

信用评级公告

Joint [2022] No. 7279

Ltd. has maintained the long-term credit rating of AAA on the main body of China National Chemical Corporation and its related bonds, and maintained the long-term credit ratings of "19 ChemChina MTN003", "19 ChemChina MTN005", "20 ChemChina MTN001" and "20 ChemChina MTN001". Ltd. and "19 Sinochem MTN003", "19 Sinochem MTN005", "20 Sinochem MTN001", "20 Sinochem MTN001", and "20 Sinochem MTN001".

MTN002", "20 Sinochem MTN003", "20 Sinochem MTN004A", "20 Sinochem MTN004B", "20 Sinochem MTN006", "20 Sinochem MTN008", "20

Sinochem MTN009A", "20 Sinochem MTN009B", "20 Sinochem MTN011".

The credit rating of "21 ChemChina MTN001" and "21 ChemChina MTN001" is AAA and the rating outlook is stable.

Hereby announced



Co., Ltd. on July 27,
2002



China National Chemical Corporation

2022 Tracking Rating Report

Rating Results

Debt Abbreviation	This time Level	Rating Outlook	Last time Level	Rating Outlook
China National Chemical Corporation	AAA	Stable	AAA	Stable
21 Sinochem MTN001	AAA	Stable	AAA	Stable
20 Sinochem MTN011	AAA	Stable	AAA	Stable
20 Sinochem MTN009B	AAA	Stable	AAA	Stable
20 Sinochem MTN009A	AAA	Stable	AAA	Stable
20 Sinochem MTN008	AAA	Stable	AAA	Stable
20 Sinochem MTN006	AAA	Stable	AAA	Stable
20 Sinochem MTN004B	AAA	Stable	AAA	Stable
20 Sinochem MTN004A	AAA	Stable	AAA	Stable
20 Sinochem MTN003	AAA	Stable	AAA	Stable
20 Sinochem MTN002	AAA	Stable	AAA	Stable
20 Sinochem MTN001	AAA	Stable	AAA	Stable
19 Sinochem MTN005	AAA	Stable	AAA	Stable
19 Sinochem MTN003	AAA	Stable	AAA	Stable

MTN008*			
20 Sinochem MTN006	15.00	15.00	2023-03-19
20 Sinochem MTN004B	5.00	5.00	2025-03-05
20 Sinochem MTN004A	10.00	10.00	2023-03-05
20 Sinochem MTN003	15.00	15.00	2023-02-27
20 Sinochem MTN002*	15.00	15.00	2023-02-19
20 China National Chemical Corporation MTN001*	15.00	15.00	2023-01-10
19 Sinochem MTN005	15.00	15.00	2022-10-17
19 Sinochem MTN003	15.00	15.00	2022-08-28

Note: 1. The above bonds include only those rated by United Credit Rating Co. and are still in existence as of the rating point; 2. The maturity date of bonds with * is the next option date

Rating date: July 27, 2022

Tracker-rated debt profile:

Debt Abbreviation	Balance (Billions of dollars)	Issue size (Billions of dollars)	Expiration Payment date
21 Sinochem MTN001	20.00	20.00	2023-08-26
20 Sinochem MTN011	10.00	10.00	2023-11-16
20 Sinochem MTN009B	5.00	5.00	2025-04-24
20 Sinochem MTN009A	10.00	10.00	2023-04-24
20 Sinochem	15.00	15.00	2023-04-17

Ratings Opinions

During the tracking period, China National Chemical Corporation (hereinafter referred to as "China National Chemical Corporation" or "the Company") and China Sinochem Group Corporation (hereinafter referred to as "Sinochem Group") (hereinafter referred to as "Sinochem") which is a large state-owned enterprise directly held by the State-owned Assets Supervision and Administration Commission of the State Council, has significant scale advantages and strong comprehensive strength. The joint restructuring of the two chemical groups is conducive to optimizing the allocation of resources and creating synergies within the group. As a large integrated chemical group company, the company has strong business competitiveness, and the company has smooth financing channels and strong refinancing ability. (hereinafter referred to as "UniCredit") is concerned

about the possible adverse impact on the credit level of the Company caused by factors such as the heavy debt burden of the Company, the need to improve the profitability of the Company, the weak stability of the owner's equity and the continuous progress of the integration of the two chemical groups.

The company's cash assets, cash flows from operating activities and EBITDA provide a strong degree of peak protection for the principal outstanding on the surviving bonds.

In the future, the Company plans to implement structural adjustment, integrate internal resources, optimize industrial layout and business structure, eliminate backward production capacity and take the path of differentiated market competition. After the strategic restructuring of the Company and Sinochem Group, its competitiveness is expected to be further enhanced if it can fully enhance the efficiency of resource allocation and benefit from the integration.

Ltd. is maintained at AAA, and the long-term credit ratings of "19 ChemChina MTN003", "19 ChemChina MTN005", "20 ChemChina MTN001" and "20 ChemChina MTN001" are maintained. Chemical MTN001 "20

Sinochem MTN002" "20 Sinochem MTN003" "20

Sinochem MTN004A" "20 Sinochem MTN004B

"20 ChemChina **MTN006**" "20

ChemChina MTN008" "20 ChemChina

MTN009A" "20 ChemChina MTN009B" "20

ChemChina MTN011" and "21 ChemChina

The credit rating of "MTN001" is AAA and the rating outlook is stable.

