,420,894.24
(4) As at December 31, 2020 ..	308,725,225.31	141,687,471.31	450,412,696.62
3. Provision for impairment			
(1) As at December 31, 2019 ..			
(2) Increase in 2020			
— Provision			
(3) Decrease in 2020			
— Disposal.			
(4) As at December 31, 2020 ..			
4. Book value			
(1) Book value as at December 31, 2020	812,993,704.77	375,187,094.95	1,188,180,799.72
(2) Book value as at December 31, 2019	1,039,442,946.66	452,581,564.60	1,492,024,511.26

Item	Buildings and constructions	Land use right	Total
1. Original book value			
(1) As at December 31, 2018 ..	1,606,406,634.41	582,316,107.90	2,188,722,742.31
(2) Increase in 2019	934,422.08		934,422.08
— Outsourcing	66,422.08		66,422.08
— Transfer-in of inventories, fixed assets and construction in progress	868,000.00		868,000.00
(3) Decrease in 2019	266,401,893.40		266,401,893.40
— Disposal.	284,142.22		284,142.22
— Transfer to own properties or inventories	45,127,758.86		45,127,758.86
— Disposal of subsidiaries ...	220,989,992.32		220,989,992.32
(4) As at December 31, 2019 ..	1,340,939,163.09	582,316,107.90	1,923,255,270.99
2. Accumulative depreciation and accumulative amortization			
(1) As at December 31, 2018 ..	311,739,041.38	110,987,787.98	422,726,829.36
(2) Increase in 2019	48,677,254.17	18,746,755.32	67,424,009.49
— Provision or amortization ..	48,677,254.17	18,746,755.32	67,424,009.49
(3) Decrease in 2019	58,920,079.12		58,920,079.12
— Disposal.	160,886.08		160,886.08
— Transfer to own properties or inventories	5,780,940.05		5,780,940.05
— Disposal of subsidiaries ...	52,978,252.99		52,978,252.99
(4) As at December 31, 2019 ..	301,496,216.43	129,734,543.30	431,230,759.73
3. Provision for impairment			
(1) As at December 31, 2018 ..			
(2) Increase in 2019			
— Provision			
(3) Decrease in 2019			
— Disposal.			
(4) As at December 31, 2019 ..			

Item	Buildings and constructions	Land use right	Total
4. Book value			
(1) Book value as at December 31, 2019	1,039,442,946.66	452,581,564.60	1,492,024,511.26
(2) Book value as at December 31, 2018	1,294,667,593.03	471,328,319.92	1,765,995,912.95

5.13.2 *Investment properties with pending certificate of title as at December 31, 2021.*

Item	Book value	Reason for pending certificate of title
Plant later cleaned for leasing	4,333,389.16	In the process of reporting
A small number of business premises in Dongfang Market, Shengze Town	18,543,102.90	In the process of negotiation
Total	22,876,492.06	

5.14 *Fixed assets*

5.14.1 *Fixed assets and disposal of fixed assets*

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Fixed assets	31,186,602,365.19	26,054,386,350.02	26,036,607,057.67
Total	31,186,602,365.19	26,054,386,350.02	26,036,607,057.67

5.14.2 *Details of fixed assets*

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
1. Original book value					
(1) As at December 31, 2020	9,876,160,038.11	24,541,949,370.73	72,130,266.58	797,098,875.90	35,287,338,551.32
(2) Increase in 2021.	2,039,455,214.88	4,900,245,523.49	39,311,639.88	223,666,655.05	7,202,679,033.30
— Purchase	13,562,660.02	157,507,307.93	39,223,215.09	37,755,920.46	248,049,103.50
— Transferred from construction in progress	2,025,892,554.86	4,740,299,012.02	34,690.27	186,017,807.99	6,952,244,065.14
— Increase due to business combination		2,439,203.54	53,734.52	236,630.08	2,729,568.14
— Others				-343,703.48	-343,703.48
(3) Decrease in 2021	16,482,728.85	126,189,173.65	8,562,054.85	1,341,624.56	152,575,581.91
— Disposal or scrapping	9,444,906.56	126,189,173.65	8,562,054.85	1,341,624.56	145,537,759.62
— Disposal of subsidiaries					
— Others	7,037,822.29				7,037,822.29
(4) As at December 31, 2021	11,899,132,524.14	29,316,005,720.57	102,879,851.61	1,019,423,906.39	42,337,442,002.71
2. Accumulated depreciation					
(1) As at December 31, 2020	1,576,735,542.40	6,800,833,975.08	40,432,731.62	472,534,106.07	8,890,536,355.17
(2) Increase in 2021.	364,804,589.45	1,497,137,183.60	10,683,313.25	109,270,371.75	1,981,895,458.05
— Provision.	364,804,589.45	1,497,059,942.16	10,673,741.75	109,269,596.76	1,981,807,870.12
— Increase due to business combination		77,241.44	9,571.50	34,455.02	121,267.96
— Others				-33,680.03	-33,680.03
(3) Decrease in 2021	3,102,005.21	53,823,106.39	4,511,170.21	1,124,630.12	62,560,911.93
— Disposal or scrapping	3,102,005.21	53,823,106.39	4,511,170.21	1,124,630.12	62,560,911.93
— Disposal of subsidiaries					
— Others					
(4) As at December 31, 2021	1,938,438,126.64	8,244,148,052.29	46,604,874.66	580,679,847.70	10,809,870,901.29

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
3. Provision for impairment					
(1) As at December 31, 2020	30,731,178.12	311,418,821.57	231,924.65	33,921.79	342,415,846.13
(2) Increase in 2021.					
— Provision.					
(3) Decrease in 2021	756,631.13	556,702.06	133,776.71		1,447,109.90
— Disposal or scrapping	756,631.13	556,702.06	133,776.71		1,447,109.90
(4) As at December 31, 2021	29,974,546.99	310,862,119.51	98,147.94	33,921.79	340,968,736.23
4. Book value					
(1) Book value as at December 31, 2021.	9,930,719,850.51	20,760,995,548.77	56,176,829.01	438,710,136.90	31,186,602,365.19
(2) Book value as at December 31, 2020.	8,268,693,317.59	17,429,696,574.08	31,465,610.31	324,530,848.04	26,054,386,350.02

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
1. Original book value					
(1) As at December 31, 2019	9,512,832,940.60	23,216,254,676.39	65,814,857.05	740,657,865.38	33,535,560,339.42
(2) Increase in 2020.	366,607,081.64	1,393,964,411.36	13,446,877.74	137,785,732.81	1,911,804,103.55
— Purchase	22,538,994.64	276,590,428.69	13,446,877.74	130,441,758.73	443,018,059.80
— Transferred from construction in progress.	344,068,087.00	1,117,373,982.67		7,343,974.08	1,468,786,043.75
— Increase due to business combination					
(3) Decrease in 2020	3,279,984.13	68,269,717.02	7,131,468.21	81,344,722.29	160,025,891.65
— Disposal or scrapping	3,279,984.13	68,269,717.02	7,131,468.21	81,344,722.29	160,025,891.65
— Disposal of subsidiaries					
(4) As at December 31, 2020	9,876,160,038.11	24,541,949,370.73	72,130,266.58	797,098,875.90	35,287,338,551.32
2. Accumulated depreciation					
(1) As at December 31, 2019	1,245,963,875.49	5,443,038,177.65	36,757,164.39	430,778,218.09	7,156,537,435.62
(2) Increase in 2020.	331,571,887.41	1,358,783,983.89	8,390,007.40	107,880,353.89	1,806,626,232.59
— Provision.	331,571,887.41	1,358,783,983.89	8,390,007.40	107,880,353.89	1,806,626,232.59
(3) Decrease in 2020	800,220.50	988,186.46	4,714,440.17	66,124,465.91	72,627,313.04
— Disposal or scrapping	800,220.50	988,186.46	4,714,440.17	66,124,465.91	72,627,313.04
— Disposal of subsidiaries					
(4) As at December 31, 2020	1,576,735,542.40	6,800,833,975.08	40,432,731.62	472,534,106.07	8,890,536,355.17
3. Provision for impairment					
(1) As at December 31, 2019	30,731,178.12	311,418,821.57	231,924.65	33,921.79	342,415,846.13
(2) Increase in 2020.					
— Provision.					
(3) Decrease in 2020					
— Disposal or scrapping					
(4) As at December 31, 2020	30,731,178.12	311,418,821.57	231,924.65	33,921.79	342,415,846.13
4. Book value					
(1) Book value as at December 31, 2020.	8,268,693,317.59	17,429,696,574.08	31,465,610.31	324,530,848.04	26,054,386,350.02
(2) Book value as at December 31, 2019.	8,236,137,886.99	17,461,797,677.17	28,825,768.01	309,845,725.50	26,036,607,057.67

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
1. Original book value					
(1) As at December 31, 2018	8,463,943,630.35	20,036,990,899.72	55,481,680.94	558,221,661.02	29,114,637,872.03
(2) Increase in 2019.	1,048,889,310.25	3,190,642,307.93	19,680,944.22	196,843,765.56	4,456,056,327.96
— Purchase	54,450.04	11,964,161.24	19,680,944.22	185,193,006.41	216,892,561.91
— Transferred from construction in progress	1,048,834,860.21	3,178,678,146.69		11,650,759.15	4,239,163,766.05
— Increase due to business combination					
(3) Decrease in 2019		11,378,531.26	9,347,768.11	14,407,561.20	35,133,860.57
— Disposal or scrapping		11,378,531.26	7,563,603.96	4,201,120.03	23,143,255.25
— Disposal of subsidiaries			1,784,164.15	10,206,441.17	11,990,605.32
(4) As at December 31, 2019	9,512,832,940.60	23,216,254,676.39	65,814,857.05	740,657,865.38	33,535,560,339.42
2. Accumulated depreciation					
(1) As at December 31, 2018	935,875,123.77	4,190,920,180.48	33,250,196.53	343,976,938.71	5,504,022,439.49
(2) Increase in 2019.	310,088,751.72	1,256,752,923.36	8,913,486.39	96,436,559.08	1,672,191,720.55
— Provision.	310,088,751.72	1,256,752,923.36	8,913,486.39	96,436,559.08	1,672,191,720.55
(3) Decrease in 2019		4,634,926.19	5,406,518.53	9,635,279.70	19,676,724.42
— Disposal or scrapping		4,634,926.19	4,551,728.59	2,274,001.91	11,460,656.69
— Disposal of subsidiaries			854,789.94	7,361,277.79	8,216,067.73
(4) As at December 31, 2019	1,245,963,875.49	5,443,038,177.65	36,757,164.39	430,778,218.09	7,156,537,435.62
3. Provision for impairment					
(1) As at December 31, 2018	30,731,178.12	311,418,821.57		33,921.79	342,183,921.48
(2) Increase in 2019.			231,924.65		231,924.65
— Provision.			231,924.65		231,924.65
(3) Decrease in 2019					
— Disposal or scrapping					
(4) As at December 31, 2019	30,731,178.12	311,418,821.57	231,924.65	33,921.79	342,415,846.13
4. Book value					
(1) Book value as at December 31, 2019.	8,236,137,886.99	17,461,797,677.17	28,825,768.01	309,845,725.50	26,036,607,057.67
(2) Book value as at December 31, 2018.	7,497,337,328.46	15,534,651,897.67	22,231,484.41	214,210,800.52	23,268,431,511.06

5.14.3 Temporarily idle fixed assets

As at December 31, 2021

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	28,585,764.50	16,759,456.63		11,826,307.87	
Total	28,585,764.50	16,759,456.63		11,826,307.87	

As at December 31, 2020

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	28,585,764.50	15,388,567.00		13,197,197.50	
Total	28,585,764.50	15,388,567.00		13,197,197.50	

As at December 31, 2019

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	28,585,764.50	14,017,677.37		14,568,087.13	
Total	28,585,764.50	14,017,677.37		14,568,087.13	

5.14.4 Fixed assets under after-sale lease-back through financing lease

As at December 31, 2020

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Buildings and constructions	16,381,041.41	3,414,992.11		12,966,049.30
Machinery equipment	1,824,981,850.84	570,687,032.94		1,254,294,817.90
Total	1,841,362,892.25	574,102,025.05		1,267,260,867.20

As at December 31, 2019

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value
Buildings and constructions	16,381,041.41	2,896,259.13		13,484,782.28
Machinery equipment	1,824,981,850.84	484,000,395.02		1,340,981,455.82
Total	1,841,362,892.25	486,896,654.15		1,354,466,238.10

5.14.5 Details of fixed assets leased under operating lease

Item	Book value		
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Machinery equipment	1,502,421.82	1,376,546.18	1,790,012.56
Office equipment and other facilities	1,328,843.23	1,564,198.38	2,044,682.18
Total	2,831,265.05	2,940,744.56	3,834,694.74

5.14.6 Fixed assets with pending certificates as at December 31, 2021

Item	Book value	Reason for pending certificates of title
Buildings and constructions	1,208,892,023.80	In process

5.14.7 See Note 5.63 for details about fixed assets used for guarantee during the reporting period

5.15 Construction in progress

5.15.1 Construction in progress and project materials

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Construction in progress	56,844,804,505.00	13,922,577,165.74	3,339,903,458.67
Project materials	3,127,645,706.13	1,084,256,222.56	38,511,675.58
Total	59,972,450,211.13	15,006,833,388.30	3,378,415,134.25

5.15.2 Construction in progress

Item	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019	
	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.	48,328,262,739.94		48,328,262,739.94	8,956,796,139.88		8,956,796,139.88
2.4 million tons/year PTA Expansion Project.			3,096,336,101.03	3,096,336,101.03		3,096,336,101.03
Shengze Gas Turbine Cogeneration Project.	456,430,389.66		456,430,389.66	64,404,819.22		64,404,819.22
Recycled Differential and Functional Polyester Filament Yarn and Supporting Materials						
Project with Annual Output of 250,000 Tons.	1,056,957,884.97		1,056,957,884.97	97,899,456.87		97,899,456.87
Ganghong Fiber Project with Annual Output of 200,000 Tons of Differential Functional Fibers (CPT)	403,612,944.47		403,612,944.47	4,659,275.85		4,659,275.85
Super-simulation Functional Fiber Project with Annual Output of 500,000 Tons – Phase I	891,993,734.68		891,993,734.68			
Propane Industry Chain Project Phase I	5,233,836,441.10		5,233,836,441.10	1,239,127,434.29		1,239,127,434.29
Propane Industry Chain Project Phase II	5,716,807.35		5,716,807.35			
Others	467,993,562.83		467,993,562.83	463,353,938.60		463,353,938.60
Total	56,844,804,505.00		56,844,804,505.00	13,922,577,165.74		13,922,577,165.74
				332,107,046.86		332,107,046.86
				3,339,903,458.67		3,339,903,458.67

See Note 5.63 for details about the constructions in progress used for guarantee among the ending balances.

5.16 Right-of-use assets

Item	Buildings and constructions	Machinery equipment	Total
1. Original book value			
(1) Balance as at January 1, 2021	696,674,797.77	1,008,522.17	697,683,319.94
(2) Increase in 2021	302,802,508.31	195,829,090.32	498,631,598.63
— New lease	303,017,441.11	195,829,090.32	498,846,531.43
— Increase due to business combination			
— Revaluation adjustment ..			
— Others	-214,932.80		-214,932.80
(3) Decrease in 2021	192,421.04	3,024,703.13	3,217,124.17
— Transfer to fixed assets ..			
— Disposal	192,421.04	3,024,703.13	3,217,124.17
(4) Balance as at December 31, 2021	999,284,885.04	193,812,909.36	1,193,097,794.40
2. Accumulated depreciation			
(1) Balance as at January 1, 2021			
(2) Increase in 2021	62,314,859.08	39,270,147.95	101,585,007.03
— Provision	62,367,406.31	39,270,147.95	101,637,554.26
— Others	-52,547.23		-52,547.23
(3) Decrease in 2021		604,940.63	604,940.63
— Transfer to fixed assets ..			
— Disposal		604,940.63	604,940.63
(4) Balance as at December 31, 2021	62,314,859.08	38,665,207.32	100,980,066.40
3. Provision for impairment			
(1) Balance as at January 1, 2021			
(2) Increase in 2021			
— Provision			
(3) Decrease in 2021			
— Transfer to fixed assets ..			
— Disposal			
(4) Balance as at December 31, 2021			
4. Book value			
(1) Book value as at December 31, 2021	936,970,025.96	155,147,702.04	1,092,117,728.00
(2) Balance as at January 1, 2021	696,674,797.77	1,008,522.17	697,683,319.94

5.17 Intangible assets

5.17.1 Details of intangible assets

Item	Land use right	Software	Dumping right	Patent right	Coal substitution index	Others	Total
1. Original book value							
(1) As at December 31, 2020	2,997,383,834.27	54,381,845.82	47,754,432.33	59,480,000.00	83,046,366.88	1,589,796.76	3,160,589,909.18
(2) Increase in 2021	213,284,077.25	3,162,079.09			83,046,366.88		299,492,523.22
— Purchase	107,827,172.93	3,162,079.09			83,046,366.88		194,035,618.90
— Others							
— Internal research and development							
— Increase due to business combination	105,456,904.32						105,456,904.32
(3) Decrease in 2021							
— Disposal							
— Decrease due to business combination							
(4) As at December 31, 2021	3,210,667,911.52	57,543,924.91	47,754,432.33	59,480,000.00	83,046,366.88	1,589,796.76	3,460,082,432.40
2. Accumulated amortization							
(1) As at December 31, 2020	296,498,282.33	15,601,112.78		18,702,002.33		39,744.92	330,841,142.36
(2) Increase in 2021	66,076,918.20	5,328,065.47		3,020,592.42		158,979.68	74,584,555.77
— Provision	64,172,021.88	5,328,065.47		3,020,592.42		158,979.68	72,679,659.45
— Increase due to business combination	1,904,896.32						1,904,896.32
(3) Decrease in 2021							
— Disposal							
(4) As at December 31, 2021	362,575,200.53	20,929,178.25		21,722,594.75		198,724.60	405,425,698.13
3. Provision for impairment							
(1) As at December 31, 2020							
(2) Increase in 2021							
— Provision							
(3) Decrease in 2021							
— Disposal							
(4) As at December 31, 2021							
4. Book value							
(1) Book value as at December 31, 2021	2,848,092,710.99	36,614,746.66	47,754,432.33	37,757,405.25	83,046,366.88	1,391,072.16	3,054,656,734.27
(2) Book value as at December 31, 2020	2,700,885,551.94	38,780,733.04	47,754,432.33	40,777,997.67		1,550,051.84	2,829,748,766.82