Advantages

1. **The restructuring of Sinochem Group was completed.** During the tracking period, the Company and Sinochem Group

The Group has implemented joint restructuring, and the matter of joint restructuring of the two chemical companies is conducive to optimizing the allocation of

resources and creating

synergy within the Group.

2. The company's business is highly competitive. The company is covering new chemical materials

Rating methods, models used for this

Name	Versions
Credit Rating Methodology for Chemical Companies	V3.1.202205

Note: The above rating methods and rating models have been publicly disclosed on the official website of UniCredit

Instruction Rating		Rating Results		
Evaluation content	Evaluation results	Risk Factors	Evaluation Elements	Evaluation results
Business Risk	A	Business Environment	Macro and Regional Risks	2
			Industry Risks	3
		Self-competitiveness	Basic Quality	1
			Business Management	1
			Business Analysis	2
		Cash	Asset Quality	1

Note: Operating risk is divided into 6 grades from low to high: A, B, C, D, E, F. Factor evaluation at each level is divided into 6 grades, with 1 being the best and 6 being the worst; financial risk is divided into 7 grades from low to high: F1-F7, with factor evaluation at each level divided into 7 grades, with 1 being the best and 7 being the worst; financial indicators are the weighted average of the last three years; the matrix analysis model is used to The indicated rating results are obtained by matrix analysis model

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It is a large integrated chemical group company with strong scientific research and development strength, which provides strong technical support for chemical and other business operations.

3. The Company has good access to financing and strong refinancing ability. As of 2021

At the end of the year, the company had obtained a total of 619 billion yuan of credit from major commercial banks and had not

At the same time, the company owns 9 domestic A-share listed companies, 1 Hong Kong listed company and 2 overseas listed companies, so it has direct financing channels.

Focus

1. The Company has a high debt burden. As of the end of March 2022, the company's capital

The gearing ratio is 81.41%. By transferring the perpetual debt from the Company's owner's equity other equity instruments to debt, the Company's gearing ratio and capitalization ratio of all debt will increase to 82.41% and 76.39%, respectively, as of the end of March 2022.

2. The company's profitability needs to be improved and the stability of owner's equity is weak.

Although the company's main business profitability increased in 2021, the company's net profit was -3.676 billion yuan due to the impact of large tax charges and non-recurring gains and losses. At the same time, the Company's equity attributable to the parent company has continued to be negative in recent years. As of the end of 2021, the Company's undistributed earnings were -60.957 billion yuan, and the equity attributable to the parent owner decreased by 18.169 billion yuan to -44.047 billion yuan compared with the previous year.

3. The integration of the two chemical groups is still in progress. As of the date of this report

However, the internal integration of the two groups is still

in progress, and UniCredit will continue to pay attention to the impact of the integration of the two groups on the overall credit status of the company.

Key Financial Data:

Company Consolidation Caliber				
Projects	2019	2020	2021	March 2022
Cash-type assets (billion yuan)	857.64	838.13	737.69	800.54
Total assets (billion yuan)	8439.62	8574.27	8609.63	8871.42
Owner's equity (billion yuan)	1890.98	1807.49	1605.85	1649.52
Short-term debt (billion yuan)	1873.43	1957.32	2103.62	2188.34
Long-term debt (billion yuan)	3020.44	3070.84	2760.64	2772.45
Total debt (billion yuan)	4893.87	5028.16	4864.26	4960.79
Total operating revenue (billion yuan)	4543.46	4173.95	5025.99	1260.16
Total profit (billion yuan)	42.30	52.55	25.20	102.11
EBITDA (billion yuan)	482.67	461.77	409.87	—
Net cash flow from operations (in billions)	253.78	308.39	556.88	-32.51
Operating profit margin (%)	21.19	20.73	17.98	25.52
Return on net assets (%)	1.46	0.94	-2.29	—
Gearing ratio (%)	77.59	78.92	81.35	81.41
Total debt capitalization ratio (%)	72.13	73.56	75.18	75.05
Current ratio (%)	94.24	96.25	86.99	89.23
Operating cash current liabilities ratio (%)	8.35	9.64	14.85	—
Cash short-term debt ratio (times)	0.46	0.43	0.35	0.37
EBITDA Interest multiple (times)	2.39	2.47	2.62	—
Total debt/EBITDA (times)	10.14	10.89	11.87	—
Company headquarters (parent company) caliber				
Item	2019	2020	2021	March 2022

Note: 1. The Company's financial statements for January-March 2022 are unaudited; 2. Interest-bearing debts in other payables, other current liabilities, long-term payables and other non-current liabilities have been accounted for as full debt in the 2019-2021 consolidated caliber; 3. The interest-bearing debt in other current liabilities has been accounted for in the parent company's caliber in 2019-2021

Source: Company financial reports, collated by UniCredit

Rating history:

Debt Abbreviation	Debt Level	Main Body Level	Rating Outlook	Rating Time	Project Team	Rating methods/models	Ratings Report
19 Sinochem MTN003 19 Sinochem MTN005 20 Sinochem MTN001 20 Sinochem MTN002 20 Sinochem MTN003 20 Sinochem MTN004A 20 Sinochem MTN004B 20 Sinochem MTN006 20 Sinochem MTN008 20 Sinochem MTN009A 20 Sinochem MTN009B 20 Sinochem MTN011	AAA	AAA	Stable	2021/07/29	Ren Guiyong, Shi Mengyao	Credit Rating Model of Chemical Companies (V3.0.201907) of United Credit Rating Co., Ltd. United Credit Appraisal Co., Ltd. Chemical Industry Credit Rating Model of Enterprise Subject Credit rating model (scoring table) (V3.0.201907) Chemical industry enterprise credit Credit Rating Methodology (2018.12)	Read more
21 Sinochem MTN001	AAA	AAA	Stable	2021/08/22	Ren Guiyong, Shi Mengyao		Read more
20 Sinochem MTN011	AAA	AAA	Stable	2020/11/10	Zhang Bo, Zhang Chao, Zhang Ge		Read more
20 Sinochem MTN009B	AAA	AAA	Stable	2020/4/15	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN009A	AAA	AAA	Stable	2020/4/15	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN008	AAA	AAA	Stable	2020/3/5	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN006	AAA	AAA	Stable	2020/3/9	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN004B	AAA	AAA	Stable	2020/1/8	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN004A	AAA	AAA	Stable	2020/1/8	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN003	AAA	AAA	Stable	2019/12/26	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN002	AAA	AAA	Stable	2020/2/3	Zhang Bo, Zhang Ge		Read more
20 Sinochem MTN001	AAA	AAA	Stable	2019/11/7	Zhang Bo, Li Boheng		Read more
19 Sinochem MTN005	AAA	AAA	Stable	2019/9/20	Zhang Bo, Li Boheng		Read more
19 Sinochem MTN003	AAA	AAA	Stable	2019/6/21	Zhang Bo, Xia Qiguang		Read more

Note: Rating reports for the historical rating programs listed above are available through the report link; no version numbers are available for rating methodologies and rating models prior to August 1, 2019

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5. This report is issued by UniCredit on behalf of China National Chemical Corporation (hereinafter referred to as "the Company"), and the information quoted is mainly provided by the Company or relevant third-party entities. UniCredit has performed the necessary due diligence obligations, but does not guarantee the truthfulness, accuracy and completeness of the quoted information. UniCredit has reasonably relied on the professional opinions issued by other professional institutions, but UniCredit does not assume any responsibility for the professional opinions issued by professional institutions.

6. Except for the rating relationship between UniCredit and the company, UniCredit, the rating personnel and the company do not have any relationship that affects the independence, objectivity and impartiality of the rating.

7. The tracking rating results are valid from the date of this report to the maturity date of the corresponding bonds; according to the conclusion of the tracking rating, the rating results may be changed

during the validity period. UniCredit reserves the right to adjust, update, terminate or withdraw the rating results.

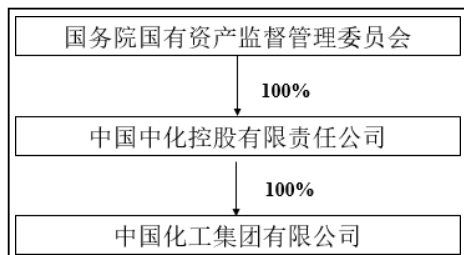
VIII. Any institution or individual using this report is deemed to have fully read, understood and agreed to the terms of this statement.

China National Chemical Corporation

2022 Tracking Rating Report

I. Reasons for tracking ratings

(hereinafter referred to as "UniCredit" on China National Chemical Group Corporation (hereinafter referred to as "the



Company" or "China National Chemical Group") and related bonds in accordance with relevant regulations. (hereinafter referred to as "the Company" or "China National Chemical Corporation" and the related bonds in accordance with the tracking rating arrangement.

Second, the basic situation of the enterprise

The company was established in April 2004, is by the State Council State letter On December 18, 2017, approved by the State-owned Assets Supervision and Administration Commission of the State Council (hereinafter referred to as "SASAC"), the company was restructured from a wholly-owned enterprise to a wholly-owned company, and its name was changed from "China National Chemical Corporation" to "China National Chemical Corporation". On December 18, 2017, with the approval of SASAC, the Company was transformed from a wholly state-owned enterprise to a wholly state-owned company, and its name was changed from "China National Chemical

Corporation" to "China National Chemical Group Corporation". As of 2022

As of the end of March 2012, the paid-in capital of the Company was RMB 11.592 billion, and the controlling shareholder of the Company is China Sinochem Holdings Limited (hereinafter referred to as "Sinochem") and the actual controller is the State-owned Assets Supervision and Administration Commission of the State Council.

Figure 1 Shareholding structure of the Company as of the end of March 2022

Source: Provided by the company

The company's development orientation is "old chemical, new material", after integration and reorganization, the company has formed a new chemical materials and special chemicals, petrochemical and refining products, seeds and agricultural chemicals, tires and rubber products, chemical machinery and equipment manufacturing, etc.

Plates.

As of the end of 2021, there are 14 departments in the Company's headquarters, including the Office, Human Resources Department, Strategy and Investment Department, Strategy Execution Department, Science and Technology Innovation Department, Finance Department, Integration and Synergy Department, Audit Department, Health, Safety and Environmental Protection Department, Digitalization Department, Legal Compliance Department, Party Group Work Department, Party Inspection Office and Discipline Inspection Team.

As of the end of 2021, the Company's total consolidated assets were 8609.63 billion yuan. In 2021, the company will achieve total revenue of RMB 502,599 million and total profit of RMB 2,520 million.

As of the end of March 2022, the Company's total consolidated assets were 8609.63 billion yuan. From January to March 2022, the Company achieved total operating revenues of RMB 126,016.16 million and total profits of 10.211 billion yuan.

Registered office: North 4th Ring Road West, Haidian District, Beijing
 No. 62; Legal representative: Ning Gaoning.