Item	Land use right	Software	Dumping right	Patent right	Others	Total
1. Original book value						
(1) As at December 31, 2019	2,171,955,219.73	43,892,813.33	16,239,632.33	59,480,000.00	1,589,796.76	2,291,567,665.39
(2) Increase in 2020	829,089,864.79	10,489,032.49	31,514,800.00		1,589,796.76	872,683,494.04
— Purchase	829,089,864.79	10,489,032.49	31,514,800.00		1,589,796.76	872,683,494.04
— Others						
(3) Decrease in 2020	3,661,250.25					3,661,250.25
— Disposal	3,661,250.25					3,661,250.25
— Decrease due to business combination						
(4) As at December 31, 2020	2,997,383,834.27	54,381,845.82	47,754,432.33	59,480,000.00	1,589,796.76	3,160,589,909.18
2. Accumulated amortization						
(1) As at December 31, 2019	234,247,248.32	10,261,380.32		15,681,409.91		260,190,038.55
(2) Increase in 2020	62,428,089.29	5,339,732.46		3,020,592.42	39,744.92	70,828,159.09
— Provision	62,428,089.29	5,339,732.46		3,020,592.42	39,744.92	70,828,159.09
(3) Decrease in 2020	177,055.28					177,055.28
— Disposal	177,055.28					177,055.28
— Decrease due to business combination						
(4) As at December 31, 2020	296,498,282.33	15,601,112.78		18,702,002.33	39,744.92	330,841,142.36
3. Provision for impairment						
(1) As at December 31, 2019						
(2) Increase in 2020						
— Provision						
(3) Decrease in 2020						
— Disposal						
(4) As at December 31, 2020						
4. Book value						
(1) Book value as at December 31, 2020	2,700,885,551.94	38,780,733.04	47,754,432.33	40,777,997.67	1,550,051.84	2,829,748,766.82
(2) Book value as at December 31, 2019	1,937,707,971.41	33,631,433.01	16,239,632.33	43,798,590.09		2,031,377,626.84

Item	Land use right	Software	Dumping right	Patent right	Total
1. Original book value					
(1) As at December 31, 2018	1,965,395,625.98	36,828,491.70	16,239,632.33	59,480,000.00	2,077,943,750.01
(2) Increase in 2019	524,888,184.00	10,136,686.48			535,024,870.48
— Purchase	524,888,184.00	9,212,158.19			534,100,342.19
— Others		924,528.29			924,528.29
(3) Decrease in 2019	318,328,590.25	3,072,364.85			321,400,955.10
— Disposal	301,675,315.97				301,675,315.97
— Decrease due to business combination	16,653,274.28	3,072,364.85			19,725,639.13
(4) As at December 31, 2019	2,171,955,219.73	43,892,813.33	16,239,632.33	59,480,000.00	2,291,567,665.39
2. Accumulated amortization					
(1) As at December 31, 2018	231,509,907.18	7,457,058.76		12,660,817.49	251,627,783.43
(2) Increase in 2019	47,210,276.93	4,285,293.01		3,020,592.42	54,516,162.36
— Provision	47,210,276.93	4,285,293.01		3,020,592.42	54,516,162.36
(3) Decrease in 2019	44,472,935.79	1,480,971.45			45,953,907.24
— Disposal	43,266,801.65				43,266,801.65
— Decrease due to business combination	1,206,134.14	1,480,971.45			2,687,105.59
(4) As at December 31, 2019	234,247,248.32	10,261,380.32		15,681,409.91	260,190,038.55
3. Provision for impairment					
(1) As at December 31, 2018	99,955,143.91				99,955,143.91
(2) Increase in 2019					
— Provision					
(3) Decrease in 2019	99,955,143.91				99,955,143.91
— Disposal	99,955,143.91				99,955,143.91
(4) As at December 31, 2019					
4. Book value					
(1) Book value as at December 31, 2019	1,937,707,971.41	33,631,433.01	16,239,632.33	43,798,590.09	2,031,377,626.84
(2) Book value as at December 31, 2018	1,633,930,574.89	29,371,432.94	16,239,632.33	46,819,182.51	1,726,360,822.67

5.17.2 Land use right with pending certificates of title as at December 31, 2021

None.

5.17.3 See Note 5.63 for details about the intangible assets used for guarantee among the ending balances

5.18 Goodwill

5.18.1 Changes in goodwill

Name of the investee or matters forming goodwill	As at December 31, 2020	Increase in 2021		Decrease in 2021		As at December 31, 2021
		Formed from the business combination	Others	Disposal	Others	
Original book value						
Counter purchase	1,293,588,590.25					1,293,588,590.25
Provision for impairment	598,611,095.85					598,611,095.85
Counter purchase	694,977,494.40					694,977,494.40
Book value						
Name of the investee or matters forming goodwill	As at December 31, 2019	Increase in 2020		Decrease in 2020		As at December 31, 2020
Original book value						
Counter purchase	1,293,588,590.25					1,293,588,590.25
Provision for impairment	598,611,095.85					598,611,095.85
Counter purchase	694,977,494.40					694,977,494.40
Book value						
Name of the investee or matters forming goodwill	As at December 31, 2018	Increase in 2019		Decrease in 2019		As at December 31, 2019
Original book value						
Counter purchase	1,293,588,590.25					1,293,588,590.25
Provision for impairment	598,611,095.85					598,611,095.85
Counter purchase	694,977,494.40					694,977,494.40
Book value						

5.19 Long-term prepaid expenses

Item	As at December 31, 2020	Increase in 2021	Amortization in 2021	Other decreases	As at December 31, 2021
Deferred expenses of refining and chemical projects.	16,607,080.55	10,475,260.99	13,378,544.20		13,703,797.34
Others		8,856,356.60	2,360,481.06		6,495,875.54
Total	16,607,080.55	19,331,617.59	15,739,025.26		20,199,672.88
Item	As at December 31, 2019	Increase in 2020	Amortization in 2020	Other decreases	As at December 31, 2020
Deferred expenses of refining and chemical projects.	756,179.34	15,850,901.21			16,607,080.55
Total	756,179.34	15,850,901.21			16,607,080.55
Item	As at December 31, 2018	Increase in 2019	Amortization in 2019	Other decreases	As at December 31, 2019
Decoration costs of Xinhua Garden	35,200.00		4,800.00	30,400.00	
Publishing rights of outdoor advertising and rental fees of advertising assets	2,870,992.09		250,691.79	2,620,300.30	
Cloud service charges.	61,458.92		61,458.92		
Deferred expenses of refining and chemical projects.		756,179.34			756,179.34
Total	2,967,651.01	756,179.34	316,950.71	2,650,700.30	756,179.34

5.20 Deferred tax assets and deferred tax liabilities

5.20.1 Deferred tax assets without offset

Item	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019	
	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets	Deductible temporary differences	Deferred tax assets
Provision for credit impairment losses	35,558,801.05	6,994,881.41	25,476,210.46	5,349,240.01	27,760,135.05	5,780,711.59
Provision for asset impairment	378,868,278.69	57,487,812.81	334,472,243.89	80,117,792.56	337,571,996.17	83,186,426.35
Deferred income	670,205,244.22	117,641,107.13	663,712,914.25	132,548,579.77	586,916,909.90	115,319,329.90
Deductible losses	1,043,699,593.00	243,695,759.45	833,623,837.96	203,769,197.14	718,941,577.40	174,339,102.53
Unrealized internal profit or loss	29,381,807.24	4,407,271.09	47,495,210.60	7,264,677.65	22,365,025.38	3,536,886.68
Others	263,598,813.31	42,177,373.55	143,893,409.88	35,973,352.47	105,480,562.52	26,370,140.63
Total	2,421,312,537.51	472,404,205.44	2,048,673,827.04	465,022,839.60	1,799,036,206.42	408,532,597.68

5.20.2 Deferred tax liabilities before offsetting

Item	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019	
	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Accelerated depreciation of fixed assets	1,832,624,473.34	287,360,853.35	1,247,782,244.69	217,410,795.14	872,028,604.56	138,505,714.18
Gains or losses from changes in fair value of equity investments	176,413,858.73	44,103,464.69	281,564,717.44	70,391,179.36	265,787,235.75	66,411,437.76
Appreciation of business combination not under common control	505,050,562.60	126,262,640.66	536,891,184.79	134,222,796.20	576,344,381.64	144,086,095.41
Others	338,873,958.85	84,718,489.71	106,971,733.78	26,742,933.44	28,602,199.75	4,434,830.42
Total	2,852,962,853.52	542,445,448.41	2,173,209,880.70	448,767,704.14	1,742,762,421.70	353,438,077.77

5.20.3 Details of unrecognized Deferred tax assets

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Deductible temporary differences . . .	6,053,509.12	4,526,184.92	863,379.97
Deductible losses	475,765,885.02	282,407,847.73	373,902,976.96
Total	481,819,394.14	286,934,032.65	374,766,356.93

5.20.4 Unrecognized deductible losses of deferred tax assets will expire in the following year

Year	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019	Remark
Year 2020			293,908,502.95	
Year 2021		74,352,473.97	4,481,487.00	
Year 2022	3,949,182.33	3,949,182.33	2,235,352.33	
Year 2023	1,718,943.93	1,718,943.93	398,687.98	
Year 2024	66,526,849.34	77,726,448.76	72,878,946.70	
Year 2025	110,183,925.20	124,660,798.74		
Year 2026	293,386,984.22			
Total	475,765,885.02	282,407,847.73	373,902,976.96	

5.22 Short-term borrowings

5.22.1 Classification of short-term borrowings

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Credit borrowings	4,881,171,115.41	1,755,667,395.48	1,771,286,635.00
Pledged borrowings	11,303,527.00	232,387,724.44	
Mortgaged borrowings	180,000,000.00	89,400,000.00	559,900,000.00
Guaranteed borrowings	3,591,386,869.68	4,765,915,407.83	2,435,223,079.09
Pledged and guaranteed borrowings			113,000,000.00
Mortgaged and guaranteed borrowings	2,956,043,039.38	2,361,595,011.01	1,676,330,000.00
Interest on short-term borrowings	20,275,807.39	13,013,751.97	12,518,894.54
Total	11,640,180,358.86	9,217,979,290.73	6,568,258,608.63

5.22.2 The overdue outstanding short-term borrowings: None

None.

5.22.3 See Notes 5.63 and 10.5 for details about the guarantees for short-term borrowings as at December 31, 2021

5.23 Financial liabilities held for trading

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Financial liabilities held for trading	3,567,808.37	53,267,088.20	876,090.00
Including: derivative financial liabilities	3,567,808.37	53,267,088.20	876,090.00
Total	3,567,808.37	53,267,088.20	876,090.00

5.24 Notes payable

Category	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Bank acceptance bills	5,656,985,782.35	4,468,335,861.47	2,682,640,525.81
Commercial acceptance bills . .	135,983,649.04	164,541,017.71	
Total	5,792,969,431.39	4,632,876,879.18	2,682,640,525.81

The Company has no due and unpaid notes payable as at the end of the period.

See Note 10.6 for details about notes to related parties as at the end of the reporting period.

5.25 Accounts payable

5.25.1 Presentation of accounts payable

<u>Item</u>	<u>As at December 31, 2021</u>	<u>As at December 31, 2020</u>	<u>As at December 31, 2019</u>
Payables for goods	2,152,437,802.04	1,807,347,004.72	2,291,843,308.49
Payable for equipment and construction.	10,543,779,736.85	2,872,239,983.81	1,340,353,585.88
Total	12,696,217,538.89	4,679,586,988.53	3,632,196,894.37

5.25.2 See Note 10.6 for details about payables to related parties among the ending balances during the reporting period

5.26 Advances from customers

5.26.1 Presentation of advances from customers

<u>Item</u>	<u>As at December 31, 2021</u>	<u>As at December 31, 2020</u>	<u>As at December 31, 2019</u>
Advances from customers	34,444,991.05	40,041,159.00	645,210,777.42
Total	34,444,991.05	40,041,159.00	645,210,777.42

5.26.2 Significant advances from customers with aging more than one year

<u>Item</u>	<u>As at December 31, 2021</u>	<u>Reason for no payment or carry-forward</u>
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	

<u>Item</u>	<u>As at December 31, 2020</u>	<u>Reason for no payment or carry-forward</u>
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	

<u>Item</u>	<u>As at December 31, 2019</u>	<u>Reason for no payment or carry-forward</u>
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	

5.26.3 See Note 10.6 for details about the advances from related parties among the ending balances during the reporting period

5.27 Contract liabilities

5.27.1 Details of contract liabilities

<u>Item</u>	<u>As at December 31, 2021</u>	<u>As at December 31, 2020</u>
Advances from customers.	884,411,615.82	726,569,056.54
Total	884,411,615.82	726,569,056.54

5.27.2 See Note 10.6 for details about the contract liabilities to related parties among the ending balances during the reporting period

5.28 Employee benefits payable

5.28.1 Presentation of Employee benefits payable

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021
Short-term compensation	340,657,463.89	3,076,202,816.94	2,882,844,505.01	534,015,775.82
Post-employment benefits — defined contribution plans . . .		164,236,573.45	164,236,573.45	
Dismissal benefits		3,550,340.32	3,550,340.32	
Total	340,657,463.89	3,243,989,730.71	3,050,631,418.78	534,015,775.82

Item	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Short-term compensation	288,713,880.56	2,190,606,061.96	2,138,662,478.63	340,657,463.89
Post-employment benefits – defined contribution plans . . .		96,385,115.69	96,385,115.69	
Dismissal benefits		1,124,987.91	1,124,987.91	
Total	288,713,880.56	2,288,116,165.56	2,236,172,582.23	340,657,463.89

Item	As at December 31, 2018	Increase in 2019	Decrease in 2019	As at December 31, 2019
Short-term compensation	295,114,926.60	1,803,026,044.89	1,809,427,090.93	288,713,880.56
Post-employment benefits – defined contribution plans . . .		109,296,160.87	109,296,160.87	
Dismissal benefits		1,467,443.21	1,467,443.21	
Total	295,114,926.60	1,913,789,648.97	1,920,190,695.01	288,713,880.56

5.28.2 Presentation of short-term compensation

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021
1. Salaries, bonuses, allowances and subsidies	340,092,918.45	2,738,690,077.83	2,545,189,181.69	533,593,814.59
(2) Employee benefits		170,251,502.94	170,251,502.94	
(3) Social insurance premiums		86,713,138.12	86,713,138.12	
Including: Medical insurance premiums		70,559,972.94	70,559,972.94	
Work-related injury insurance premiums		6,181,049.05	6,181,049.05	
Maternity insurance premiums		8,703,001.89	8,703,001.89	
Others		1,269,114.24	1,269,114.24	
(4) Housing provident funds		74,257,074.62	74,257,074.62	
(5) Labor union funds and employee education funds . . .	564,545.44	6,291,023.43	6,433,607.64	421,961.23
Total	340,657,463.89	3,076,202,816.94	2,882,844,505.01	534,015,775.82

Item	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
(1) Salaries, bonuses, allowances and subsidies	287,757,992.71	1,944,017,040.87	1,891,682,115.13	340,092,918.45
(2) Employee benefits		120,854,440.70	120,854,440.70	
(3) Social insurance premiums		60,654,257.58	60,654,257.58	
Including: Medical insurance premiums		50,115,772.41	50,115,772.41	
Work-related injury insurance premiums		2,910,640.08	2,910,640.08	
Maternity insurance premiums		7,163,856.58	7,163,856.58	
Others		463,988.51	463,988.51	
(4) Housing provident funds	34,848.00	62,149,800.72	62,184,648.72	
(5) Labor union funds and employee education funds . . .	921,039.85	2,930,522.09	3,287,016.50	564,545.44
Total	288,713,880.56	2,190,606,061.96	2,138,662,478.63	340,657,463.89

Item	As at December 31, 2018	Increase in 2019	Decrease in 2019	As at December 31, 2019
(1) Salaries, bonuses, allowances and subsidies	294,333,041.65	1,589,084,459.90	1,595,659,508.84	287,757,992.71
(2) Employee benefits		102,999,048.08	102,999,048.08	
(3) Social insurance premiums		56,646,268.30	56,646,268.30	
Including: Medical insurance premiums		46,689,039.42	46,689,039.42	
Work-related injury insurance premiums		4,494,427.48	4,494,427.48	
Maternity insurance premiums		5,169,935.88	5,169,935.88	
Others		292,865.52	292,865.52	
(4) Housing provident funds		51,470,986.00	51,436,138.00	34,848.00
(5) Labor union funds and employee education funds . . .	781,884.95	2,825,282.61	2,686,127.71	921,039.85
Total	295,114,926.60	1,803,026,044.89	1,809,427,090.93	288,713,880.56

5.28.3 Presentation of defined contribution plans

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021
Basic endowment insurance premiums . .		159,228,921.36	159,228,921.36	
Unemployment insurance premium . .		5,007,652.09	5,007,652.09	
Total		164,236,573.45	164,236,573.45	

Item	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Basic endowment insurance premiums . .		93,460,813.78	93,460,813.78	
Unemployment insurance premium . .		2,924,301.91	2,924,301.91	
Total		96,385,115.69	96,385,115.69	

Item	As at December 31, 2018	Increase in 2019	Decrease in 2019	As at December 31, 2019
Basic endowment insurance premiums . .		106,143,242.17	106,143,242.17	
Unemployment insurance premiums . .		3,152,918.70	3,152,918.70	
Total		109,296,160.87	109,296,160.87	

5.29 Taxes payable

Tax item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Value added tax	69,492,684.43	64,005,723.90	13,798,729.58
Enterprise income tax	34,008,828.21	185,412,553.70	96,639,280.04
Individual income tax	15,903,484.09	3,171,138.43	2,473,846.79
Urban maintenance and construction tax	15,464,337.29	3,936,127.21	3,156,586.62
Educational surtax	13,393,253.75	5,100,402.72	3,792,835.64
Real estate tax	12,889,367.25	12,182,908.36	11,058,680.59
Land use tax	7,631,735.29	6,020,142.87	4,580,787.70
Stamp duty	5,427,579.03	7,732,000.97	4,704,616.16
Environmental protection tax . .	3,541,877.98	1,842,725.12	1,545,389.85
Others			94,035.88
Total	177,753,147.32	289,403,723.28	141,844,788.85

5.30 Other payables

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Other payables	2,582,749,884.22	996,359,701.70	314,602,043.21
Total	2,582,749,884.22	996,359,701.70	314,602,043.21

5.30.1 Presentation of other payables by nature

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Payment for equity payable . . .	2,088,727,200.00	600,000,000.00	
Margin, deposit, risk fund	365,489,835.59	324,942,797.54	256,039,443.13
Accrued expenses	116,040,826.11	61,950,913.60	50,287,169.21
Collection, payment and transactions	12,469,713.38	9,290,942.68	3,506,373.88
Others	22,309.14	175,047.88	4,769,056.99
Total	2,582,749,884.22	996,359,701.70	314,602,043.21

5.30.2 See Note 10.6 for details about others payables to related parties in the ending balance

5.31 Non-current liabilities due within one year

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Long-term borrowings maturing within one year . . .	2,980,467,493.76	2,403,173,812.81	2,604,260,091.21
Bonds payable maturing within one year	998,584,905.54		
Long-term payables maturing within one year	909,895,313.23	668,582,298.20	487,179,355.40
Lease liabilities maturing within one year	77,877,881.53		
Interest on long-term borrowings with interest paid by installments and principal paid at maturity . . .	81,495,920.92	34,009,374.73	19,230,344.13
Interest on bonds payable with interest paid by installments and principal paid at maturity	22,807,707.07	15,000,000.00	15,000,000.00
Total	5,071,129,222.05	3,120,765,485.74	3,125,669,790.74

5.32 Other current liabilities

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Output tax to be carried forward	111,023,850.95	91,240,165.45	
Provisions		6,482,496.36	
Short-term bonds payable	257,667,960.09		
Total	368,691,811.04	97,722,661.81	

5.33 Long-term borrowings

Classification of long-term borrowings:

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Guaranteed borrowings	5,650,559,231.62	1,676,172,300.00	
Mortgaged borrowings	450,000,000.00	450,000,000.00	
Guaranteed and pledged borrowings		765,000,000.00	935,000,000.00
Guaranteed and mortgaged borrowings	46,454,245,132.47	19,905,150,255.48	7,388,938,494.82
Guaranteed, mortgaged and pledged borrowings			400,000,000.00
Credit borrowings		499,000,000.00	
Less: interest adjustment	181,010,621.41	144,166,666.67	11,696,063.33
Total	52,373,793,742.68	23,151,155,888.81	8,712,242,431.49

5.34 Bonds payable

5.34.1 Details of bonds payable

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Corporate bonds		996,698,113.14	994,811,320.74
Convertible corporate bonds . .	3,927,567,223.43		
Total	3,927,567,223.43	996,698,113.14	994,811,320.74

5.3.4.2 Increase or decrease of bonds payable (excluding preferred shares, perpetual debts and other financial instruments divided into the financial liabilities)

Bonds Item	Par value	Date of issue	Term of bonds	Amount issued	As at December 31, 2020	Issued in 2021	Included in bonds payable	Interest accrued by par value	Amortization of premiums or discounts	Debt-to-equity swap in 2021	Reclassified to:	
											bonds payable maturing within one year in 2021	As at December 31, 2021
19 Shenghong G1	100.00	2019/9/30	3 years	1,000,000,000.00	996,698,113.14		3,753,908,339.47	60,000,000.00	1,886,792.40	1,360,800.00	998,584,905.54	3,927,567,223.43
Shenghong Convertible Bond	100.00	2021/3/22	6 years	5,000,000,000.00		5,000,000,000.00	3,753,908,339.47	7,807,707.07	175,019,683.96	1,360,800.00	998,584,905.54	3,927,567,223.43
Total				6,000,000,000.00	996,698,113.14	5,000,000,000.00	3,753,908,339.47	67,807,707.07	176,906,476.36	1,360,800.00	998,584,905.54	3,927,567,223.43

Bond name	Par value	Date of issue	Term of bonds	Amount issued	As at December 31, 2019	Interest accrued at par value	Amortization of premiums or discounts	As at December 31, 2020
19 Shenghong G1	100.00	2019/9/30	3 years	1,000,000,000.00	994,811,320.74	60,000,000.00	1,886,792.40	996,698,113.14
Total				1,000,000,000.00	994,811,320.74	60,000,000.00	1,886,792.40	996,698,113.14

Bond name	Par value	Date of issue	Term of bonds	Amount issued	As at December 31, 2018	Included in bonds payable	Interest accrued by par value	Amortization of premiums or discounts	As at December 31, 2019	As at December 31, 2020
19 Shenghong G1	100.00	2019/9/30	3 years	1,000,000,000.00	1,000,000,000.00	994,339,622.64	15,000,000.00	471,698.10	994,811,320.74	994,811,320.74
Total				1,000,000,000.00	1,000,000,000.00	994,339,622.64	15,000,000.00	471,698.10	994,811,320.74	994,811,320.74

5.34.3 Description of conversion conditions and time of convertible corporate bonds

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 RMB100 on March 22, 2021. These convertible corporate bonds amount to RMB5,000.00 million, and are called “Shenghong Convertible Bonds” 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 RMB14.20 per share. Due to the equity distribution implemented by the Company in 2020, the conversion price of “Shenghong Convertible Bonds” was adjusted to RMB14.10 per share from RMB14.20 per share, and the new price took effect from June 18, 2021 (date of record).

At the initial measurement of convertible corporate bonds issued by the Company in 2021, the balance of the fair value corresponding to the liability less the issue expense that should be amortized, amounting to 3,753,908,339.47, should be included in bonds payable, and the balance of the fair value corresponding to the equity less the issue expense that should be amortized, amounting to RMB1,218,700,368.09, should be included in other equity instruments. In 2021, “Shenghong Convertible Bonds” with the par value of RMB1,360,800.00 had been converted into 96,329 shares of corporate stock, and the cash of RMB2,537.79 was paid for the part less than a share; capital reserves recognized for such conversion amounted to RMB1,290,373.84, and other equity instruments carried forward accordingly amounted to RMB331,681.50. In 2021, the amortization cost on the liability, adjusted by the effective interest rate method, amounted to RMB174,716,443.09, and the transfer-out interest for such conversion adjusted accordingly amounted to RMB303,240.87; thus, the total interest adjusted amounted to RMB175,019,683.96.

5.35 Lease liabilities

Item	As at December 31, 2021
Payables for leases	1,063,159,518.34
Less: lease liabilities maturing within one year	77,877,881.53
Total	985,281,636.81

5.36 Long-term payables

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Long-term payables	2,691,695,545.75	2,247,847,344.41	1,512,463,198.46
Total	2,691,695,545.75	2,247,847,344.41	1,512,463,198.46

Long-term payables

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Account payable for finance lease	2,023,501,802.59	1,645,362,295.84	1,102,379,220.22
Less: unrecognized financing expense	130,546,499.16	134,708,486.56	102,736,666.36
Less: the part maturing within one year	909,895,313.23	668,582,298.20	487,179,355.40
Related-party borrowings	1,708,635,555.55	1,405,775,833.33	1,000,000,000.00
Total	2,691,695,545.75	2,247,847,344.41	1,512,463,198.46

5.37 Deferred income

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021	Forming reason
Government grants	2,102,048,647.78	205,123,751.00	52,843,270.86	2,254,329,127.92	Asset-related government grants received
Total	2,102,048,647.78	205,123,751.00	52,843,270.86	2,254,329,127.92	

Item	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020	Forming reason
Government grants	1,653,014,740.41	501,158,040.57	52,124,133.20	2,102,048,647.78	Asset-related government grants received
Total	1,653,014,740.41	501,158,040.57	52,124,133.20	2,102,048,647.78	

Item	As at December 31, 2018	Increase in 2019	Decrease in 2019	As at December 31, 2019	Forming reason
Government grants	1,086,653,995.27	619,719,700.00	53,358,954.86	1,653,014,740.41	Asset-related government grants received
Total	1,086,653,995.27	619,719,700.00	53,358,954.86	1,653,014,740.41	

5.38 Other non-current liabilities

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Long-term house rent	33,269,790.86	44,009,116.31	57,632,843.39
Total	33,269,790.86	44,009,116.31	57,632,843.39

5.39 Share capital

Item	Changes in 2021 (“+” for increase and “-” for decrease)				As at December 31, 2021		
	As at December 31, 2020	New shares issued	Share donation	Conversion of capital reserves into share capital		Debt-to-equity swap	Sub-total
Total shares	7,823,263,574.16	1,111,528,326.00			96,329.00	1,111,624,655.00	8,934,888,229.16

Reasons for changes in share capital:

- (1) Under the conversion of “Shenghong Convertible Bonds”, the share quantity was 96,329; see Note 5.34 Bonds payable for details.
- (2) As approved by 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* (ZJXK [2021] No. 4179) issued by the China Securities Regulatory Commission, the Company privately issued 1,111,528,326 shares of common stock in RMB to Shenghong Petrochemical Group Co., Ltd. and Lianyungang Bohong Industrial Co., Ltd. For the purpose of purchasing relevant assets. The Company received the Confirmation of Acceptance of Application for Share Registration issued by China Securities Depository and Clearing Corporation Limited, Shenzhen Branch on January 14, 2022, and the registration formalities of newly issued shares for the relevant shares have been completed at China Securities Depository and Clearing Corporation Limited, Shenzhen Branch. These newly-added shares was listed on the Shenzhen Stock Exchange on January 27, 2022.

Item	Changes in 2020 (“+” for increase and “-” for decrease)				As at December 31, 2020		
	As at December 31, 2019	New shares issued	Share donation	Conversion of capital reserves into share capital		Debt-to-equity swap	Sub-total
Total shares	7,017,452,930.16	805,810,644.00				805,810,644.00	7,823,263,574.16

Reasons for changes in share capital:

According to the 30th, the 33rd, the 37th and the 41st meetings of the seventh board of directors and the second meeting of the eighth board of directors held by the Company on May 31, 2019, August 8, 2019, November 5, 2019, February 10, 2020 and February 28, 2020, the second meeting of the eighth board of directors and the 5th Extraordinary General Meeting of Shareholders in 2019 and the 3rd Extraordinary General Meeting of Shareholders in 2020 respectively held on June 18, 2019 and March 16, 2020 and upon the approval by the China Securities Regulatory Commission with *the Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Make the Non-public Offering of Shares* (ZJXK [2020] No. 655), the Company issued 805,810,644 shares of RMB ordinary shares (A shares) to Shenghong (Suzhou) Group Co., Ltd. and other 15 specific investors in non-public offering, increased the share capital by 805,810,644 shares, and increased the capital reserves by RMB2,776,427,800.99.

Item	Changes in 2019 (“+” for increase and “-” for decrease)					As at December 31, 2019
	As at December 31, 2018	New shares issued	Share donation	Conversion of capital reserves into share capital	Debt-to-equity swap	
Total shares	7,017,452,930.16					7,017,452,930.16

5.40 Other equity instruments

5.40.1 Basic information on preferred shares, perpetual debt and other financial instruments outstanding 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 RMB100 on March 22, 2021. These convertible corporate bonds amount to RMB5,000.00 million, and are called “Shenghong Convertible Bonds” 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 RMB14.20 per share. Due to the equity distribution implemented by the Company in 2020, the conversion price of “Shenghong Convertible Bonds” was adjusted to RMB14.10 per share from RMB14.20 per share, and the new price took effect from June 18, 2021 (date of record).

5.40.2 Information on changes in such financial instruments as preferred shares and perpetual debts, outstanding at the end of the period

Outstanding financial instruments	As at December 31, 2020		Increase in 2021		Decrease in 2021		As at December 31, 2021	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Shenghong Convertible Bond	50,000,000.00	1,218,700,368.09	13,608.00	331,681.50	49,986,392	1,218,368,686.59	49,986,392	1,218,368,686.59
Total	50,000,000.00	1,218,700,368.09	13,608.00	331,681.50	49,986,392	1,218,368,686.59	49,986,392	1,218,368,686.59

The increase and decrease in other equity instruments in 2021 respectively amounted to RMB1,218,700,368.09 and RMB331,681.50; for details, see Note “5.34 Bonds payable”.

5.41 Capital reserves

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021
Capital (share capital) premium	13,015,222,852.47	1,290,373.84	2,866,299,978.07	10,150,213,248.24
Other capital reserves . .	11,441,095.89			11,441,095.89
Total	13,026,663,948.36	1,290,373.84	2,866,299,978.07	10,161,654,344.13

Reasons for main changes:

- (1) The increase in 2021 in capital (share capital) premium of the Company, amounting to RMB1,290,373.84, was caused by the increase in capital reserves under the conversion of the Company's "Shenghong Convertible Bonds" into shares; see Note 5.34 Bonds payable for details.
- (2) The decrease in 2021 in capital (share capital) premium of the Company, amounting to RMB514,355,363.98, was caused by the effect of the change in the share of owners' equity of the Company's secondary subsidiary Shenghong Refining and Chemical (Lianyungang) Co., Ltd. on the non-controlling interests and the equity attributable to shareholders of the Company during the reporting period; see Note 7.2 for details.
- (3) In decrease in 2021 in capital (share capital) premium of the Company, amounting to RMB2,351,944,254.08, was caused by the business combination under common control took place during the reporting period; see Note 6.2 for details.

Item	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Capital (share capital) premium	10,246,381,949.68	2,776,463,568.45	7,622,665.66	13,015,222,852.47
Other capital reserves . .	11,441,095.89			11,441,095.89
Total	10,257,823,045.57	2,776,463,568.45	7,622,665.66	13,026,663,948.36

Reasons for main changes:

- (1) The increase in 2020 in capital (share capital) premium of the Company, amounting to RMB2,776,427,800.99, was caused by the non-public offering of RMB ordinary shares; see Note 5.39 for details.
- (2) The decrease in 2020 in capital (share capital) premium of the Company, amounting to RMB7,621,846.55, was caused by the effect of the change in the share of owners' equity of the Company's secondary subsidiary Shenghong Refining and Chemical (Lianyungang) Co., Ltd. on the non-controlling interests and the equity attributable to shareholders of the Company during the reporting period; see Note 7.2 for details.

Item	As at December 31, 2018	Increase in 2019	Decrease in 2019	As at December 31, 2019
Capital (share capital) premium	12,237,080,784.41	12,121,304.30	2,002,820,139.03	10,246,381,949.68
Other capital reserves . .		11,441,095.89		11,441,095.89
Total	12,237,080,784.41	23,562,400.19	2,002,820,139.03	10,257,823,045.57

Reasons for main changes:

- (1) The increase in 2019 in capital (share capital) premium of the Company, amounting to RMB12,121,304.30, was caused by the effect of the change in the share of owners' equity of the Company's secondary subsidiary Shenghong Refining and Chemical (Lianyungang) Co., Ltd. on the non-controlling interests and the equity attributable to shareholders of the Company during the reporting period; see Note 7.2 for details.
- (2) The increase in 2019 in other capital reserves of the Company, amounting to RMB11,441,095.89, was caused by the fact that the Company borrowed RMB1,000,000,000.00 from Shenghong (Suzhou) Group Co., Ltd., an affiliated enterprise controlled by the controlling shareholder gratuitously. The loan period is from September 26, 2019 to January 30, 2020. According to the principle of equity transaction, the Company calculated the interest costs according to the loan interest rate of the bank for the same period and included it into capital reserves.
- (3) The decrease in 2019 in capital (share capital) premium of the Company, amounting to RMB1,970,431,679.08, was caused by the business combination under common control took place during the reporting period; see Note 6.2 for details.
- (4) The decrease in 2019 in capital (share capital) premium of the Company, amounting to RMB32,388,459.95, was caused by the effect of the change in the share of owners' equity of the Company's subsidiary Jiangsu Sierbang Petrochemical Co., Ltd. on the non-controlling interests and the equity attributable to shareholders of the Company during the reporting period; see Note 7.2 for details.

5.42 Other comprehensive income

Item	As at December 31, 2020	Amount before income tax in 2021	Current period					As at December 31, 2021
			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	
1. Other comprehensive income that will not be reclassified to profit or loss	145,095,885.00	-102,565,360.00			-25,641,340.00	-76,924,020.00	68,171,865.00	
Including: changes in fair value of other equity instrument investment	145,095,885.00	-102,565,360.00			-25,641,340.00	-76,924,020.00	68,171,865.00	
2. Other comprehensive income that will be reclassified to profit or loss	-3,584,741.53	-3,605,489.69				-2,976,647.91	-6,561,389.44	
Including: translation differences of foreign currency statements	-3,584,741.53	-3,605,489.69				-2,976,647.91	-6,561,389.44	
Total of other comprehensive income	141,511,143.47	-106,170,849.69			-25,641,340.00	-79,900,667.91	61,610,475.56	

Current period

Item	As at December 31, 2019	Amount before income tax in 2020	Current period		Amount after tax attributable to minority shareholders	As at December 31, 2020
			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		
1. Other comprehensive income that will not be reclassified to profit or loss	109,744,950.00	47,134,580.00		11,783,645.00	35,350,935.00	145,095,885.00
Including: changes in fair value of other equity instrument investment	109,744,950.00	47,134,580.00		11,783,645.00	35,350,935.00	145,095,885.00
2. Other comprehensive income that will be reclassified to profit or loss	-96,594.85	-4,379,248.94		-3,488,146.68	-891,102.26	-3,584,741.53
Including: translation differences of foreign currency statements	-96,594.85	-4,379,248.94		-3,488,146.68	-891,102.26	-3,584,741.53
Total of other comprehensive income	109,648,355.15	42,755,331.06		11,783,645.00	31,862,788.32	141,511,143.47

Current period

Item	As at December 31, 2018	As at January 1, 2019	Amount before income tax in 2019	Current period		Amount after tax attributable to minority shareholders	As at December 31, 2019
				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		
1. Other comprehensive income that will not be reclassified to profit or loss . . .		2,010,000.00	143,646,600.00		35,911,650.00	107,734,950.00	109,744,950.00
Including: changes in fair value of other equity instrument investment.		2,010,000.00	143,646,600.00		35,911,650.00	107,734,950.00	109,744,950.00
2. Other comprehensive income that will be reclassified to profit or loss.	-3,885,126.93		-119,370.80			-96,594.85	-96,594.85
Including: Profit or loss from changes in fair value of available-for-sale financial assets	-3,885,126.93						
Translation differences of foreign currency financial statements.			-119,370.80			-96,594.85	-96,594.85
Total of other comprehensive income . . .	-3,885,126.93	2,010,000.00	143,527,229.20		35,911,650.00	107,638,355.15	109,648,355.15

5.43 Special reserves

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021
Work safety expenses . . .	36,537,457.57	41,785,777.82	57,357,478.21	20,965,757.18
Total	36,537,457.57	41,785,777.82	57,357,478.21	20,965,757.18

Item	As at December 31, 2019	Increase in 2020	Decrease in 2020	As at December 31, 2020
Work safety expenses . . .	26,369,073.72	46,887,429.85	36,719,046.00	36,537,457.57
Total	26,369,073.72	46,887,429.85	36,719,046.00	36,537,457.57

Item	As at December 31, 2018	Increase in 2019	Decrease in 2019	As at December 31, 2019
Work safety expenses . . .	32,646,938.86	47,668,452.88	53,946,318.02	26,369,073.72
Total	32,646,938.86	47,668,452.88	53,946,318.02	26,369,073.72

5.44 Surplus reserves

Item	As at December 31, 2020	Increase in 2021	Decrease in 2021	As at December 31, 2021
Statutory surplus reserves	371,183,266.63	230,386,496.96		601,569,763.59
Total	371,183,266.63	230,386,496.96		601,569,763.59

Item	As at December 31, 2019	As at January 1, 2020	Increase in 2020	Decrease in 2020	As at December 31, 2020
Statutory surplus reserves	324,619,555.31	324,619,555.31	46,563,711.32		371,183,266.63
Total	324,619,555.31	324,619,555.31	46,563,711.32		371,183,266.63

Item	As at December 31, 2018	As at January 1, 2019	Increase in 2019	Decrease in 2019	As at December 31, 2019
Statutory surplus reserves	176,701,031.77	176,701,031.77	147,918,523.54		324,619,555.31
Total	176,701,031.77	176,701,031.77	147,918,523.54		324,619,555.31

5.45 Retained earnings

Item	Year 2021	Year 2020	Year 2019
Retained earnings at the end of the previous year before adjustment	1,906,149,960.23	2,039,310,549.38	2,374,513,538.24
Total adjustments to retained earnings at the beginning of the year (“+” for increase and “-” for decrease)	733,642,052.15	849,355,491.31	-347,607,729.15
Retained earnings at the beginning of the year after adjustment.	2,639,792,012.38	2,888,666,040.69	2,026,905,809.09
Plus: net profit attributable to shareholders of the Company in the current period	4,543,604,009.84	766,648,020.16	2,463,151,017.02
Business combination under common control.	634,558,736.42		-1,050,566,939.68
Less: withdrawal of statutory surplus reserves	154,991,088.91	46,563,711.32	147,918,523.54
Withdrawal of discretionary surplus reserves			
Appropriation to common risk provision.			
Common stock dividends payable	1,047,486,386.60	968,958,337.15	402,905,322.20
Common stock dividends transferred to share capital . .			
Retained earnings at the end of the period	6,615,477,283.13	2,639,792,012.38	2,888,666,040.69