III. Overview of the surviving bonds and use of proceeds

As of the issuance date of the report, the total amount of the surviving bonds evaluated by UniCredit was 16.500 billion yuan (see the table below) and the proceeds were used in accordance with the prescribed purposes, and all the above-mentioned bonds paid interest normally during the tracking period, except for "21 Sinochem MTN001", which was not yet due for interest payment.

Table 1 Overview of the company's surviving bonds (in billion yuan)

Debt Abbreviation	Issue Gold forehead	Balance	Interest Commencement Date	Expiration date
21 Sinochem MTN001	20.00	20.00	2021-08-26	2023-08-26
20 China Chemical MTN011	10.00	10.00	2020-11-16	2023-11-16
20 China Chemical MTN009B	5.00	5.00	2020-04-24	2025-04-24
20 China Chemical MTN009A	10.00	10.00	2020-04-24	2023-04-24
20 China	15.00	15.00	2020-04-17	2023-04-17

20 China Chemical MTN003	15.00	15.00	2020-02-27	2023-02-27
20 China Chemical MTN002*	15.00	15.00	2020-02-19	2023-02-19
20 China Chemical MTN001*	15.00	15.00	2020-01-10	2023-01-10
19 Sinochem MTN005	15.00	15.00	2019-10-17	2022-10-17
19 Sinochem MTN003	15.00	15.00	2019-08-28	2022-08-28
Tota I	165.00	165.00	-	-

Note: The bonds marked with * in the surviving period are perpetual medium-term notes, and the redemption date listed is the first redemption right exercise date
Source: Wind

IV. Macroeconomic and policy environment

1. Macro policy environment and economic performance

In the first quarter of 2022, the complexity and uncertainty of the domestic and international environment facing China's economic development intensified, and in some cases even exceeded expectations. The global economic recovery has slowed down, the Russian-Ukrainian geopolitical conflict has led to significant fluctuations in the global food, energy and other commodity markets, the large-scale resurgence of epidemics in many domestic areas, the difficulties of market players have increased significantly, and the new downward pressure on the economy has further increased. In this context, "stable growth and stable expectations" has become the macro policy

The focus of the policy is appropriately forward, the policy synergy is increasing, and the policy effect is gradually emerging.

According to preliminary calculations, China's GDP in the first quarter of 2022 was RMB 27.02 trillion, up 4.80% year-on-year at constant prices, down from the two-year average growth rate (5.19%) in the previous quarter; year-on-year growth was 1.30%, higher than the same period last year.

(0.50%) but not as much as the pre-epidemic 2019 level (1.70%). Among the three major industries, the tertiary industry was more affected by the epidemic. In the first quarter of 2022, the year-on-year growth rates of value added in the primary and secondary industries

The industrial and agricultural production was generally stable at 6.00% and 5.80%, respectively, but the impact of the large-scale resurgence of the epidemic in many places in March led to production cuts and shutdowns in some enterprises, causing a certain drag on industrial production in the first quarter; the tertiary industry added value grew at a year-on-year rate of 4.00%, less than the two-year average growth rate (4.57%) and the level of 2019 before the epidemic (7.20%) with contact services. The field was hit harder.

Table 2 Key Economic Data for China from Q1 2021 to Q1 2022

Projects	2021 First quarter	2021 Second quarter	2021 Third Quarter	2021 Fourth Quarter	2022 First quarter
Total GDP (trillion yuan)	24.80	28.15	28.99	32.42	27.02
GDP growth rate (%)	18.30 (4.95)	7.90 (5.47)	4.90 (4.85)	4.00 (5.19)	4.80
Growth rate of industrial value added above the scale (%)	24.50 (6.79)	15.90 (6.95)	11.80 (6.37)	9.60 (6.15)	6.50
Growth rate of fixed asset investment (%)	25.60 (2.90)	12.60 (4.40)	7.30 (3.80)	4.90 (3.90)	9.30
Real estate investment (%)	25.60 (7.60)	15.00 (8.20)	8.80 (7.20)	4.40 (5.69)	0.70
Infrastructure Investment (%)	29.70 (2.30)	7.80 (2.40)	1.50 (0.40)	0.40 (0.65)	8.50

Manufacturing investment (%)	29.80(-2.0)	19.20(2.00)	14.80(3.30)	13.50 (4.80)	15.60
Retail sales of social consumer goods (%)	33.90(4.14)	23.00(4.39)	16.40 (3.93)	12.50 (3.98)	3.27
Export growth rate (%)	48.78	38.51	32.88	29.87	15.80
Import growth rate (%)	29.40	36.79	32.52	30.04	9.60
CPI increase (%)	0.00	0.50	0.60	0.90	1.10
PPI increase (%)	2.10	5.10	6.70	8.10	8.70
Growth rate of social finance stock (%)	12.30	11.00	10.00	10.30	10.60
General public budget revenue growth rate (%)	24.20	21.80	16.30	10.70	8.60
Growth rate of general public budget expenditure (%)	6.20	4.50	2.30	0.30	8.30
Urban survey unemployment rate (%)	5.30	5.00	4.90	5.10	5.80
National per capita disposable income growth rate (%)	13.70(4.53)	12.00(5.14)	9.70(5.05)	8.10(5.06)	5.10

Note: 1. GDP data are current quarter values, all other data are cumulative year-on-year growth rates; 2. Total GDP is calculated at current prices, year-on-year growth rates are calculated at constant prices; 3. Export growth rates and import growth rates are in U.S. dollars; 4. Two-year average growth rate