Details of adjustment to retained earnings at the beginning of the year:

Item	Retained earnings affected at the beginning of the period		
	Year 2021	Year 2020	Year 2019
Changes in accounting policies			5,837,915.14
Change in scope of business combination caused by common control.	733,642,052.15	849,355,491.31	-353,445,644.29
Total	733,642,052.15	849,355,491.31	-347,607,729.15

5.46 Revenue and cost of sales

Revenue and cost of sales

Item	Year 2021		Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
Primary business	44,879,506,708.18	36,451,241,867.83	28,753,066,798.25	26,224,373,092.00	35,310,148,260.06	30,391,928,044.64
Other businesses	6,842,672,989.74	6,621,961,778.06	4,945,730,151.81	4,823,179,093.40	1,426,770,667.46	1,323,153,158.09
Total	51,722,179,697.92	43,073,203,645.89	33,698,796,950.06	31,047,552,185.40	36,736,918,927.52	31,715,081,202.73

5.47 Taxes and surcharges

Item	Year 2021	Year 2020	Year 2019
Urban maintenance and construction tax	49,965,287.35	24,274,473.98	27,791,840.35
Educational surtax	39,764,410.07	21,101,478.15	23,901,308.37
Real estate tax	55,780,815.36	50,518,829.33	49,243,371.78
Land use tax	30,901,826.24	23,348,802.57	17,426,066.05
Stamp duty	23,991,630.46	20,030,048.51	20,725,326.24
Environmental protection tax . .	6,367,257.87	4,842,026.46	7,330,282.94
Land value increment tax	2,648,095.24		516,855.16
Others	1,076.90	621,887.86	727,359.05
Total	209,420,399.49	144,737,546.86	147,662,409.94

5.48 Selling expenses

Item	Year 2021	Year 2020	Year 2019
Total of selling expenses	155,396,328.60	127,155,253.05	462,184,171.99
In which, the large-amount expense project:			
Employee benefits	75,501,035.13	54,944,661.33	49,093,325.59
Warehousing expenses	49,849,845.80	47,588,092.29	33,217,725.33
Short reversal costs	5,332,336.02	6,354,427.43	5,085,006.52
Travel expenses	1,848,441.48	4,117,548.17	4,825,865.43
Transportation expenses			354,786,468.22

5.49 General and administrative expenses

Item	Year 2021	Year 2020	Year 2019
Total general and administrative expenses . . .	642,262,065.98	365,571,135.93	372,095,870.90
In which, the large-amount expense project:			
Employee benefits	289,972,520.81	200,433,970.18	205,166,423.83
Expenses on shutdown and maintenance	100,190,749.44	18,781,948.23	4,281,116.66
Consulting service fees	85,967,395.03	21,677,083.65	38,999,624.88
Depreciation and amortization expenses	82,497,557.21	60,701,174.54	58,169,268.89
Office expenses	14,715,565.65	11,928,651.97	10,499,046.80
Water, electricity and property management expenses	12,823,962.05	11,426,401.80	10,007,581.73

5.50 Research and development expenses

Item	Year 2021	Year 2020	Year 2019
Technology research and development expenses	427,210,997.61	247,692,466.79	239,910,317.05
Total	427,210,997.61	247,692,466.79	239,910,317.05

5.51 Financial expenses

Item	Year 2021	Year 2020	Year 2019
Interest costs	1,163,780,314.49	977,774,037.30	948,894,799.87
Less: interest income	142,311,545.44	88,392,891.08	46,477,143.25
Profit or loss on foreign exchange	25,994,483.52	-98,852,548.32	89,771,968.80
Bank charges and others	44,320,145.48	33,769,728.97	55,983,584.23
Total	1,091,783,398.05	824,298,326.87	1,048,173,209.65

5.52 Other income

Item	Year 2021	Year 2020	Year 2019
Government grants	107,431,457.93	154,094,407.36	85,099,024.84
Handling charges for withholding personal income tax	872,658.98	1,229,672.79	955,499.08
Total	108,304,116.91	155,324,080.15	86,054,523.92

5.53 Investment income

Item	Year 2021	Year 2020	Year 2019
Long-term equity investment income calculated under the equity method	12,792,766.35	24,269,191.07	5,302,227.30
Investment income from disposal of long-term equity investments/subsidiaries		2,056,966.39	18,139,130.17
Investment income from financial assets held for trading during the holding period	2,735,606.01	2,667,155.47	1,611,689.60
Interest income from debt investments during the holding period		19,325,870.03	
Dividend revenue from other equity instrument investment during the holding period	1,257,381.70	7,387,159.83	2,737,315.17
Investment income from disposal of financial assets	-39,631,642.68	81,232,514.92	82,283,907.89
Interest income from lending to subsidiaries within the original scope of consolidation			47,709,846.22
Total	-22,845,888.62	136,938,857.71	157,784,116.35

5.54 Gains arising from changes in fair value

Sources of gains from changes in fair value	Year 2021	Year 2020	Year 2019
Financial assets held for trading	19,971,470.73	1,144,502.90	16,900,433.41
Financial liabilities held for trading	-3,567,808.37	-54,367,988.20	-876,090.00
Other non-current financial assets	3,198,458.81	308,714.80	-84,127.05
Total	19,602,121.17	-52,914,770.50	15,940,216.36

5.55 Credit impairment losses

Item	Year 2021 ("-" for losses)	Year 2020 ("-" for losses)	Year 2019 ("-" for losses)
Losses on bad debts of accounts receivable	-9,954,312.24	-1,657,310.35	-3,989,062.20
Losses from bad debts of other receivables	-3,804,823.99	2,060,484.55	14,199,404.31
Total	-13,759,136.23	403,174.20	10,210,342.11

5.56 Assets impairment losses

Item	Year 2021 ("-" for losses)	Year 2020 ("-" for losses)	Year 2019 ("-" for losses)
Losses from inventory depreciation	-215,740,376.30	-114,233,062.33	-55,353,741.49
Losses from impairment of fixed assets			-231,924.65
Total	-215,740,376.30	-114,233,062.33	-55,585,666.14

5.57 Gains on disposal of assets

Item	Amount			Amount included in non-recurring profit or loss in the current period		
	Year 2021	Year 2020	Year 2019	Year 2021	Year 2020	Year 2019
Gains from disposal of fixed assets	18,375,213.86	17,877,679.95	80,102.78	18,375,213.86	17,877,679.95	80,102.78
Gains from disposal of intangible assets	-84,831.84	720,845.51	9,436,629.59	-84,831.84	720,845.51	9,436,629.59
Gains from disposal of assets held for sale		24,515,757.50			24,515,757.50	
Total	18,290,382.02	43,114,282.96	9,516,732.37	18,290,382.02	43,114,282.96	9,516,732.37

5.58 Non-operating income

Item	Amount			Amount included in non-recurring profit or loss in the current period		
	Year 2021	Year 2020	Year 2019	Year 2021	Year 2020	Year 2019
Revenue from indemnity and fines	46,367,579.29	10,412,168.26	8,612,479.92	46,367,579.29	10,412,168.26	8,612,479.92
Payment not required to be paid	579,994.44	8,856,748.81	4,461,397.69	579,994.44	8,856,748.81	4,461,397.69
Donations received	1,857,572.50	1,801,076.09		1,857,572.50	1,801,076.09	
Others	4,064,781.55	3,008,962.66	3,941,161.81	4,064,781.55	3,008,962.66	3,941,161.81
Total	52,869,927.78	24,078,955.82	17,015,039.42	52,869,927.78	24,078,955.82	17,015,039.42

5.59 Non-operating expenses

Item	Amount			Amount included in non-recurring profit or loss in the current period		
	Year 2021	Year 2020	Year 2019	Year 2021	Year 2020	Year 2019
Expenses on compensation, fines and overdue fines	2,426,669.44	295,896.43	1,593,675.35	2,426,669.44	295,896.43	1,593,675.35
Donation outlay	128,300.00	842,027.00	1,238,164.00	128,300.00	842,027.00	1,238,164.00
Others	3,274,728.20	272,166.36	856,063.48	3,274,728.20	272,166.36	856,063.48
Losses from the damage and scrapping of non-current assets	5,062,614.04	15,636,657.80	1,807,267.67	5,062,614.04	15,636,657.80	1,807,267.67
Total	10,892,311.68	17,046,747.59	5,495,170.50	10,892,311.68	17,046,747.59	5,495,170.50

5.60 Income tax expenses

5.60.1 Table of income tax expenses

Item	Year 2021	Year 2020	Year 2019
Current income tax expenses . .	860,547,872.41	238,887,852.41	428,988,737.28
Deferred income tax expenses .	111,937,718.43	38,839,384.45	4,557,929.11
Total	972,485,590.84	277,727,236.86	433,546,666.39

5.60.2 Adjustment process of accounting profits and income tax expenses

Item	Year 2021	Year 2020	Year 2019
Total profits	6,058,731,697.35	1,117,454,805.58	2,987,251,879.15
Income tax expenses calculated at statutory (or applicable) tax rate	1,514,682,924.34	279,363,701.40	746,812,969.77
Effect of the application of various tax rates by subsidiaries	-662,095,696.78	-50,918,786.48	-248,976,155.56
Effect of adjustments to the income tax for the prior years		2,832,388.23	-15,695,860.95
Effect of non-taxable income . .	-10,870,966.67	-15,376,553.87	-6,955,639.06
Effect of non-deductible costs, expenses and losses	15,740,802.11	8,297,675.86	9,745,011.76
Effect of deductible losses from using the Deferred tax assets unrecognized in previous periods	-1,027,568.30	-1,339,457.24	-20,005,051.83
Effect of deductible temporary differences or losses from Deferred tax assets unrecognized in the current period	85,804,690.03	33,420,299.24	17,637,012.58
Others	30,251,406.11	21,447,969.72	-49,015,620.32
Income tax expenses	972,485,590.84	277,727,236.86	433,546,666.39

5.61 Items of statement of cash flows

5.61.1 Cash received relating to other operating activities

Item	Year 2021	Year 2020	Year 2019
Government grants	208,392,317.98	578,476,987.52	653,562,440.91
Interest income	152,595,904.20	77,766,472.19	59,126,719.67
Current accounts	329,095,638.28	839,715,259.55	301,002,459.44
Non-operating revenue and others	48,936,773.37	13,425,521.53	14,725,037.23
Recovery of restricted funds . .	6,522,586,559.46	2,766,494,639.87	2,351,375,316.47
Total	7,261,607,193.29	4,275,878,880.66	3,379,791,973.72

5.61.2 Cash paid relating to other operating activities

<u>Item</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Current amounts	1,189,888,602.64	984,260,019.08	64,303,270.40
Expenditure on selling expenses and general and administrative expenses	146,013,422.59	102,039,259.50	312,052,132.57
Financial expenses	38,749,753.48	33,769,728.97	27,983,584.23
Non-operating expenses and others	5,829,697.64	1,410,089.79	3,082,243.24
Expenditure on restricted funds	7,436,178,461.65	4,196,579,916.56	2,096,037,591.84
Total	8,816,659,938.00	5,318,059,013.90	2,503,458,822.28

5.61.3 Cash received relating to other investing activities

<u>Item</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Cash received from business combination	111,154,505.56	27,927,276.83	
Retained value-added tax rebates	590,153,860.63	44,055,155.51	
Loans from and to related parties		996,485,422.22	4,753,151,052.13
Pledged money to provide guarantee for related-party loans		20,485,422.22	2,210,000,000.00
Others	106,482,268.33	80,000,000.00	47,000,000.00
Total	807,790,634.52	1,148,467,854.56	7,010,151,052.13

5.61.4 Cash payments relating to other investing activities

<u>Item</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Loans from and to related parties		976,000,000.00	4,568,153,441.38
Others		80,000,000.00	47,000,000.00
Total		1,056,000,000.00	4,615,153,441.38

5.61.5 Cash received relating to other financing activities

<u>Item</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Funds of related parties	6,000,000,000.00	2,850,000,000.00	1,585,000,000.00
Financial sale-leaseback	920,000,000.00	150,000,000.00	900,000,000.00
Collection of security deposit for finance lease			85,500,000.00
Total	6,920,000,000.00	3,000,000,000.00	2,570,500,000.00

5.61.6 Cash payments relating to other financing activities

Item	Year 2021	Year 2020	Year 2019
Funds of related parties	5,700,000,000.00	1,850,000,000.00	585,000,000.00
Financial sale-leaseback.	632,295,584.72	516,840,690.46	706,490,764.20
Amount paid by the subsidiaries of the business combination under the common control.			3,070,998,618.76
Loan service charge			28,000,000.00
Intermediary fees on non-public offering of shares		547,717.98	
Lease liabilities.	175,239,316.62		
Purchase of non-controlling interests of subsidiaries	3,759,660,000.00		
Sporadic share capital of convertible bonds.	200,000.00		
Total	10,267,394,901.34	2,367,388,408.44	4,390,489,382.96

5.62 Supplementary information to the statement of cash flow

5.62.1 Supplementary information to the statement of cash flows

Supplementary information	Year 2021	Year 2020	Year 2019
1. Net profit adjusted to cash flows from operating activities			
Net profit	5,086,246,106.51	839,727,568.72	2,553,705,212.76
Plus: credit impairment losses	13,759,136.23	-403,174.20	-10,210,342.11
Provision for asset impairment.	215,740,376.30	114,233,062.33	55,585,666.14
Depreciation of fixed assets, investment properties (buildings and constructions) and right-of-use assets	2,048,449,209.52	1,850,597,350.31	1,739,218,324.91
Amortization of intangible assets and investment properties (land use right)	58,814,274.87	61,164,175.72	42,889,666.41
Amortization of Long-term prepaid expenses	2,360,481.06		316,950.71
Losses from disposal or scrapping of fixed assets, intangible assets and other long-term assets (“-” for gains)	-14,825,063.58	-27,477,678.36	-7,713,039.97
Losses from changes in fair value (“-” for gains).	-19,602,121.17	52,914,770.50	-15,940,216.36
Financial expenses (“-” for gains)	1,185,508,752.36	829,577,799.21	1,031,646,814.91
Investment losses (“-” for gains)	20,753,488.41	-136,938,857.71	-157,784,116.35
Decreases in Deferred tax assets (“-” for increases)	-7,381,365.84	-56,490,241.92	-5,167,123.73
Increases in deferred tax liabilities (“-” for decreases).	119,319,084.27	83,545,981.37	9,725,052.84
Decreases in inventories (“-” for increases).	-2,390,882,654.67	89,295,925.32	-240,485,954.42

<u>Supplementary information</u>	<u>Year 2021</u>	<u>Year 2020</u>	<u>Year 2019</u>
Decreases in operating receivables (“-” for increases)	-1,473,568,938.99	-1,184,323,268.06	467,493,567.66
Increases in operating payables (“-” for decreases)	439,131,456.23	1,456,310,440.40	1,772,141,795.01
Others	49,888,871.43	10,301,015.55	-14,302,257.60
Net cash flows from operating activities	5,333,711,092.94	3,982,034,869.18	7,221,120,000.81
2. Significant investing and financing activities not involving cash receipts and payments			
Conversion of debt into capital.			
Convertible corporate bonds maturing within one year . . .			
Fixed assets acquired under finance leases			
3. Net changes in cash and cash equivalents			
Ending balance of cash	9,676,501,747.74	15,931,142,588.10	6,431,603,365.49
Less: beginning balance of cash	15,931,142,588.10	6,431,603,365.49	4,861,451,153.88
Plus: ending balance of cash equivalents			
Less: beginning balance of cash equivalents.			
Net increase in cash and cash equivalents	-6,254,640,840.36	9,499,539,222.61	1,570,152,211.61

5.62.2 Breakdown of cash and cash equivalents

<u>Item</u>	<u>As at December 31, 2021</u>	<u>As at December 31, 2020</u>	<u>As at December 31, 2019</u>
I. Cash	9,676,501,747.74	15,931,142,588.10	6,431,603,365.49
Including: cash on hand.	100,907.36	213,497.81	71,725.90
Unrestricted bank deposit	9,549,950,748.11	15,854,123,945.58	6,420,147,383.42
Other unrestricted Cash at bank and on hand	126,450,092.27	76,805,144.71	11,384,256.17
Unrestricted deposits in central bank			
Deposits with banks and other financial institutions.			
Loans to or from banks and other financial institutions . .			
II. Cash equivalents.			
Including: bond investments maturing within three months			
III. Ending balance of cash and cash equivalents.	9,676,501,747.74	15,931,142,588.10	6,431,603,365.49
Including: cash and cash equivalents restricted for use by the company or subsidiaries in the group . . .			

5.63 Assets with restrictions on the ownership or right of use

Item	Book value			Reason for restriction
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019	
Cash at bank and on hand	3,721,948,791.21	2,625,544,281.37	1,005,445,340.51	See Note 5.1 for the reason for restriction
Notes receivable and receivable financing	11,349,094.00	54,893,701.22		Bank acceptance bills and working capital loan
Fixed assets	15,296,727,008.76	15,412,278,601.38	16,313,134,836.01	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, letters of credit, and prepayment financing
Intangible assets	2,104,578,676.87	1,702,041,166.50	845,772,781.91	Working capital loan, project loan, supply chain financing, bank acceptance bill and letters of credit
Inventories	473,000,000.00	500,000,000.00	1,372,000,000.00	Working capital loan
Financial assets held for trading	53,600,000.00	470,957,158.53	329,474,288.97	Bank acceptance bills and working capital loan
Construction in progress	276,251,300.12	23,008,849.56		Project loan, and finance lease
Total	21,937,454,870.96	20,788,723,758.56	19,865,827,247.40	

6 Changes in the scope of consolidation

6.1 Business combination not under common control

6.1.1 Business combinations not under common control in the reporting period

Year 2021

Name of acquiree	Time-point for equity acquisition	Cost on equity acquisition	Equity acquisition ratio	Way 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
Guowang High-tech Fibre (Suqian) Co., Ltd.	2021/6/24		95.00	Acquisition in cash	2021/6/24	Date of the industrial and commercial registration for change	9,042.41	-18,713,283.32

On June 5, 2021, Shenghong New Materials (Suqian) Co., Ltd., a wholly-owned subsidiary of the Company, signed the Agreement on Equity Transfer with Siyang Science and Technology Innovation Investment Development Co., Ltd. and Jiangsu Eastern Shenghong Co., Ltd., by which Siyang Science and Technology Innovation Investment Development Co., Ltd. and Jiangsu Eastern Shenghong Co., Ltd. respectively transferred the 95% and 5% of equity held they held in Guowang High-tech Fibre (Suqian) Co., Ltd. to Shenghong New Materials (Suqian) Co., Ltd. at a price of RMB0.00, and Guowang High-tech Fibre (Suqian) Co., Ltd. obtained a new business license on June 24, 2021. On the acquisition date, as Siyang Yiyang Environmental Protection Technology Co., Ltd. was a wholly-owned subsidiary of Guowang High-tech Fibre (Suqian) Co., Ltd., the Company obtained the equity of Siyang Yiyang Environmental Protection Technology Co., Ltd. while obtaining the equity of Guowang High-tech Fibre (Suqian) Co., Ltd.