Source: United Credit Union, based on data from the National Bureau of Statistics, the People's Bank of China and Wind

On the demand side, the consumer market has been hit by the epidemic, fixed asset investment growth is at a relatively high level, and exports still maintain a high boom. On the consumption side, the total retail sales of consumer goods in the first quarter of 2022 was 10.87 trillion yuan, up 3.27% year-on-year, less than the two-year average growth rate of the same period last year (4.14%) mainly because the epidemic in March had a big impact on consumption, especially the aggregated service consumption such as catering. On the investment side, the first quarter of 2022 all China's fixed asset investment (excluding farmers) 10.49 trillion yuan, up 9.30% year-on-year, at a relatively high level. Among them, the real estate development investment continues to bottom out, infrastructure investment is obviously vigorous, reflecting the role of "stable growth" policy to boost investment; manufacturing investment is still at a high level, but marginal decline in March. In terms of foreign trade, exports remained at a high level of prosperity.

1.48 trillion U.S. dollars, up 13.00% year-on-year. Of which, exports

The trade surplus was US\$820.920 billion, up 15.80% year-on-year; imports were US\$657.980 billion, up 9.60% year-on-year; and the trade surplus was US\$162.940 billion.

CPI year-on-year increase is generally stable, PPI year-on-year increase decreases month by month. 2022 quarter CPI year-on-year increase of 1.10%, pig

The decline in food prices such as meat offset some of the upside driven by rising energy prices. The PPI grew 8.70% year-on-year in the first quarter, with a convergence in the month-on-month growth rate; the PPI chain changed from down to up, increasing upward momentum and raising the pressure of imported inflation.

Geopolitical and other factors led to sharp fluctuations in international energy and non-ferrous metal prices, driving up the prices of domestic oil and gas extraction, fuel processing, non-ferrous metals and other related industries.

Total social financing expands with significant fiscal front-loading rhythm. 2022

In the first quarter of 2009, the scale of new social financing increased by 12.06 trillion yuan, 1.77 trillion yuan more than the same period last year; the stock of social financing at the end of March increased by 10.60% year-on-year, with a growth rate 0.30 percentage points higher than the end of the previous year. From a structural point of view, the net financing of government bonds, driven by fiscal front-loading, was the main driving force supporting the expansion of social financing, with the net financing scale of government bonds increasing by 923.8 billion yuan in the first quarter compared with the same period last year. Other supporting factors included RMB loans to the real economy and net financing of corporate bonds, which increased by RMB 425.8 billion, respectively, compared with the same period last year. and \$405 billion.

In the first quarter of 2022, the national general public budget revenue was 6.20 trillion yuan, an increase of 8.60% year-on-year, and the fiscal revenue was generally stable. Among them, the national tax revenue

5.25 trillion yuan, up 7.70% year-on-year, mainly driven by the growth in profits of industrial enterprises, but factors such as the continuation of the implementation of the tax moratorium for small and medium-sized enterprises in the manufacturing industry pulled down the increase in tax revenue. On the expenditure side, the national general public budget expenditure in the first quarter of 2022 was 6.36 trillion yuan, up 8.30% year-on-year, accounting for 23.80% of the annual budget, with progress accelerated by 0.30 percentage points compared with the same period last year. Expenditures in key areas such as people's livelihood were strongly guaranteed, with expenditures on science and technology, education, agriculture, forestry and water, social security and employment, and health increasing by 22.40%, 8.50%, 8.40%, 6.80%, and 6.20% year-on-year, respectively.

Pressure to stabilize employment has increased, and residents' income has grown steadily.

In the first quarter of 2022, the average urban survey unemployment rate was 5.53%, among which the employment situation was generally stable in January and February, with the survey unemployment rate at 5.30% and 5.50% respectively, close to the level of the same period of the previous year and slightly higher than the same

period of the previous year, in line with the law of seasonal changes; while the local epidemic aggravated since March, the urban survey unemployment rate rose to 5.80%, up 0.50 percentage points from the same period of the previous year, and the pressure on stable employment increased. In the first quarter of 2022, the national per capita disposable income was 10,300 yuan, with a real year-on-year growth of 5.10% and stable growth of residents' income.

2. Macro policy and economic foresight

Putting stable growth in a more prominent position, keeping the economy running in a reasonable range, and achieving basic stability in employment and prices. In April 2022, the executive meeting of the State Council pointed out that steady growth should be given a more prominent position, and that the coordination of steady growth, structural adjustment and Promote reforms to effectively stabilize the macroeconomic fundamentals. Maintain economic operation in a reasonable range: deploy policy initiatives to promote consumption, help stabilize the economic fundamentals and protect and improve people's livelihood; decide to further increase export tax rebates and other policy support to promote the stable development of foreign trade; determine measures to increase financial support for the real economy and guide the reduction of financing costs for market players. Achieve basic stability of employment and prices: focus on ensuring employment by stabilizing market players; comprehensive measures to ensure smooth logistics and supply chain stability of the industry chain and food and energy security.

The epidemic combined with the external situation has increased the

pressure on the economy to stabilize growth. On the production side, work stoppages, supply chain disruptions and raw materials

The drag of price increases on industrial production still needs attention; demand side, the pull of investment on the economy is expected to improve, may rely mainly on the power of infrastructure investment; the negative impact of the domestic epidemic may continue in the short term, limiting the further recovery of consumption; in the international context of tensions in Russia and Ukraine, the Federal Reserve monetary policy to accelerate tightening, stack

Together with the impact of the climbing annual base, the support of exports for the economy is likely to gradually fall back. In view of this, the IMF, the World Bank and other international institutions have lowered their forecasts for China's economic growth. The pressure on economic growth is expected to remain high in the future, and the difficulty in achieving the 5.50% growth target has increased.