Year 2020

Name of acquiree	Time-point for equity acquisition	Cost on equity acquisition	Equity acquisition ratio (%)	Way 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
Lianyungang Guanhong Trading Co., Ltd.	2020/3/5		100.00	Acquisition in cash	2020/3/5	Date of the industrial and commercial registration for change	653,950,292.60	-779,569.04
Jiangsu Reborn Eco-tech Co., Ltd.	2020/12/11		100.00	Acquisition in cash	2020/12/11	Date of the industrial and commercial registration for change		-719,394.48

On March 5, 2020, Jiangsu Honggang Petrochemical Co., Ltd., a subsidiary of Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., a wholly-owned subsidiary of the C100% company, signed the Equity Transfer Agreement with Hongwei (Lianyungang) Fine Chemicals Co., Ltd., and Hongwei (Lianyungang) Fine Chemicals Co., Ltd. transferred its 100% equity of Lianyungang Guanhong Trading Co., Ltd. to Jiangsu Honggang Petrochemical Co., Ltd. at the price of RMB0. Lianyungang Guanhong Trading Co., Ltd. obtained an updated business license on March 5, 2020.

On December 11, 2020, Shenghong New Materials (Suqian) Co., Ltd., a wholly-owned subsidiary of the Company, signed the Agreement on Equity Transfer with Guowang High-tech Fibre (Suqian) Co., Ltd., and Guowang High-tech Fibre (Suqian) Co., Ltd. transferred its 100% equity in Jiangsu Reborn Eco-tech Co., Ltd. to Shenghong New Materials (Suqian) Co., Ltd. at a price of RMB0.00, and Jiangsu Reborn Eco-tech Co., Ltd. obtained an updated business license on December 11, 2020.

6.1.2 Combination costs and goodwill

Year 2021

	Guowang High-tech Fibre (Suqian) Co., Ltd.
Combination cost	
Less: fair value of net identifiable assets acquired.	
Amount of goodwill/combination cost in short of the fair value of net identifiable assets acquired.	

Year 2020

Item	Lianyungang Guanhong Trading Co., Ltd.	Jiangsu Reborn Eco- tech Co., Ltd.
Combination cost		
Less: fair value of net identifiable assets acquired. . .	-819.11	
Difference between the combination cost and the fair value of net identifiable assets acquired	819.11	

6.1.3 Identifiable assets and liabilities of the acquiree on the acquisition date

Year 2021

	Guowang High-tech Fibre (Suqian) Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:	915,201,371.85	915,201,371.85
Including: Cash at bank and on hand	67,381,297.29	67,381,297.29
Construction in progress	194,440,557.41	194,440,557.41
Intangible assets	103,552,008.00	103,552,008.00
Other non-current assets	526,670,701.16	526,670,701.16
Liabilities:	915,201,371.85	915,201,371.85
Including: Other payables	790,015,000.00	790,015,000.00
Deferred income	86,387,473.00	86,387,473.00
Net assets		
Less: Non-controlling interests.		
Net assets gained		

Note: the identifiable assets and liabilities on the acquisition date are the figures in the consolidated statements of Guowang High-tech Fibre (Suqian) Co., Ltd. and its subsidiaries.

Year 2020

Item	Lianyungang Guanhong Trading Co., Ltd.		Jiangsu Reborn Eco-tech Co., Ltd.	
	Fair value on the acquisition date	Book value on the acquisition date	Fair value on the acquisition date	Book value on the acquisition date
Assets:	8,180.89	8,180.89	280,939,563.40	280,939,563.40
Cash at bank and on hand	8,180.89	8,180.89	27,919,095.94	27,919,095.94
Other current assets.			7,972,685.71	7,972,685.71
Fixed assets			9,248.69	9,248.69
Construction in progress			90,598,048.97	90,598,048.97
Intangible assets . . .			31,172,784.87	31,172,784.87
Other non-current assets			123,267,699.22	123,267,699.22
Liabilities:	9,000.00	9,000.00	280,939,563.40	280,939,563.40
Payables	9,000.00	9,000.00	59,577,054.83	59,577,054.83
Other payables			195,481,508.57	195,481,508.57
Deferred income . . .			25,881,000.00	25,881,000.00
Net assets	-819.11	-819.11		
Less: Non- controlling interests				
Net assets gained . .	-819.11	-819.11		

6.2 Business combination under common control

Business combinations under common control in the reporting period

Year 2021

Name of the combinee	Proportion of equity obtained through business combination	Basis for constituting the business combination under common control	Combination date	Determination basis of combination date	Income of the combinee from the beginning of the period of combination to the combination date	Net profit of the combinee from the beginning of the period of combination to the combination date
Jiangsu Sierbang Petrochemical Co., Ltd. . . .	100.00%	The combinee and the combining party are under the control of the same ultimate controller before and after the combination, and the control is not temporary	2021/12/31	Date of the industrial and commercial registration for change	17,893,025,054.58	3,776,983,744.96

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, the Company purchased 100% equity of Sierbang held by Shenghong Petrochemical, Bohong Industrial, CCB Investment and BOC Financial Assets by issuing shares and paying cash, and the total transaction consideration was RMB14.36 billion.

The Company issued shares to two counterparties including Shenghong Petrochemical and Bohong Industrial to purchase 85.4546% of the shares held by them in Sierbang and raised matching funds. The number of new shares issued was 1,111,528,326 shares with a face value of RMB1 per share. and paid cash of RMB2,088,727,200 to two counterparties, including CCB Investment and BOC Financial Assets, to purchase 14.5454% equity of Sierbang held by them.

On the combination date, as Lianyungang Shunmeng Trading Co., Ltd., Inner Mongolia Shenghuayi Energy Co., Ltd., Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd. and Jiangsu Hongjing New Materials Co., Ltd. are wholly-owned subsidiaries of Jiangsu Sierbang Petrochemical Co., Ltd. The Company acquired equity of Jiangsu Sierbang Petrochemical Co., Ltd. and then acquired the equities of the above equities.

Year 2019

Acquiree	Time of equity acquisition	Cost on equity acquisition	Equity acquisition ratio (%)	Determination basis on combination date	Revenue of the consolidated party from the date of consolidation to the end of the period	Net profit of the consolidated party from the date of consolidation to the end of the period
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	2019/3/26	1,010,813,182.57	100.00	Transfer of control and related procedures		-17,865,046.54
Suzhou Suzhen Biological Engineering Co., Ltd.	2019/3/6	67,999,800.00	100.00	Transfer of control and related procedures	349,953,820.49	47,717,258.03
Jiangsu Honggang Petrochemical Co., Ltd.	2019/5/7	1,992,185,636.19	100.00	Transfer of control	4,801,262,628.06	42,264,445.68
Total		3,070,998,618.76			5,151,216,448.55	72,116,657.17

6.3 Disposal of subsidiaries

Loss of control due to single disposal of investment in subsidiaries

Year 2020

<u>Company name</u>	<u>Registered place</u>	<u>Business nature</u>	<u>Total shareholding ratio of the Company</u>	<u>Total voting ratio of the Group</u>	<u>Reason for no longer being a subsidiary</u>
Sierbang (Shanghai) Supply Chain Management Co., Ltd.	Shanghai	Commercial service industry	100%	100%	Note

Note: The subsidiary Jiangsu Sierbang Petrochemical Co., Ltd. and Suzhou Shenghong Investment Holdings Co., Ltd., subsidiaries of the Company, signed an equity transfer agreement on November 20, 2020 for disposal of 100% equity held by Sierbang (Shanghai) Supply Chain Management Co., Ltd. at a consideration of RMB10,000,000.00 on December 1, 2020. Therefore, starting from December 1, 2020, the Company will no longer include Sierbang (Shanghai) Supply Chain Management Co., Ltd. in its scope of consolidation. Relevant financial information of the Sierbang (Shanghai) Supply Chain Management Co., Ltd. is as follows:

<u>Item</u>	<u>Book value as at disposal date</u>
Current assets	8,501,380.50
Current liabilities	208,500.00
Total	8,292,880.50
Gains or losses from disposals	1,707,119.50
Disposal consideration	10,000,000.00

<u>Item</u>	<u>From January 1, 2020 to December 1, 2020</u>
Operating revenue	
Operating costs	
Net profit	408,205.87

Year 2019

Subsidiary	Price of equity disposal	Proportion of equity disposed	Method of equity disposal	Date of the loss of control	Basis to determine the date of control loss	Difference between the disposal price and the share in net assets of the subsidiary in consolidated financial statements corresponding to the investment disposed
Suzhou Silk Real Estate Co., Ltd.....	208,321,600.00	100.00	Sales	April 28, 2019	Date of cessation of rights and benefits	3,047,778.25
Wujiang Silk Real Estate Co., Ltd.	52,858,500.00	90.00	Sales	April 28, 2019	Date of cessation of rights and benefits	5,012,554.58
Jiangsu Hengwu Media Co., Ltd.	16,114,696.36	100.00	Sales	April 30, 2019	Date of cessation of rights and benefits	-118,234.82
Suzhou Shengze Yunfangcheng E-commerce Co., Ltd..	64,760,800.00	100.00	Sales	November 30, 2019	Date of cessation of rights and benefits	-5,605,506.84
Total	342,055,596.36					2,336,591.17

6.4 Change of consolidation scope due to other reasons

Year 2021

<u>Company name</u>	<u>Method of equity acquisition</u>	<u>Time for equity acquisition</u>	<u>Registered capital</u>	<u>Contribution proportion</u>
Shenghong Shipping (Singapore) International Co., Ltd.	Newly established subsidiary	April 19, 2021	USD500,000	100%
Hongbang New Materials (Suqian) Co., Ltd.	Newly established subsidiary	August 10, 2021	RMB500 million	100%
Honghai New Materials (Suqian) Co., Ltd.	Newly established subsidiary	August 12, 2021	RMB500 million	100%
Suzhou Shengze Real Estate Leasing Co., Ltd.	Newly established subsidiary	November 2, 2021	RMB471,881,475.91	100%
Suzhou Shengze Warehousing Management Co., Ltd.	Newly established subsidiary	November 2, 2021	RMB175,282,578	100%
Lianyungang Shengtai New Materials Co., Ltd.	Newly established subsidiary	November 26, 2021	RMB100 million	100%
Lianyungang Hongke New Materials Co., Ltd.	Newly established subsidiary	December 23, 2021	RMB10 million	100%
Suzhou Yinghong Industrial Investment Fund (Limited Partnership).	Others	September 15, 2021	RMB3,001 million	99.967%
Lianyungang Shenghong Refining and Chemical Industrial Fund Partnership (Limited Partnership).	Others	November 11, 2021	RMB2,500 million	99.996%

Year 2020

<u>Company name</u>	<u>Method of equity acquisition</u>	<u>Time for equity acquisition</u>	<u>Registered capital</u>	<u>Contribution proportion</u>
Jiangsu Hongwei Chemical Co., Ltd.	Newly established subsidiary	January 3, 2020	RMB10 million	100%
Shenghong (Shanghai) Polyester Material Co., Ltd.	Newly established subsidiary	September 16, 2020	RMB100 million	100%
Shenghong New Materials (Suqian) Co., Ltd.	Newly established subsidiary	December 8, 2020	RMB500 million	100%
Suzhou Shenghong Digital Cloud Technology Co., Ltd.	Newly established subsidiary	December 29, 2020	RMB10 million	100%

7 Equity in other entities

7.1 Equity in subsidiaries

7.1.1 Structure of the Group

Subsidiary	Principal place of business	Registered place	Business nature	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019		Way of acquisition
				Shareholding ratio (%)		Shareholding ratio (%)		Shareholding ratio (%)		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	Suzhou	Suzhou	Energy sale and management	100		100		100		Investment
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Electricity and heat supply	100		100		100		Investment
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou	Suzhou	R&D, production and sales of polyester filament yarn	100		100		100		Business combination not under common control
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Suzhou	Suzhou	Petrochemical industry investment	100		100		100		Investment
Jiangsu Sierbang Petrochemical Co., Ltd. ...	Lianyungang	Lianyungang	Production and sale of chemical products	100		100		100		Business combination under common control
Shenghong New Materials (Suqian) Co., Ltd.	Suqian	Suqian	R&D of new material technology	100		100		100		Investment
Suzhou Shenghong Digital Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology services	100		100		100		Investment

Subsidiary	Principal place of business	Registered place	Business nature	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019		Way of acquisition
				Shareholding ratio (%)		Shareholding ratio (%)		Shareholding ratio (%)		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
Suzhou Shengze Real Estate Leasing Co., Ltd.	Suzhou	Suzhou	Real estate leasing	100						Investment
Suzhou Shengze Warehousing Management Co., Ltd.	Suzhou	Suzhou	Warehousing services	100						Investment
Suzhou Yinghong Industrial Investment Fund (Limited Partnership) <i>Note</i>	Suzhou	Suzhou	Equity investments	99.967						Others
Lianyungang Shenghong Refining and Chemical Industrial Fund Partnership (Limited Partnership) <i>Note</i>	Lianyungang	Lianyungang	Investment, and investment management	99.996						Others

Note: Suzhou Yinghong Industrial Investment Fund (Limited Partnership) and Lianyungang Shenghong Refining and Chemical Industrial Fund Partnership (Limited Partnership) are structured entities.

7.1.2 Major non-wholly-owned subsidiaries

As at December 31, 2021

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Ending balance of non-controlling interests
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	7.99%	-6,735,296.97		1,793,494,538.72

As at December 31, 2020

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Ending balance of non-controlling interests
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	26.35%	-3,573,659.88		5,002,390,105.22

As at December 31, 2019

Subsidiary	Shareholding ratio of minority shareholders	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Ending balance of non-controlling interests
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	19.08%	-622,898.93		1,283,813,020.81

7.1.3 Main financial information of major non-wholly-owned subsidiaries

As at December 31, 2021

Subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	11,423,033,486.67	60,480,476,706.82	71,903,510,193.49	12,786,139,837.44	36,670,738,847.87	49,456,878,685.31

As at December 31, 2020

Subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	14,357,422,432.88	20,278,375,830.75	34,635,798,263.63	3,876,144,616.70	11,769,771,633.33	15,645,916,250.03

As at December 31, 2019

Subsidiary	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	3,847,090,792.96	4,495,846,017.37	8,342,936,810.33	1,021,363,736.66	592,993,300.00	1,614,357,036.66

Year 2021

<u>Subsidiary</u>	<u>Operating revenue</u>	<u>Net profit</u>	<u>Total comprehensive income</u>	<u>Cash flows from operating activities</u>
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	2,745,219,041.56	-39,645,015.73	-43,250,505.42	-2,361,245,610.24

Year 2020

<u>Subsidiary</u>	<u>Operating revenue</u>	<u>Net profit</u>	<u>Total comprehensive income</u>	<u>Cash flows from operating activities</u>
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	200,323,508.34	-17,738,511.13	-22,117,760.07	-2,367,135,183.81

Year 2019

<u>Subsidiary</u>	<u>Operating revenue</u>	<u>Net profit</u>	<u>Total comprehensive income</u>	<u>Cash flows from operating activities</u>
Shenghong Refining and Chemical (Lianyungang) Co., Ltd.		-23,378,224.78	-23,497,595.58	504,984,840.01

7.2 Transactions leading to changes in the share of owners' equity in subsidiaries and still controlling the subsidiaries

Effect of transactions on minority interests and equity attributable to shareholders of the Company

Year 2021

	<u>Shenghong Refining and Chemical (Lianyungang) Co., Ltd.</u>
Cost of purchase/consideration of disposal	
— Cash	7,259,660,000.00
Total cost of purchase/consideration of disposal	7,259,660,000.00
Less: share of net assets of subsidiaries calculated at the ratio of equity acquired/disposed	6,745,304,636.02
Difference.	514,355,363.98
Including: adjustment to capital reserves.	-514,355,363.98
Adjustment to surplus reserves.	
Adjustment to retained earnings	

Year 2020

	Shenghong Refining and Chemical (Lianyungang) Co., Ltd.
Cost of purchase/consideration of disposal	
— Cash	3,965,420,000.00
Total cost of purchase/consideration of disposal	3,965,420,000.00
Less: share of net assets of subsidiaries calculated at the ratio of equity acquired/disposed	3,973,041,846.55
Difference	-7,621,846.55
Including: adjustment to capital reserves	-7,621,846.55
Adjustment to surplus reserves	
Adjustment to retained earnings	

Year 2019

	Shenghong Refining and Chemical (Lianyungang) Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.
Cost of purchase/consideration of disposal		
— Cash	1,296,580,000.00	1,000,000,000.00
Total cost of purchase/consideration of disposal	1,296,580,000.00	1,000,000,000.00
Less: share of net assets of subsidiaries calculated at the ratio of equity acquired/disposed	1,284,458,695.70	1,032,388,459.95
Difference	12,121,304.30	-32,388,459.95
Including: adjustment to capital reserves	12,121,304.30	-32,388,459.95
Adjustment to surplus reserves		
Adjustment to retained earnings		

7.3 Equity in joint venture arrangements or associates

Significant joint ventures or associates

Name of joint venture or associate	Principal place of business	Registered place	Business nature	As at December 31, 2021		As at December 31, 2020		As at December 31, 2019		Accounting treatment method for the investments in joint ventures or associates
				Shareholding ratio (%)		Shareholding ratio (%)		Shareholding ratio (%)		
				Direct	Indirect	Direct	Indirect	Direct	Indirect	
Tianjiao Technology Venture Capital Co., Ltd.	Suzhou	Suzhou	Venture capital	33.33		33.33		33.33		Accounting under the equity method
Jiangsu Oriental Inta Security System Co., Ltd.	Suzhou	Suzhou	Security					22.00		Accounting under the equity method
Jiangsu Xinshijie Advanced Functional Fiber Innovation Center Co., Ltd.	Suzhou	Suzhou	Research and experimental development		48.00		47.00		47.00	Accounting under the equity method
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Suzhou	Suzhou	Gas operation		49.00					Accounting under the equity method

8 Risks 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 reviews 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.

8.1 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 dispensing with additional approval.

The Company carries out the quarterly monitoring on credit rating information of existing customers the monthly review on the aging analysis of accounts receivable to make sure that the overall credit risk of the Company is under control. The Company group customers by their credit characteristics while monitoring the customer credit risk. 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.

8.2 Liquidity risk

The liquidity risk refers to the risk of capital shortage of an enterprise occurring in the course of cash payment or settlement via other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under 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.

8.3 Market risk

Market risks of financial instruments refer to the risks of fluctuation in the fair values or future cash flows of financial instruments due to changes in market prices, and include exchange rate risks, interest rate risks, and other price risks.

8.3.1 Interest rate risk

Interest rate risk refers to the risk that fair values or future cash flows of financial instruments may fluctuate due to the change 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 float at a certain percentage of the benchmark interest rates announced by the central bank for the same period and at the same level.

8.3.2 Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate 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.

8.3.3 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	As at	As at	As at
	December 31, 2021	December 31, 2020	December 31, 2019
Financial assets held for trading.	86,338,213.82	87,933,786.56	93,784,219.94
Total	86,338,213.82	87,933,786.56	93,784,219.94

As at December 31, 2021, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 30%, then the current profit or loss of the Company will increase or decrease by RMB25,901,500.00. The management believes that rate of 30% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

As at December 31, 2020, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 30%, then the current profit or loss of the Company will increase or decrease by RMB26,380,100.00. The management believes that rate of 30% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

As at December 31, 2019, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 30%, then the current profit or loss of the Company will increase or decrease by RMB28,135,300.00. The management believes that rate of 30% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

9 Disclosure of fair value

Input values used in the fair value measurement are divided into three levels:

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

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs refer to unobservable inputs of relevant assets or liabilities.