V. Industry Analysis

1. Silicone industry

China's industrial silicon production capacity ranks first in the world, the production scale, in the policy of backward silicone production capacity gradually restrict and eliminate the background, industrial silicon production capacity has contracted, the overall utilization rate of domestic industrial silicon capacity is not high. 2021, silicone prices first fell and then rose, experiencing a wave of "roller coaster" market.

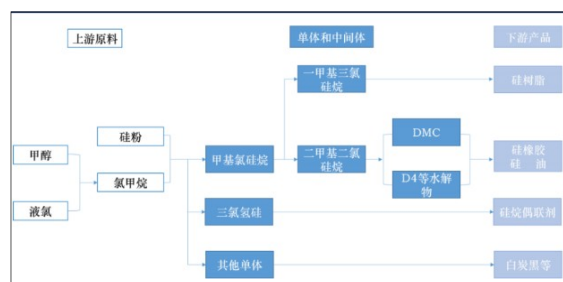
As a new high-tech material, silicone is widely used in electronics, electrical appliances, aviation, aerospace, construction, textiles, medicine, daily chemicals and other fields. There are a wide range of silicone products, which are divided into 4 major categories according to their basic forms, namely silicone oil, silicone rubber, silicone resin and silane (including silane coupling agent and silylation reagent). The organosilicon industry chain mainly includes: organosilicon raw materials, organosilicon monomer, organosilicon intermediates, and organosilicon deep processing. Upstream raw materials of silicones are chloromethane and industrial silicon, midstream monomers (chlorosilanes) and intermediates (DMC, D3, D4, D5, etc.), and

downstream products such as silicone rubber (HTV, RTV, LSR), silicone oil and silicone resin are formed by polymerization of monomers.

Figure 2 Organic silicon industry chain

Silicon production totals 4.12 million tons, an increase of 23% from 2020, of which Overseas industrial silicon production is 0.91 million tons, and China's production is about 3.21 million tons, accounting for 78%. China's production share continues to rise, from 67% to 78% of production. As industrial silicon is a high energy-consuming and high-emissions industry, in recent years, in the context of energy conservation and emission reduction, relevant state departments have issued relevant policies, focusing on limiting new production capacity in the industrial silicon industry and retiring inefficient electric furnaces to promote energy conservation and emission reduction in the industry, and the overall utilization rate of domestic industrial silicon production capacity is not high.

Silicone monomer is the raw

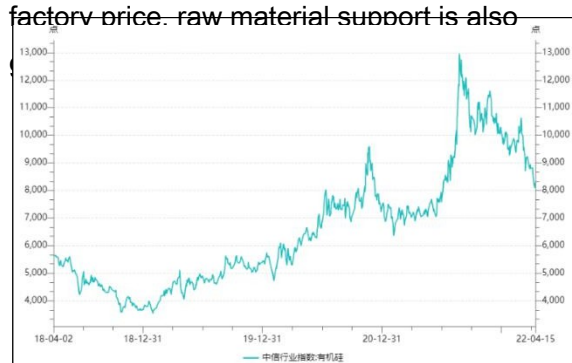


Source: Public information

According to relevant data from Huatai Futures, global industrial silicon production capacity will total 6.32 million tons in 2021, down 3% from 2020; its In the period 2015-2021, global industrial silicon capacity will grow slowly, with the vast majority of growth coming from China's capacity

material for the preparation of silicone oil, silicone rubber, silicone resin and silane coupling agent, and thousands of silicone products can be produced from several basic monomers. Among them, methylchlorosilane is the most important, its amount accounts for more than 90% of the total monomer, followed by phenylchlorosilane. In recent years, the production of silicones has been growing steadily, and in 2021, the production of silicone monomers reached 3.06 million tons, an increase of 15.9%.

Since 2021, silicone prices rose first and then fell. 2021 mid to late stage, energy consumption under the dual control policy, energy consumption tightening, the same period, the price of raw materials rose sharply, increased pressure on the cost of silicone, during the downstream demand performance is good, silicone open surge market. 10 months, the downstream start negative, weakening demand, Shandong large factories have been sharply cut silicone DMC



Source: Wind

expansion. 2021, global industrial silicon production capacity will be 4.99 million tons, down 3% from 2020, and overseas industrial silicon capacity will be 1.33 million tons.

2. Methionine

In 2021, the methionine supply side is relatively tight, the demand side shows regional differences, and the overall price shows an oscillating market.

The global animal health industry mainly includes animal treatment, biologics, packaged pharmaceuticals, and feed additives. According to GrandViewResearch, animal feed additives have the largest share, and feed additives can be divided into nutritional health additives and non-food additives.

Nutritional additive, methionine, is an important amino acid species and an essential additive in animal feed.

Methionine is generally divided into liquid methionine and solid methionine in terms of form. Due to the advantages of liquid methionine, especially the cost advantage, the market penetration rate of liquid methionine in mature methionine markets is usually over 50%. With the gradual development of feed industrialization and large-scale farming in China and India, the market penetration of liquid methionine will further increase in the future.