The level of the measurement result of fair value shall be subject to the lowest level which the input that is of great significance to the entire measurement of fair value belongs to.

9.1 Fair value of assets and liabilities measured at fair value as at December 31, 2021

Item	Fair value as at December 31, 2021			Total
	Measurement at Level 1 fair value	Measurement at Level 2 fair value	Measurement at Level 3 fair value	
Continuous measurement of fair value				
◆ Financial assets held for trading	86,338,213.82	55,381,457.64		141,719,671.46
1. Financial assets measured at fair value through the current profit or loss	86,338,213.82	55,381,457.64		141,719,671.46
(1) Investment in equity instrument	86,338,213.82			86,338,213.82
(2) Derivative financial assets		1,781,457.64		1,781,457.64
(3) Bank wealth management and trust products		53,600,000.00		53,600,000.00
◆ Receivables financing			77,650,379.06	77,650,379.06
◆ Investment in other equity instruments			583,395,820.00	583,395,820.00
◆ Other non-current financial assets			4,477,532.09	4,477,532.09
Total assets continuously measured at fair value	86,338,213.82	55,381,457.64	665,523,731.15	807,243,402.61
◆ Financial liabilities held for trading		3,567,808.37		3,567,808.37
1. Derivative financial liabilities		3,567,808.37		3,567,808.37
Total liabilities with continuous measurement at fair value		3,567,808.37		3,567,808.37

9.2 Basis of determination for market prices subject to continuous and non-continuous measurements at Level 1 fair values

The equity instrument investments classified as measured at fair value through the current profit or loss amounted to RMB86,338,213.82, and recognized at the closing price of open market trading on December 31, 2021.

9.3 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements at Level 2 fair values

Item	Fair value as at December 31, 2021	Valuation techniques
Principal-guarantee bank financial products	53,600,000.00	Income method
Derivative financial assets	1,781,457.64	Income method
Derivative financial liabilities	3,567,808.37	Income method

9.4 Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements at Level 2 fair values

Item	Fair value as at December 31, 2021	Valuation techniques
Receivable financing	77,650,379.06	Note
Other non-current financial assets	4,477,532.09	Book basis method
Investments in other equity instruments	583,395,820.00	Market approach

Note: The receivable financing represents notes receivable of RMB77,650,379.06 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

10 Related parties and related transactions

10.1 Parent company of the Company

As at the date of the report, the status of the parent company was as follows:

Parent company	Registered place	Business nature	Registered capital	Shareholding ratio in the Company (%)	Voting ratio in the Company (%)
Jiangsu Shenghong Technology Co., Ltd. . .	Suzhou	Investment	RMB2,992,741,100.00	46.55	46.55

Miao Hangen and Zhu Hongmei are the ultimate controllers of the Company.

10.2 Subsidiaries of the Company

See Note “7 Equity in other entities” for details about subsidiaries of the Company.

10.3 Joint ventures and associates of the Company

See “Note 7 Equity in other entities” for the details of significant joint ventures or associates of the Company.

10.4 Other related parties

Other related party	Relationship with the Company
Jiangsu Shenghong New Material Group Co., Ltd. .	Parent of the parent company
Jiangsu Shenghong Technology Co., Ltd.	Parent company
Jiangsu Oriental Inta Security System Co., Ltd. . . .	Other related transactions
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related transactions
Lianyungang Hongyang Thermal Power Co., Ltd. . .	Other related transactions
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Controlled by the same ultimate controller
Lianyungang Xinrongtai Terminal Co., Ltd.	Controlled by the same ultimate controller
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the same ultimate controller
Shenghong Group Co., Ltd.	Controlled by the same ultimate controller
Shenghong Holding Group Co., Ltd.	Controlled by the same ultimate controller
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same ultimate controller
Suzhou Shenghong Hotel Co., Ltd. Wujiang Shenghong Renaissance Hotel	Other related transactions
Suzhou Suzhen Thermal Power Co., Ltd.	Other related transactions
Wujiang Feixiang Printing and Dyeing Co., Ltd. . .	Controlled by the same ultimate controller
Wujiang Rongwei Spray Weaving Factory	Other related transactions
Yu Xiaofang.	Other related transactions
Jiangsu Shengze Oriental Textile City Development Co., Ltd.	Other related transactions
Jiangsu Wujiang Silk Group Co., Ltd.	Other shareholders directly or indirectly holding more than 5% of the shares
Lianyungang Bohong Industrial Co., Ltd.	Controlled by the same ultimate controller
Suzhou Wujiang Chuanglian Equity Investment Management Co., Ltd.	Other related transactions
Jiangsu Shengze Investment Co., Ltd.	Other related transactions
Tang Jinkui	Other related transactions
Wujiang Shenghong Dangerous Goods Transportation Co., Ltd.	Controlled by the same ultimate controller
Jiangsu Hengwu Media Co., Ltd.	Other related transactions
NEW VIEW TRADING LIMITED.	Other related transactions
Jiangsu Jujie Microfibre Group Co., Ltd.	Other related transactions
Suzhou Silk Real Estate Co., Ltd.	Other related transactions
Wujiang Jiayu Industrial Development Co., Ltd. . .	Other related transactions
Suzhou Shengze Oriental Market Textile Electronic Trading Center Co., Ltd.	Other related transactions
Suzhou Silk Capital Network Technology Co., Ltd.	Other related transactions
Wujiang Yingwang Trading Co., Ltd.	Other related transactions
Wujiang Yuantu Trading Co., Ltd.	Other related transactions
Wujiang Yonghui Import and Export Co., Ltd.	Other related transactions
Suzhou Yongwen Trading Co., Ltd.	Other related transactions
Hongwei (Lianyungang) Fine Chemicals Co., Ltd. .	Other related transactions
Shanghai Lianhong International Trade Co., Ltd. . .	Other related transactions
Suzhou Shenghong Investment Holdings Co., Ltd. .	Other related transactions
Lianyungang Ruitai Investment Co., Ltd.	Other related transactions

10.5 Related transactions

10.5.1 Related transaction on purchase or sales of goods, and rendering or receipt of services

Table of purchase of goods/receipt of services

Related party	Content of related transaction	Year 2021	Year 2020	Year 2019
Shenghong Group Co., Ltd.	Commodity, steam, electricity, etc.	90,613,962.06	98,122,055.83	107,123,010.72
Jiangsu Oriental Inta Security System Co., Ltd.	Security services, etc.	621,752.46	346,297.74	386,475.42
Suzhou Suzhen Thermal Power Co., Ltd.	Energy, steam, water, etc.	2,026,761.12	5,292,977.03	10,043,676.73
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Storage tank use, storage services and electricity	153,002,376.58	113,987,298.96	100,251,008.98
Suzhou Shenghong Hotel Co., Ltd. Wujiang Shenghong Renaissance Hotel	Meetings, catering, etc.	146,599.68	246,613.45	564,815.70
Lianyungang Xinrongtai Terminal Co., Ltd.	Terminal fees	80,801,461.77	52,472,754.97	51,225,714.47
Lianyungang Hongyang Thermal Power Co., Ltd.	Steam	852,402,303.84	588,320,206.36	694,688,713.41
Jiangsu Shengze Oriental Textile City Development Co., Ltd.	Water and electricity			20,328.34
Wujiang Shenghong Dangerous Goods Transportation Co., Ltd.	Freight charges			24,381.83
Jiangsu Hengwu Media Co., Ltd.	Office expenses			20,816.92
NEW VIEW TRADING LIMITED	Purchase of goods			116,218,725.92
Total.		1,179,615,217.51	858,788,204.34	1,080,567,668.44

Table of sales of goods/rendering of services

Related party	Content of related transaction	Year 2021	Year 2020	Year 2019
Shenghong Group Co., Ltd.	Commodities, energy, etc.	47,742,060.69	33,649,974.12	45,539,877.19
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Steam and water	7,099,149.75	4,748,223.17	7,173,691.74
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Steam and water	750,214.52	602,757.38	621,515.74
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Steam, water, electricity, sewage treatment, etc.	20,789,238.36	6,993,064.61	3,639,370.46
Lianyungang Xinrongtai Terminal Co., Ltd.	Steam, water, electricity, sewage treatment, etc.	406,157.69	857,248.88	297,838.36
Shenghong Petrochemical Group Co., Ltd.	Commodities, water, electricity, sewage treatment	1,430,948.92	655,987.83	636,438.89
Wujiang Rongwei Spray Weaving Factory	Goods	18,801.43	125,697.36	251,698.26
Jiangsu Jujie Microfibre Group Co., Ltd.	Goods		6,685,353.76	
Jiangsu Shengze Oriental Textile City Development Co., Ltd.	Steam	110,666.89		811,987.78
Suzhou Silk Real Estate Co., Ltd.	Water and electricity			3,327.77
Wujiang Jiayu Industrial Development Co., Ltd.	Real estate sales			52,961,904.73
Total.		78,347,238.25	54,318,307.11	111,937,650.92

10.5.2 *Management on commission/contracting and commissioned management/sub-contract*

Table of information on the management on commission/contracting by the Company:

None.

Table of information on the management on sub-contracting by the Company:

None.

10.5.3 *Related-party leases*

The Company as the lessor:

Name of lessee	Type of leased assets	Lease revenue recognized		
		Year 2021	Year 2020	Year 2019
Wujiang Oriental Market Supply Chain Service Co., Ltd.	House rent	182,285.72	182,285.72	182,285.72
Shenghong Group Co., Ltd.	Transformer and its ancillary facilities rental	14,705,115.96	10,623,511.83	11,514,568.62
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Housing and equipment rental	436,217.14	489,459.81	664,586.34
Lianyungang Xinrongtai Terminal Co., Ltd.	Housing and equipment rental	87,421.22	56,646.08	165,444.28
Shenghong Petrochemical Group Co., Ltd.	House rent	2,098,952.79	1,450,763.68	1,158,586.92
Yu Xiaofang	House rent	146,672.58	12,222.71	
Suzhou Shengze Oriental Market Textile Electronic Trading Center Co., Ltd.	House rent			187,528.80
Suzhou Silk Real Estate Co., Ltd.	House rent			105,714.27
Jiangsu Hengwu Media Co., Ltd.	House rent			49,539.97
Total.		17,656,665.41	12,814,889.83	14,028,254.92

The Company as the lessee (applicable to the old lease standards)

Name of lessor	Type of leased assets	Rental fees recognized	
		Year 2020	Year 2019
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Tank rental	6,090,550.00	854,748.43
Jiangsu Shengze Oriental Textile City Development Co., Ltd.	House rent		1,667,493.97
Zhu Hongmei	Housing rental		90,000.00

The Company as the lessee (applicable to the new lease standards)

		Rental costs for short-term leases and low-value asset leases that are streamlined for accounting, and variable lease payments not included in the measurement of the lease liabilities
<u>Name of lessor</u>	<u>Type of leased assets</u>	<u>Year 2021</u>
Zhu Hongmei	Housing rental	216,000.00
		Cash paid for rent
<u>Name of lessor</u>	<u>Type of leased assets</u>	<u>Year 2021</u>
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Tank rental	45,706,140.00
		Increase in right-of-use assets
<u>Name of lessor</u>	<u>Type of leased assets</u>	<u>Year 2021</u>
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Tank rental	195,829,090.32
		Interest costs on lease liabilities undertaken
<u>Name of lessor</u>	<u>Type of leased assets</u>	<u>Year 2021</u>
Lianyungang Rongtai Petrochemical Storage Co., Ltd.	Tank rental	6,904,825.61

10.5.4 Related-party guarantees

As at December 31, 2021

The Company as a guarantor:

The Company has no external guarantees, mortgages, pledges, etc.

The Company as the guaranteed:

(RMB'0,000)

<u>Guarantor</u>	<u>Guaranteed amount</u>	<u>Commencement date of guarantee</u>	<u>Maturity date of guarantee</u>	<u>Whether the performance of the guarantee has been completed</u>
Jiangsu Shenghong Technology Co., Ltd. . .	87,900.00	2020.01.23	2025.10.13	No
Jiangsu Shenghong Technology Co., Ltd., Miao Hangen and Zhu Hongmei	43,000.00	2018.01.30	2028.12.25	No

Guarantor	Guaranteed amount	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Jiangsu Shenghong New Material Group Co., Ltd.	17,000.00	2020.09.10	2025.09.10	No
	48,000.00	2020.12.16	2025.12.15	No
	10,445.00	2021.08.23	2025.08.22	No
	12,337.00	2021.08.25	2025.08.24	No
	10,000.00	2021.09.01	2025.08.24	No
	USD4,000.00	2020.02.20	2025.02.20	No
	70,000.00	2020.02.20	2026.02.20	No
	30,000.00	2019.9.6	2025.7.19	No
	30,000.00	2021.3.10	2026.3.9	No
	60,000.00	2020.10.25	2025.6.2	No
	15,000.00	2020.1.15	2025.1.14	No
	35,000.00	2021.6.24	2026.6.23	No
	25,000.00	2021.8.16	2026.8.16	No
	42,000.00	2020.12.14	2024.12.31	No
Jiangsu Shenghong New Material Group Co., Ltd., Miao Hangen.	72,000.00	2021.6.21	2025.9.11	No
Jiangsu Shenghong New Material Group Co., Ltd., Miao Hangen and Zhu Hongmei	70,000.00	2021.4.22	2025.3.9	No
	35,000.00	2021.1.25	2024.11.29	No
Miao Hangen and Zhu Hongmei	300,000.00	2019.12.31	2026.12.20	No
	150,000.00	2021.06.10	2025.9.26	No
	94,900.00	2020.01.23	2025.10.13	No
	19,200.00	2021.06.15	2025.12.08	No
	5,000.00	2020.09.07	2025.01.03	No
	22,000.00	2021.3.10	2025.10.26	No
	33,000.00	2021.6.16	2025.6.15	No
	30,000.00	2020.11.10	2025.1.19	No
Miao Hangen, Zhu Hongmei, Tang Jinkui, Zhu Yuqin	39,000.00	2020.08.25	2024.07.19	No
	20,000.00	2020.11.25	2024.03.04	No
	52,000.00	2020.11.25	2024.02.21	No
Shenghong Holding Group Co., Ltd.	52,000.00	2020.11.25	2025.02.21	No
	75,000.00	2020.12.17	2032.06.08	No
	30,000.00	2020.1.19	2028.1.19	No
	74,000.00	2021.1.1	2024.12.31	No
Shenghong (Suzhou) Group Co., Ltd.	4,751.00	2021.09.03	2025.09.02	No
	12,080.00	2021.09.06	2025.09.05	No
	11,300.00	2021.09.07	2025.09.06	No
	14,842.00	2021.09.08	2025.09.07	No
	15,000.00	2021.10.18	2025.9.29	No
	30,000.00	2021.10.27	2025.9.29	No
Shenghong (Suzhou) Group Co., Ltd., Miao Hangen and Zhu Hongmei	66,400.00	2021.11.29	2031.11.29	No
	96,000.00	2021.4.20	2025.12.21	No
	119,000.00	2019.6.28	2028.6.27	No
Jiangsu Shenghong New Material Group Co., Ltd., additional guarantee for recycling loan of Shenghong Petrochemical Group Co., Ltd.	84,000.00	2021.8.9	2025.8.8	No
	20,000.00	2021.7.29	2026.7.28	No
	35,000.00	2021.8.26	2026.8.25	No
	35,000.00	2021.9.26	2026.7.21	No

Guarantor	Guaranteed amount	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Shenghong Petrochemical Group Co., Ltd.	9,590.29	2019.6.27	2025.7.10	No
	9,588.18	2019.6.28	2025.7.10	No
	1,000.00	2021.9.23	2025.9.23	No
Miao Hangen and Zhu Hongmei, mortgage of real estate of RMB136.8 million	80,000.00	2019.9.20	2032.9.20	No
	20,000.00	2019.9.20	2032.9.20	No
	75,000.00	2019.9.20	2032.9.20	No
	50,000.00	2019.9.20	2032.9.20	No
	30,000.00	2019.9.20	2032.9.20	No
Shenghong Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Hangen, Zhu Hongmei, Tang Jinkui, Zhu Yuqin	15,000.00	2019.9.20	2032.9.20	No
	4,150,000.00	2020.11.13	2038.11.12	No
Miao Hangen, Zhu Hongmei, Shenghong (Suzhou) Group Co., Ltd., Jiangsu Shenghong Technology Co., Ltd.	300,000.00	2021.11.30	2027.11.29	No
Jiangsu Shenghong Technology Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen and Zhu Hongmei	611,500.00	2014.4.25	2028.4.24	No
	USD32,500.00	2014.6.10	2028.4.24	No
	47,000.00	2016.6.30	2028.4.24	No
Jiangsu Shenghong New Material Group Co., Ltd., Shenghong Holding Group Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen and Zhu Hongmei	213,262.00	2018.6.27	2029.6.27	No
Shenghong Petrochemical Group Co., Ltd., Shenghong Holding Group Co., Ltd., Miao Hangen and Zhu Hongmei	80,000.00	2020.10.20	2026.12.10	No
	500,000.00	2021.5.13	2034.4.18	No

Except for the guarantee provided by the above-related parties for the Company, there was no mortgage or pledge provided by related parties for the Company in 2021.

10.5.5 Loans from and to related parties

Year 2021

(RMB'0,000)

Related party	Loans as at December 31, 2020	Loans from related parties/ Recovery in 2021	Loans to related parties/Recovery in 2021	Loans as at December 31, 2021	Interest in loans to/from related parties in 2021
Shenghong (Suzhou) Group Co., Ltd.	140,000.00	550,000.00	570,000.00	120,000.00	4,072.20
Jiangsu Shenghong Technology Co., Ltd.		50,000.00		50,000.00	805.56
Total	140,000.00	600,000.00	570,000.00	170,000.00	4,877.76

Year 2020

(RMB'0,000)

Related party	Loans as at December 31, 2019	Loans from related parties/ Recovery in 2020	Loans to related parties/Recovery in 2020	Loans as at December 31, 2020	Interest in loans to/from related parties in 2020
Shenghong (Suzhou) Group Co., Ltd.	100,000.00	225,000.00	185,000.00	140,000.00	2,766.00
Wujiang Yingwang Trading Co., Ltd.		21,600.00	21,600.00		472.90
Wujiang Yuantu Trading Co., Ltd.		40,250.00	40,250.00		696.66
Wujiang Yonghui Import and Export Co., Ltd.		8,750.00	8,750.00		160.67
Suzhou Yongwen Trading Co., Ltd.		27,000.00	27,000.00		602.36
Total	100,000.00	322,600.00	282,600.00	140,000.00	4,698.59

Year 2019

(RMB'0,000)

Related party	Loans as at December 31, 2018	Loans from related parties/Recovery in 2019	Loans to related parties/Recovery in 2019	Loans as at December 31, 2019
Shenghong Petrochemical Group Co., Ltd.			502,500.00	502,500.00
Shenghong (Suzhou) Group Co., Ltd.			100,000.00	100,000.00
Hongwei (Lianyungang) Fine Chemicals Co., Ltd.	9,955.34			9,955.34
Shanghai Lianhong International Trade Co., Ltd.			2,860.00	2,860.00
Total	9,955.34		605,360.00	515,315.34

10.5.6 Other transactions of related parties

- (1) According to resolutions made at the 29th meeting of the 8th Board of Directors of the Company held on July 9, 2021 and the *Proposal on Purchase of Assets and Raising of Supporting Funds via Share Issuance and Cash Payment and on Related Transactions* approved upon deliberation at the 4th extraordinary general meeting of shareholders in 2021 held on August 23, 2021, the Company purchased 100% of equity held by Shenghong Petrochemical, Bohong Industrial, CCB Investment and BOC Financial Assets in Sierbang via share issuance and cash payment, and the total transaction consideration was RMB14.36 billion.

The Company issued shares to two counterparties including Shenghong Petrochemical and Bohong Industrial to purchase 85.4546% of equity held by them in Sierbang and raised matching funds. The number of new shares issued was 1,111,528,326 shares with a face value of RMB1 per share. The Company received the Confirmation of Acceptance of Application for Share Registration issued by China Securities Depository and Clearing Corporation Limited, Shenzhen Branch on January 14, 2022, and the registration formalities of newly issued shares for the relevant shares have been completed at China Securities Depository and Clearing Corporation Limited, Shenzhen Branch. These new shares were listed on the Shenzhen Stock Exchange on January 27, 2022.

- (2) The Company invested RMB1,108,160,000 to accept the transfer of 33.323% of property shares jointly held by Suzhou Wujiang Chuanglian Equity Investment Management Co., Ltd. (hereinafter referred to as “Chuanglian Investment”) and Jiangsu Shengze Investment Co., Ltd. (hereinafter referred to as “Shengze Investment”) in Suzhou Yinghong Industrial Investment Fund (Limited Partnership). The above-mentioned related transactions have been adopted upon deliberation at the sixth extraordinary general meeting of shareholders of the Company in 2021 held on September 14, 2021. On September 15, 2021, the Company signed the Agreement on the Transfer of Property Shares of Suzhou Yinghong Industrial Investment Fund (Limited Partnership) with Chuanglian Investment and Shengze Investment. On the same day, Suzhou Yinghong Industrial Investment Fund (Limited Partnership) completed relevant procedures for industrial and commercial registration of changes, and obtained the *Notice of Approval on Change Registration of Partnership* issued by the Administrative Approval Bureau of Wujiang District, Suzhou City.
- (3) According to the *Proposal on Transferring the Property of Huiying Building and Related Transactions* adopted upon deliberation at the 15th meeting of the 8th Board of Directors held on September 9, 2020, the Company signed the *Agreement on Property Transfer* (“the Agreement”) with Jiangsu Wujiang Silk Group Co., Ltd. According to the Agreement, the Company transferred the property of Huiying Building held by it to Jiangsu Wujiang Silk Group Co., Ltd. at the consideration of RMB291,538,500.00, an assessed market value. Jiangsu Tops Real Estate Asset Appraisal, Planning and Surveying and Mapping Co., Ltd. issued the *Assets Appraisal Report* (STPPZBZ [2020] No. 00027) on June 24, 2020.
- (4) According to the Proposal on Accepting the Property Share of Suzhou Yinghong Industrial Investment Fund and Related Transactions adopted upon deliberation at the 16th meeting of the 8th Board of Directors held on October 26, 2020 and the 8th extraordinary general meeting in 2020 held on November 13, 2020, the Company accepted the 66.64% of property share (where the paid-in amount of contribution amounted to RMB2.0 billion) held by Jiangsu Shenghong Technology Co., Ltd. in Suzhou Yinghong Industrial Investment Fund (Limited Partnership) at a consideration of RMB2.0 billion.

- (5) On November 20, 2020, Jiangsu Sierbang Petrochemical Co., Ltd. and Suzhou Shenghong Investment Holdings Co., Ltd. signed an agreement on equity transfer, by which the 100% of equity of Sierbang (Shanghai) Supply Chain Management Co., Ltd. was sold at the price of RMB10.00 million.
- (6) On December 11, 2019, the Company and Suzhou Silk Capital Network Technology Co., Ltd. (hereinafter referred to as “Silk Capital Network”) signed the Agreement on Equity Transfer in Wujiang District, Suzhou City, by which Silk Capital Network acquired the 100% of equity held by the Company in Suzhou Shengze Yunfangcheng E-commerce Co., Ltd. (hereinafter referred to as “Yunfangcheng”) in cash. According to the Assets Appraisal Report issued by Jiangsu Jinzhengtong Assets and Real Estate Appraisal Office, all the equities of shareholders of Yunfangcheng were valued at RMB62,811,700.00. The pricing for this transaction was based on the appraisal result given by the assets appraisal report. After the mutual consultation of both parties involved, the profit obtained by Yunfangcheng during the appraisal period was also included in the transfer consideration. The transaction price for the 100% of equity of Yunfangcheng was RMB64,760,800.00. On December 30, 2019, Yunfangcheng obtained the renewed business license.
- (7) On April 12, 2019, Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. (hereinafter referred to as “Petrochemical Industry”), a wholly-owned subsidiary of the Company, and Lianyungang Ruitai Investment Co., Ltd. (hereinafter referred to as “Ruitai Investment”) signed the Agreement on Equity Acquisition in Wujiang District, Suzhou City, by which Petrochemical Industry acquired the 100% of equity held by Ruitai Investment in Jiangsu Honggang Petrochemical Co., Ltd. (hereinafter referred to as “Honggang Petrochemical”) in cash. According to the Assets Appraisal Report given by Shanghai Orient Appraisal Co., Ltd., on the appraisal base date, all the equities of shareholders of Honggang Petrochemical were valued at RMB1,992,185,600.00 by the asset-based approach. The pricing for this transaction was based on the appraisal result given by the assets appraisal report. After the mutual consultation of both parties involved, the transaction price for the 100% of equity of Honggang Petrochemical was RMB1,992,185,600.00. On May 7, 2019, Honggang Petrochemical obtained the renewed business license.
- (8) On March 8, 2019, Petrochemical Industry, a wholly-owned subsidiary of the Company, signed the Agreement on Equity Acquisition with Shenghong (Suzhou) Group Co., Ltd. (hereinafter referred to as “Shenghong Suzhou”) and Shenghong Petrochemical Group Co., Ltd. (hereinafter referred to as “Shenghong Petrochemical”) in Wujiang District, Suzhou City, by which Petrochemical Industry acquired the 100% of equity jointly held by Shenghong Suzhou and Shenghong Petrochemical in Shenghong Refining and Chemical in cash. According to the Assets Appraisal Report given by Shanghai Orient Appraisal Co., Ltd., on the appraisal base date, all the equities of shareholders of Shenghong Refining and Chemical were valued at RMB960,813,200.00 by the asset-based approach. The pricing for this transaction was based on the appraisal result given by the assets appraisal report. As Shenghong Refining and Chemical received the additional capital contribution of RMB50.00 million from shareholders after the auditing date or appraisal base date, after the mutual consultation, both parties involved agreed that the transaction price for the 100% of equity of Shenghong Refining and Chemical should be RMB1,010,813,200.00. On March 26, 2019, Shenghong Refining and Chemical obtained the renewed business license.

- (9) On March 1, 2019, Jiangsu Guowang High-tech Fibre Co., Ltd. (hereinafter referred to as “Guowang High-tech”), a wholly-owned subsidiary of the Company, and Jiangsu Shenghong New Material Group Co., Ltd. (hereinafter referred to as “Shenghong New Material”) signed the Agreement on Equity Acquisition in Shengze Town, by which Guowang High-tech acquired the 100% of equity held by Shenghong New Material in Suzhou Suzhen Biological Engineering Co., Ltd. (hereinafter referred to as “Suzhen Biological”) in cash. According to the Assets Appraisal Report given by Shanghai Orient Appraisal Co., Ltd., on the appraisal base date, all the equities of shareholders of Suzhen Biological were valued at RMB67,999,800.00 by the asset-based approach, and on this basis, the transaction price for the 100% of equity of Suzhen Biological was determined through negotiation to be 67,999,800.00. On March 6, 2019, Suzhen Biological obtained the renewed business license.
- (10) On January 24, 2019, the Company signed the Agreement on Equity and Creditor’s Right Transfer with Wujiang Jiayu Industrial Development Co., Ltd. (hereinafter referred to as “Jiayu Industrial”), by which the Company transferred the 100% of equity and creditor’s right it held in Suzhou Silk Real Estate Co., Ltd. (hereinafter referred to as “Suzhou Silk Real Estate”) and the 90% of equity and creditor’s right it held in Wujiang Silk Real Estate Co., Ltd. (hereinafter referred to as “Wujiang Silk Real Estate”) to Jiayu Industrial. On October 31, 2018, by taking the assessed fair value as the consideration, all the equities of shareholders of Suzhou Silk Real Estate and Wujiang Silk Real Estate were valued at RMB208,321,500.00 and RMB58,731,700.00 respectively, and the equity value corresponding to the 90% of equity of Wujiang Silk Real Estate amounted to RMB52,858,500.00. Thus, the total value corresponding to the aforesaid equities amounted to RMB261,180,100.00. The transfer prices for the creditor’s rights respectively enjoyed by the Company in Suzhou Silk Real Estate and Wujiang Silk Real Estate were RMB284,551,100.00 and RMB137,380,800.00. The total transfer price for the aforesaid equities and creditor’s rights held by the Company amounted to RMB683,111,900.00. On February 27, 2019, Suzhou Silk Real Estate and Wujiang Silk Real Estate obtained their renewed business license.
- (11) On January 31, 2019, the Company and Jiayu Industrial signed the Agreement on Property Transfer, by which the Company transferred 72 shops and 1 cinema possessed by the Company and located at Chunzhisheng Commercial Plaza, No. 38 Guanyin Lane, North of Shengze Town, Wujiang District, Suzhou City to Jiayu Industrial. During the period for the public listing at Suzhou Assets and Equity Exchange, the Company collected 1 potential transferee. According to the announcement on assets and equity exchange, Jiayu Industrial was the final transferee of the transferred object, and the transfer consideration was RMB55.61 million.

10.6 Receivables from and payables to related parties

10.6.1 Receivables

Item	Related party	As at December 31,	As at December 31,	As at December 31,
		2021	2020	2019
		Book balance	Book balance	Book balance
Accounts receivable				
	Lianyungang Rongtai Petrochemical Storage Co., Ltd.	3,468,912.92	1,471,083.35	1,340,453.03
	Lianyungang Xinrongtai Terminal Co., Ltd.	83,348.14	175,268.31	32,870.66
	Shenghong Group Co., Ltd.	8,461,903.98	5,152,385.48	6,105,843.33
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	1,453,513.86	649,172.09	911,265.19
	Shenghong Petrochemical Group Co., Ltd.	204,341.88	209,699.95	
	Wujiang Oriental Market Supply Chain Service Co., Ltd.	26,755.13		
Sub-total		13,698,775.91	7,657,609.18	8,390,432.21
Other receivables				
	Suzhou Silk Capital Network Technology Co., Ltd.			58,284,720.00
Sub-total				58,284,720.00

10.6.2 Payables

Item	Related party	As at December 31,	As at December 31,	As at December 31,
		2021	2020	2019
Accounts payable				
	Lianyungang Hongyang Thermal Power Co., Ltd.	144,034,078.44	58,988,863.38	202,102,203.50
	Lianyungang Rongtai Petrochemical Storage Co., Ltd.	16,528,913.43	17,208,271.43	10,914,258.11
	Lianyungang Xinrongtai Terminal Co., Ltd.	24,390,133.94	4,869,841.52	7,523,083.80
	Shenghong Group Co., Ltd.		4,568,028.85	11,000,000.00
	Suzhou Suzhen Thermal Power Co., Ltd.	1,213,727.50	49,496.32	400,000.00
	Jiangsu Oriental Inta Security System Co., Ltd.	34,200.00		
	Zhu Hongmei			90,000.00
Sub-total		186,201,053.31	85,684,501.50	232,029,545.41
Notes payable				
	Lianyungang Hongyang Thermal Power Co., Ltd.	27,785,681.00	257,415,568.70	
	Lianyungang Rongtai Petrochemical Storage Co., Ltd.		5,442,582.59	
Sub-total		27,785,681.00	262,858,151.29	
Other payables				
	Jiangsu Shenghong Technology Co., Ltd.		600,000,000.00	
	Yu Xiaofang	15,500.00		
	Shenghong (Suzhou) Group Co., Ltd.			5,000,000.00
Sub-total		15,500.00	600,000,000.00	5,000,000.00

Item	Related party	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Advances from customers				
	Yu Xiaofang	134,584.18		
	Jiangsu Shengze Oriental Textile City Development Co., Ltd.			175,315.59
	Wujiang Oriental Market Supply Chain Service Co., Ltd.			62,783.85
	Sub-total	134,584.18		238,099.44
Contract liabilities and other current liabilities				
	Wujiang Oriental Market Supply Chain Service Co., Ltd.		29,833.43	
	Jiangsu Jujie Microfibre Group Co., Ltd.		110,561.89	
	Wujiang Rongwei Spray Weaving Factory	720.13	8,682.11	
	Jiangsu Shengze Oriental Textile City Development Co., Ltd.	435,662.40		
	Sub-total	436,382.53	149,077.43	
Long-term payables				
	Jiangsu Shenghong Technology Co., Ltd.	508,055,555.55		
	Shenghong (Suzhou) Group Co., Ltd.	1,200,580,000.00	1,405,775,833.33	1,000,000,000.00
	Sub-total	1,708,635,555.55	1,405,775,833.33	1,000,000,000.00

11 Share-based payment

None.

12 Commitments and contingencies

12.1 Significant commitments

Maximum amount guarantee and guarantee for consortium loans:

Miao Hangen, Zhu Hongmei, their controlled enterprises and other related parties provided the maximum joint liability guarantee of RMB3,964,000,000 for Jiangsu Eastern Shenghong Co., Ltd., the maximum joint liability guarantee of RMB3,449,000,000 for Jiangsu Guowang High-tech Fibre Co., Ltd., and the maximum joint liability guarantee of RMB390,000,000 for Suzhou Shenghong Fiber Co., Ltd. the maximum joint liability guarantee of RMB612,000,000 for Jiangsu Zhonglu Technology Development Co., Ltd., the maximum joint liability guarantee of RMB480,000,000 for Jiangsu Ganghong Fiber Co., Ltd., the maximum joint liability guarantee of RMB330,000,000 for Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. and the maximum joint liability guarantee of RMB3,860,000,000 and the guarantee for consortium loans amounting to RMB2,700,000,000 for Jiangsu Honggang Petrochemical Co., Ltd., the guarantee for consortium loans amounting to RMB41,500,000,000, and the maximum joint liability guarantee of RMB3,880,000,000 for Jiangsu Sierbang Petrochemical Co., Ltd.

12.2 Contingencies

Significant contingencies on the balance sheet date

12.2.1 Contingent liabilities arising from pending litigations or arbitrations and their financial impact

As at December 31, 2021, the Company has no any significant contingent liability arising from pending litigation or arbitration.

12.2.2 Contingent liabilities arising from debt guarantee provided for other units and their financial impact

As at December 31, 2021, 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	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Company and subsidiaries:					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	25,000.00	2021.8.6	2027.8.11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd. Note	64,900.00	2021.9.10	2037.9.10	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	270,000.00	2019.9.20	2032.9.20	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining and Chemical Co., Ltd.	3,598,395.56	2020.11.13	2038.11.12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining and Chemical Co., Ltd.	69,488.62	2021.11.8	2025.11.8	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	105,645.68	2021.1.20	2025.12.21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	50,000.00	2021.8.26	2025.8.26	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	23,999.50	2021.9.22	2025.9.23	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	67,000.00	2021.8.23	2031.8.22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	33,085.35	2021.2.20	2028.12.27	No
Between subsidiaries:					
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	5,000.00	2020.09.07	2025.01.03	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	33,600.00	2018.01.30	2028.12.25	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	40,415.67	2019.01.07	2027.01.08	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	22,536.00	2021.06.28	2031.07.06	No

Guarantor	Guaranteed party	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	17,518.21	2020.08.25	2024.07.19	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	23,803.12	2019.12.31	2024.12.18	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.		2021.12.31	2022.12.31	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	20,000.00	2021.03.05	2025.03.04	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	15,187.42	2021.03.10	2025.10.26	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	35,180.67	2020.12.22	2024.02.15	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	26,179.03	2021.01.21	2025.2.26	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	30,000.00	2021.6.16	2025.6.15	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	20,000.00	2021.10.28	2022.11.08	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	8,648.70	2021.6.25	2025.6.25	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.		2021.12.30	2022.9.10	No
	Sub-total	4,605,583.53			

Note: Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd. signed the Pledge Contract of Accounts Receivable of Consortium Loans with Suzhou Branch of China Development Bank, Suzhou Branch of Bank of China and Jiangsu Suzhou Rural Commercial Bank Co., Ltd. in September, 2019. The loan syndicate provided Jiangsu Gas Turbine Thermal Power Co., Ltd. with a total loan of RMB800,000,000. The pledgor, Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd., took the right to charge for electricity and heat sales and other related rights and interests enjoyed by the pledgor after the completion of the Wujiang Shengze 2×100MW gas turbine cogeneration project as the pledge. As of December 31, 2021, the borrowings of Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd. actually incurred amounted to RMB649,000,000, and the project has not yet been completed.

12.3 Discontinued operation

12.3.1 Net profits from continued and discontinued operation attributable to owners of the company

Item	Year 2019
Net profit of the continued operation, attributable to owners of the company	2,548,085,484.68
Net profit of discontinued operation, attributable to owners of the company	5,619,728.08

12.3.2 Net profit from discontinued operation

Item	Year 2019
Profit or loss from discontinued operation:	
Revenue	18,409,425.79
Total profits	1,957,447.30
Income tax expenses (Income)	221,236.63
Net profit	1,736,210.67
Profit or loss from disposal of discontinued operation:	
Total disposal profits or losses	2,336,591.17
Income tax expenses	-1,546,926.24
Net disposal profit or loss	3,883,517.41
Total	5,619,728.08

13 Post balance sheet events

13.1 Distribution of profits

According to the proposal on distribution of profits and conversion of capital reserves into share capital in 2021 approved at the 49th meeting of the 8th Board of Directors of the Company held on April 17, 2022, in 2021, the Company intended to, by taking the total share capital on the equity registration date when the distribution plan will be implemented in the future as the distribution base, distribute the cash dividend of RMB1.50 (including tax) for every 10 shares to each shareholder, without the donation of bonus shares and the conversion of reserves into or share capital. Such proposal has been adopted upon deliberation at the annual general meeting of shareholders for 2021 held on May 9, 2022.

13.2 The Issuance of GDRs

Pursuant to the 56th Meeting of the 8th Session of the Board of Directors, the Company intends to issue Global Depositary Receipts (“GDRs”) not exceeding 7% of the total ordinary share capital of the Company before the issue (not more than 434,926,886 shares, based on the total share capital of the Company as of August 17, 2022) and apply for listing on the SIX Swiss Exchange (“SIX Swiss Exchange”), with the newly issued RMB ordinary shares (A shares) of the Company as the underlying securities.