The methionine industry is a capital and technology intensive industry with complex technology and high barriers to entry, and the global methionine market is highly concentrated with market shares shared by industry giants such as Evonik Industries Group ("Evonik"), Bluestar Andisu Corporation ("Andisu"), Novelis International Ltd. (hereinafter referred to as "Andisu"), Novelis International Limited (hereinafter referred to as "Novelis") and Sumitomo Chemical Corporation (hereinafter referred to as "Sumitomo").

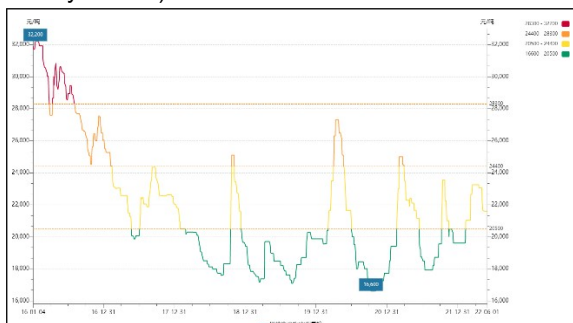
On the supply side, the global situation is improving in 2021, with most producers gradually returning to normal production levels following production disruptions in the first quarter, maintenance shutdowns in the second quarter and energy controls in China in the third quarter. Global supply of methionine from different producers is being reorganized between regions due to the impact of the US anti-dumping case and global logistics constraints. Meanwhile, rising prices of key raw materials continue to put pressure on methionine production. On the logistics side, shipping delays, container/space shortages, port congestion and truck driver shortages have yet to improve, putting additional pressure on the global methionine supply chain. This situation in logistics may

continue until the end of 2022 as shipping prices continue to soar.

The demand for methionine in the Asia Pacific region, including China, is growing at a high rate due to factors such as population growth, rising economic levels in developing countries, and the growing development of modern livestock farming. China's pork, poultry and livestock production is among the largest in the world. The related farming industry continues to grow at a high rate, driving the demand for methionine to grow rapidly. Despite the impact of the coronavirus crisis, the methionine market has continued to grow in recent years. International industry giants have gradually increased their investments in Asia over the past few years to consolidate their existing market positions. All regions are currently showing strong demand for methionine. With a global market demand of 1.5 million tons, the normal growth of the market

The growth will predict an additional demand of about 200,000 tons in two years. In 2021, with strong market demand in North America, Europe, Latin America and even the Middle East and Africa, and weak markets in China and some Asian countries in the third quarter, in addition to a significant increase in raw material and energy costs due to tight supply, methionine prices are in a shaky market in 2021, with an overall range of RMB19,000/ton to RMB25,000/ton.

Figure 4 Methionine spot price trend (unit: yuan/ton)



Source: Wind

3. Petrochemical industry

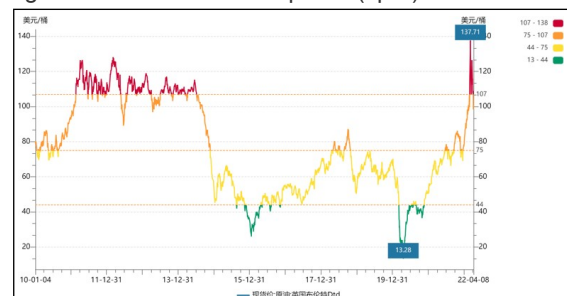
During the tracking period, oil and gas prices increased significantly due to multiple factors. The supply of domestic refined oil products was stable and the oversupply situation in the refined oil market eased as the domestic macro economy continued to develop steadily and positively.

As for crude oil prices, in 2021, world oil demand gradually recovered, inventories dropped significantly and market supply

and demand fundamentals continued to improve. Abundant global liquidity, coupled with an over-expected boost from the European energy crisis at the end of the year, together supported a significant year-on-year rise in international oil prices. Since 2022, crude oil prices have risen further under the influence of the escalating conflict between Russia and Ukraine, and as of April 8, 2022

The spot price of Brent crude oil was US\$100.70 per barrel. According to the National Development and Reform Commission ("NDRC"), domestic crude oil production in 2021 will be 198.98 million tons, an increase of 2.4% year-over-year.

Figure 5 Brent crude oil price (spot) trend since 2010



Data source: Wind

In terms of refined oil market, in 2021, the domestic macro economy continued to show a stable to positive trend, driving a gradual recovery in the demand for refined oil products and a stable supply of domestic refined oil products, easing the oversupply situation in the market. The export quota for refined oil products contracted significantly by 36%, and the net export of refined oil products fell for the first time in nearly a decade. According to the National Development and Reform Commission and the National Bureau of Statistics, crude oil processing volume in 2021

Apparent consumption of refined oil products increased by 3.2% to 341.48 million tons, of which gasoline increased by 5.7% and diesel increased by 0.5% year-on-year. The price of domestic refined oil products rose in line with the international oil prices, and the country adjusted domestic gasoline and diesel prices for 21 times, with a cumulative increase of RMB 1,485 yuan per ton for gasoline standard products and RMB 1,485 yuan per ton for diesel standard products.

1430 yuan/ton.

4. Agrochemical industry

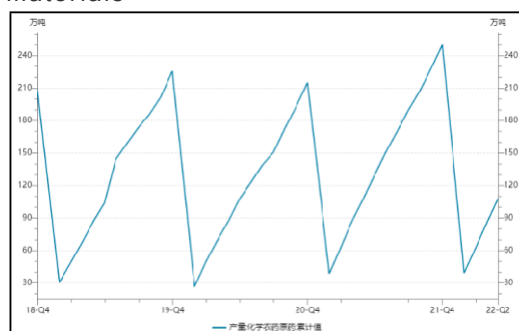
The demand for pesticide products is relatively rigid. 2021, China's pesticide production maintained growth, influenced by factors such as rising prices of bulk raw materials and increased downstream demand, pesticide prices rose significantly, and China's total sown area and grain unit area production continued to grow, forming support for pesticide demand.