14 Notes to main items of the company’s financial statements

14.1 Accounts receivable

14.1.1 Disclosure of accounts receivable by aging

Aging	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Within 1 year	85,320,361.88	51,457,987.06	110,148,133.49
1-2 years	13,173.25	42,338.90	555,266.60
2-3 years	39,338.90	555,266.60	14,501.10
Over 3 years	4,054,535.91	3,501,736.16	3,487,235.06
Sub-total	89,427,409.94	55,557,328.72	114,205,136.25
Less: provision for bad debts	7,845,749.46	6,347,974.72	9,205,795.78
Total	81,581,660.48	49,209,354.00	104,999,340.47

14.1.2 Disclosure of accounts receivable by category based on the method for provision for bad debts

As at December 31, 2021

Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis					
Provision for bad debts made by portfolio . .	89,427,409.94	100.00	7,845,749.46	8.77	81,581,660.48
Total	89,427,409.94	100.00	7,845,749.46	8.77	81,581,660.48

As at December 31, 2020

Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	554,632.00	1.00	554,632.00	100.00	
Provision for bad debts made by portfolio . . .	55,002,696.72	99.00	5,793,342.72	10.53	49,209,354.00
Total	55,557,328.72	100.00	6,347,974.72	11.43	49,209,354.00

As at December 31, 2019

Category	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Proportion of provision (%)	
Provision for bad debts accrued on an individual basis	554,632.00	0.49	554,632.00	100.00	
Provision for bad debts made by portfolio . . .	113,650,504.25	99.51	8,651,163.78	7.61	104,999,340.47
Total	114,205,136.25	100.00	9,205,795.78	8.06	104,999,340.47

Provision for bad debts made individually:

As at December 31, 2020				
Item	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
House rent	554,632.00	554,632.00	100.00	Lawsuit payments are expected to be irrecoverable
Total	554,632.00	554,632.00	100.00	

As at December 31, 2019				
Name	Book balance	Provision for bad debts	Proportion of provision (%)	Reason for provision
House rent	554,632.00	554,632.00	100.00	Lawsuit payments are expected to be irrecoverable
Total	554,632.00	554,632.00	100.00	

Provision for bad debts made by portfolio:

Provision made on portfolio basis:

Name	As at December 31, 2021			As at December 31, 2020			As at December 31, 2019		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)	Accounts receivable	Provision for bad debts	Proportion of provision (%)	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of related parties . . .	9,942,172.97			5,801,557.57			7,017,108.52		
Accounts receivable with allowance for bad debts accrued by aging analysis method	79,485,236.97	7,845,749.46	9.87	49,201,139.15	5,793,342.72	11.77	106,633,395.73	8,651,163.78	8.11
Total	89,427,409.94	7,845,749.46	8.77	55,002,696.72	5,793,342.72	10.53	113,650,504.25	8,651,163.78	7.61

14.1.3 Provision, reversal or recovery of provision for bad debts during the reporting period

Category	As at December 31, 2020			Changes in 2021			As at December 31, 2021		
	December 31, 2019	January 1, 2020	December 31, 2020	Recovery or reversal	Write-off or charge-off	As at December 31, 2020	Recovery or reversal	Write-off or charge-off	As at December 31, 2021
Provision for bad debts of accounts receivable	9,205,795.78	9,205,795.78	6,347,974.72	1,497,774.74		7,845,749.46			7,845,749.46
Total	9,205,795.78	9,205,795.78	6,347,974.72	1,497,774.74		7,845,749.46			7,845,749.46

Category	As at December 31, 2019			Changes in 2020			As at December 31, 2020		
	December 31, 2019	January 1, 2020	December 31, 2020	Recovery or reversal	Write-off or charge-off	As at December 31, 2019	Recovery or reversal	Write-off or charge-off	As at December 31, 2020
Provision for bad debts of accounts receivable	9,205,795.78	9,205,795.78	9,205,795.78	-2,857,821.06		6,347,974.72			6,347,974.72
Total	9,205,795.78	9,205,795.78	9,205,795.78	-2,857,821.06		6,347,974.72			6,347,974.72

Category	Changes in 2019					As at December 31, 2019
	As at December 31, 2018	As at January 1, 2019	Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of accounts receivable	6,590,020.13	6,590,020.13	2,615,775.65			9,205,795.78
Total	6,590,020.13	6,590,020.13	2,615,775.65			9,205,795.78

14.1.4 Accounts receivable actually charged off during the reporting period

None.

14.1.5 Top 5 of accounts receivable as at December 31, 2020, presented by debtor

	As at December 31, 2021			As at December 31, 2020			As at December 31, 2019		
	Accounts receivable	Proportion in total accounts receivable (%)	Provision for bad debts	Accounts receivable	Proportion in total accounts receivable (%)	Provision for bad debts	Accounts receivable	Proportion in total accounts receivable (%)	Provision for bad debts
The sum amount of the top 5 ending balances	40,193,564.47	44.95	1,586,583.03	28,142,524.36	50.65	1,149,506.96	86,538,926.98	75.77	4,021,654.18

14.1.6 Accounts receivable derecognized due to the transfer of financial assets

None.

14.1.7 Amounts of assets or liabilities arising from transfer of accounts receivable and relevant continuous involvement

None.

14.2 Other receivables

Item	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Other receivables	927,682,975.81	73,808.51	164,245,087.26
Total	927,682,975.81	73,808.51	164,245,087.26

14.2.1 Disclosure of other accounts receivable by aging

Aging	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Within 1 year	927,674,449.70	49,182.32	164,250,219.04
1-2 years		33,856.64	
2-3 years	26,856.64		
Over 3 years	344,129.72	432,199.72	432,199.72
Sub-total	928,045,436.06	515,238.68	164,682,418.76
Less: provision for bad debts	362,460.25	441,430.17	437,331.50
Total	927,682,975.81	73,808.51	164,245,087.26

14.2.2 Provision for bad debts of other receivables

	Stage I	Stage II	Stage III	Total
Provision for bad debts	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2020	441,430.17			441,430.17
In 2021, balance as at December 31, 2020				
— Transfer to Stage II				
— Transfer to Stage III				
— Reversal from Stage II				
— Reversal from Stage I				
Provision in 2021	-53,969.92			-53,969.92
Reversal in 2021				
Write-off in 2021				
Charge-off in 2021	25,000.00			25,000.00
Other changes				
Balance as at December 31, 2021	362,460.25			362,460.25

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2019	437,331.50			437,331.50
In 2020, balance as at December 31, 2019				
— Transfer to Stage II				
— Transfer to Stage III				
— Reversal from Stage II				
— Reversal from Stage I				
Provision in 2020	4,098.67			4,098.67
Reversal in 2020				
Write-off in 2020				
Charge-off in 2020				
Other changes				
Balance as at December 31, 2020	441,430.17			441,430.17

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2019	1,361,821.68			1,361,821.68
In 2019, balance as at January 1, 2019				
— Transfer to Stage II				
— Transfer to Stage III				
— Reversal from Stage II				
— Reversal from Stage I				
Provision in 2019	-924,490.18			-924,490.18
Reversal in 2019				
Write-off in 2019				
Charge-off in 2019				
Other changes				
Balance as at December 31, 2019	437,331.50			437,331.50

14.2.3 Changes in the book balance of other receivables:

Book balance	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2020	515,238.68			515,238.68
In 2021, balance as at December 31, 2020				
— Transfer to Stage II				
— Transfer to Stage III				
— Reversal from Stage II				
— Reversal from Stage I				
Increased in 2021	927,530,197.38			927,530,197.38
Derecognized in 2021				
Other changes				
Balance as at December 31, 2021	928,045,436.06			928,045,436.06

Book balance	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2019	164,682,418.76			164,682,418.76
In 2020, balance as at December 31, 2019				
— Transfer to Stage II				
— Transfer to Stage III				
— Reversal from Stage II				
— Reversal from Stage I				
Increase in 2020				
Derecognized in 2020				
Decrease in 2020	164,167,180.08			164,167,180.08
Balance as at December 31, 2020	515,238.68			515,238.68

Book balance	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2019	3,123,076.05			3,123,076.05
In 2019, balance as at January 1, 2019				
— Transfer to Stage II				
— Transfer to Stage III				
— Reversal from Stage II				
— Reversal from Stage I				
Increased in 2019	161,559,342.71			161,559,342.71
Derecognized in 2019				
Other changes				
Balance as at December 31, 2019	164,682,418.76			164,682,418.76

14.2.4 Provision, reversal or recovery of provision for bad debts during the reporting period

Category	As at December 31, 2020	Changes in 2021			As at December 31, 2021
		Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of other receivables . .	441,430.17	-53,969.92		25,000.00	362,460.25
Total	441,430.17	-53,969.92		25,000.00	362,460.25

Category	As at December 31, 2019	Changes in 2020			As at December 31, 2020
		Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of other receivables . . .	437,331.50	4,098.67			441,430.17
Total	437,331.50	4,098.67			441,430.17

Category	As at December 31, 2018	As at January 1, 2019	Changes in 2019			As at December 31, 2019
			Provision	Recovery or reversal	Write-off or charge-off	
Provision for bad debts of other receivables	1,361,821.68	1,361,821.68	-924,490.18			437,331.50
Total	1,361,821.68	1,361,821.68	-924,490.18			437,331.50

14.2.5 Other receivables actually charged off during the reporting period

Item	Year 2021	Year 2020	Year 2019
Other receivables actually charged off	25,000.00		

14.2.6 Classification of other receivables by nature

Nature	Book balance		
	As at December 31, 2021	As at December 31, 2020	As at December 31, 2019
Advances and current accounts	927,642,123.48	82,621.80	105,955,069.04
Various deposit and security deposit. . .	320,000.00	320,000.00	350,000.00
Petty cash.	25,682.86	39,987.16	
Equity transfer fund			58,284,720.00
Others	57,629.72	72,629.72	92,629.72
Total	928,045,436.06	515,238.68	164,682,418.76

14.3 Long-term equity investments

Item	As at December 31, 2021			As at December 31, 2020			As at December 31, 2019		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	45,999,174,249.61		45,999,174,249.61	23,162,999,999.81		23,162,999,999.81	17,667,999,999.81		17,667,999,999.81
Investments in associates and joint ventures	36,876,188.39		36,876,188.39	22,478,358.11		22,478,358.11	29,309,414.93		29,309,414.93
Total	46,036,050,438.00		46,036,050,438.00	23,185,478,357.92		23,185,478,357.92	17,697,309,414.74		17,697,309,414.74

14.3.1 Investments in subsidiaries

Investee	As at December 31, 2021			As at December 31, 2020			Balance of provision for impairment as at December 31, 2021
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value	
Jiangsu Guowang High-tech Fibre Co., Ltd.	12,732,999,999.81		12,732,999,999.81				
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	120,000,000.00		120,000,000.00				
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	100,000,000.00		100,000,000.00	135,000,000.00		135,000,000.00	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	9,895,000,000.00		9,895,000,000.00	3,500,000,000.00		3,500,000,000.00	
Shenghong New Materials (Suqian) Co., Ltd.	315,000,000.00		315,000,000.00	1,685,000,000.00		1,685,000,000.00	
Suzhou Yinghong Industrial Investment Fund (Limited Partnership)				3,324,473,348.84		3,324,473,348.84	
Lianyungang Shenghong Refining and Chemical 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		1,000,000.00	
Suzhou Shengze Warehousing Management Co., Ltd.				1,000,000.00		1,000,000.00	
Jiangsu Sierbang Petrochemical Co., Ltd.				11,243,576,695.44		11,243,576,695.44	
Total	23,162,999,999.81		23,162,999,999.81	22,836,174,249.80		22,836,174,249.80	

Investee	As at		Increase in 2020	Decrease in 2020	Provision for		Balance of provision for impairment as at December 31, 2020
	December 31, 2019	December 31, 2020			impairment in 2020	impairment in 2020	
Jiangsu Guowang High-tech Fibre Co., Ltd.....	12,732,999,999.81	12,732,999,999.81					12,732,999,999.81
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	60,000,000.00	60,000,000.00	60,000,000.00				120,000,000.00
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	100,000,000.00	100,000,000.00					100,000,000.00
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.....	4,775,000,000.00	5,120,000,000.00	5,120,000,000.00				9,895,000,000.00
Shenghong New Materials (Suqian) Co., Ltd.	17,667,999,999.81	315,000,000.00	315,000,000.00				315,000,000.00
Total	17,667,999,999.81	5,495,000,000.00	5,495,000,000.00				23,162,999,999.81

Investee	As at		Increase in 2019	Decrease in 2019	Provision for		Balance of provision for impairment as at December 31, 2019
	December 31, 2018	December 31, 2019			impairment in 2019	impairment in 2019	
Jiangsu Guowang High-tech Fibre Co., Ltd.....	12,732,999,999.81	12,732,999,999.81					12,732,999,999.81
Wujiang Silk Real Estate Co., Ltd.	18,000,000.00	18,000,000.00		18,000,000.00			
Jiangsu Hengwu Media Co., Ltd.	17,292,300.00	17,292,300.00		17,292,300.00			
Suzhou Silk Real Estate Co., Ltd.....	100,000,000.00	100,000,000.00		100,000,000.00			
Suzhou Shengze Yunfangcheng E-commerce Co., Ltd.....	96,750,913.42	96,750,913.42		96,750,913.42			
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	60,000,000.00	60,000,000.00					60,000,000.00
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	10,000,000.00	10,000,000.00	90,000,000.00				100,000,000.00
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.....	13,035,043,213.23	4,775,000,000.00	4,775,000,000.00				4,775,000,000.00
Total	13,035,043,213.23	4,865,000,000.00	4,865,000,000.00	232,043,213.42			17,667,999,999.81

14.3.2 Investments in associates and joint ventures

Investee	As at December 31, 2020	Increase or decrease in 2021					As at December 31, 2021	Balance of provision for impairment as at December 31, 2021
		Additional investment	Reduced investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity		
Associate								
Tianjiao Technology Venture Capital Co., Ltd.	22,478,358.11			14,397,830.28				36,876,188.39
Sub-total	22,478,358.11			14,397,830.28				36,876,188.39
Total	22,478,358.11			14,397,830.28				36,876,188.39

Investee	As at December 31, 2019	Increase or decrease in 2020					As at December 31, 2020	Balance of provision for impairment as at December 31, 2020
		Additional investment	Reduced investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity		
Associate								
Tianjiao Technology Venture Capital Co., Ltd.	24,722,664.82			22,455,688.29			24,699,995.00	22,478,358.11
Jiangsu Oriental Inta Security System Co., Ltd.	4,586,750.11		4,521,695.61	-65,054.50				
Total	29,309,414.93		4,521,695.61	22,390,633.79			24,699,995.00	22,478,358.11

Investee	As at December 31, 2018	Increase or decrease in 2019						As at December 31, 2019	Balance of provision for impairment as at December 31, 2019
		Additional investment	Reduced investment	Profit or loss on investments recognized by the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed		
Associate									
Jiangsu Shengze Oriental Textile City Development Co., Ltd.	16,564,731.20	14,121,098.29	-2,443,632.91						
Tianjiao Technology Venture Capital Co., Ltd.	38,555,526.23	13,333,333.33	4,433,799.92			4,933,328.00		24,722,664.82	
Jiangsu Oriental Intia Security System Co., Ltd.	8,351,014.52	3,520,000.00	-244,264.41					4,586,750.11	
Total	63,471,271.95	30,974,431.62	1,745,902.60			4,933,328.00		29,309,414.93	

14.4 Revenue and cost of sales

Revenue and cost of sales

Item	Year 2021		Year 2020		Year 2019	
	Revenue	Cost	Revenue	Cost	Revenue	Cost
Primary business	1,162,776,905.67	900,142,766.21	816,346,049.68	485,623,268.59	1,033,426,591.09	600,209,465.10
Other business	5,632,983,361.89	5,550,505,487.76	2,543,572,571.15	2,499,964,610.89	11,522,729.45	7,698,075.17
Total	6,795,760,267.56	6,450,648,253.97	3,359,918,620.83	2,985,587,879.48	1,044,949,320.54	607,907,540.27

14.5 Investment income

Item	Year 2021	Year 2020	Year 2019
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 . .	14,397,830.28	22,390,633.79	1,745,902.60
Investment income from disposal of long-term equity investment		349,846.89	139,843,100.37
Investment income from financial assets held for trading during the holding period	2,735,606.01	2,667,155.47	1,611,689.60
Dividend revenue from other equity instrument investment during the holding period	1,257,381.70	7,387,159.83	2,737,315.17
Investment income from disposal of financial assets	234,674,418.72	-6,533,510.78	24,525,276.77
Interest on inter-bank lending			11,970,096.15
Others			-3,145,395.88
Total	2,953,065,236.71	26,261,285.20	179,287,984.78

15 Supplementary information

15.1 Statement on non-recurring profit or loss

Item	Year 2021	Year 2020	Year 2019	Description
Profit or loss from disposal of non-current assets	1,740,436.70	25,623,958.55	27,439,675.52	
Government grants included in the current profit or loss (closely relevant to enterprise business, and except for government grants enjoyed with the fixed quantitative amount under the unified standard of the state) . . .	86,742,709.47	119,601,371.53	68,882,717.66	
Capital possession fee included in the current profit or loss and collected from non-financial enterprises			47,709,846.22	
Profit or loss from assets investment or management entrusted to other persons	14,936,683.50	6,899,214.00	16,873,958.06	
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 . .	3,776,983,744.96	526,992,784.23	1,029,672,127.98	
The profit or loss from changes in fair values of financial assets held for trading, derivative financial assets, financial liabilities held for trading and derivative financial liabilities, and the investment income from disposing the financial assets held for trading, derivative financial assets, financial liabilities held for trading, derivative financial liabilities and Other debt investments Debt investments, except the effective hedging relevant to the Company's normal business	-35,127,274.29	17,714,572.63	40,442,422.33	

Item	Year 2021	Year 2020	Year 2019	Description
Other non-operating revenue and expenses than the above-mentioned items	40,754,482.86	19,958,970.65	7,927,831.57	
Other profit or loss conforming to the definition of non-recurring profit or loss		-15,108,383.68		
Sub-total	3,886,030,783.20	701,682,487.91	1,238,948,579.34	
Affected income tax	-18,658,314.09	-9,086,784.41	-34,042,515.43	
Affected non-controlling interests (after tax)	-559,323,457.98	-81,197,749.51	-92,313,364.69	
Total	3,308,049,011.13	611,397,953.99	1,112,592,699.22	

15.2 Rate of return on net assets and earnings per share

Year 2021	Weighted average rate of return on net assets (%)	Earnings per share (RMB)	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to common shareholders of the Company	17.11	0.76	0.73
Net profit attributable to common shareholders of the Company after the deduction of non-recurring profits or losses	6.60	0.26	0.24
Year 2020	Weighted average rate of return on net assets (%)	Earnings per share (RMB)	
Net profit attributable to common shareholders of the Company	3.41	0.14	0.14
Net profit attributable to common shareholders of the Company after the deduction of non-recurring profits or losses	0.97	0.04	0.04
Year 2019	Weighted average rate of return on net assets (%)	Earnings per share (RMB)	
Net profit attributable to common shareholders of the Company	12.04	0.48	0.48
Net profit attributable to common shareholders of the Company after the deduction of non-recurring profits or losses	10.06	0.34	0.34

Jiangsu Eastern Shenghong Co., Ltd.

(Official Seal)

December 21, 2022