China is a major global producer and exporter of pesticides. 2021, the global easing after the epidemic and the rising concern for food security pushed up the global profitability of

crop cultivation and willingness to plant, driving up the demand for pesticides worldwide. According to the National Bureau of Statistics, China's production of chemical pesticide prodrugs was 2.498 million tons in 2021, with a cumulative year-on-year growth of 16.29%.

On the price side, in 2021, pesticide prices will grow at a faster rate due to rising prices of bulk raw materials pulling up costs, upgraded global food security strategies and limited capacity growth of pesticide companies.

Figure 6 China's chemical pesticide production of raw materials



Data source: Wind

In 2021, China's total sown area as well as grain unit area production will continue to grow, supporting the demand for pesticides. According to the National Bureau of Statistics, in 2021, the national grain sowing area of 1.764 billion mu, an increase of 0.7% over the previous year; the national total grain output of 136.57 billion jin, an increase of 2.0% over the previous year, stable at more than 1.3 trillion jin for seven consecutive years; the national grain crop yield of 387 kg/mu, an increase of 1.2% per mu over the previous year. With the increase of China's government support for agriculture and the gradual implementation of agricultural supply-side reform, the national grain unit area production continued to grow, modernized agricultural intensive operation, agricultural farming income to improve, agricultural Internet model changes in the demand for pesticides also grew steadily, driving the development of the pesticide industry.

VI. Basic quality analysis

1. Property Status

As of the end of March 2022, the paid-in capital of the Company was RMB 11.592 billion, the controlling shareholder of the

Company is Sinochem, and the actual controller is the State-owned Assets Supervision and Administration Commission of the State Council.

2. Enterprise size

The company has a large operating volume and a number of listed companies within the scope of consolidation.

In 2021, the company will achieve total revenue of 502,599 million

As of the end of 2021, there were 20 subsidiaries under the Company. As of the end of 2021, the Company had 20 primary subsidiaries, which are specialized and centralized companies responsible for the production and operation of the Group and supervise and guide the production and operation activities of the secondary subsidiaries.

As of the end of 2021, the Company held 9 A-share listed companies, 1 Hong Kong, China listed company and 2 overseas listed companies

(as shown in the table below)

Table 3 Company's Holdings in Listed Companies

A-share listed companies		
Stock Code	Stock short name	Company Name
000553.SZ	Andromeda A	Andromeda Co.
600299.SH	Andisu	Bluestar Andisu Co.
600579.SH	Klaus	KraussMaffei Co.

600378.SH	Haohua Technology	Haohua Chemical Technology Group Co.
300087.SZ	Tsuen Yin Hi-Tech	Anhui Tsuen Yin Hi-Tech Seed Co.
600486.SH	Yangnong Chemical	Jiangsu Yangnong Chemical Co.
Listed Companies in Hong Kong, China		
0297.	Sinochem Fertilizer	Sinochem Fertilizer Holdings Limited
Overseas listed companies		
PIRC.BSI	Pirelli Tires	Pirelli & C. S.p.A.
—	—	Blue Star Elkem International Ltd.

Source: Provided by the company

The company has production and R&D bases in more than 140 countries and regions around the world, and has established a comprehensive marketing network system, with a wide range of import and export trade and economic and technical cooperation business. (hereinafter referred to as "China Blue Star"), a subsidiary of the Company, issued exchangeable corporate bonds against 68,000,000 A-shares of Andisu held by the Company, which accounted for 25.36% of the total share capital of Andisu. As of the end of March 2022, the cumulative number of shares exchanged was 879,219,000 shares, leaving The remaining number of pledged shares is 592078100 shares.

3. Company Competitiveness

The company is a large integrated chemical group covering new chemical materials and specialty chemicals, petrochemicals and refinery products, seeds and agrochemicals, tires and rubber.

In the field of new chemical materials and specialty chemicals, the company has development and production bases for dozens of high technology

and high value-added products such as silicone, organic fluorine, methionine, PBT, PVC paste resin, polyformaldehyde, polycarbonate, polyphenylene ether, polyphenylene sulfide, epoxy resin, polyurethane, polyphenylene ester, sulfur hexafluoride, fumed silica, titanium dioxide, photo-sensitive chemicals, high-performance fibers, industrial coatings, etc. Among them, methionine production ranks second in the world, silicone production ranks third in the world, PVC paste resin, PBT resin, industrial silicon production scale ranks first in Asia, fluorine rubber, fumed silica and epoxy resin production ranks first in China, photographic color developer series products scale ranks first in China, 95% of products exported, industrial cleaning and water treatment business occupies 90% of the domestic market share.

In the field of petrochemical and refining products, the company has nine refineries, which provide intermediates and raw materials for new chemical materials and specialty chemicals according to the "oil-head-chemical-tail" process route. The main organic raw materials produced by Sinochem are ethylene, propylene, butadiene, phenol, acetone, methyl ethyl ketone, maleic anhydride, and other chemicals,

1,4-butanediol, tetrahydrofuran, acrylic acid, nonylphenol, bisphenol A, TDI, etc., of which bisphenol A, TDI and nonylphenol are the first in production and sales in China.

In the field of rubber and rubber-plastic machinery, the company has a variety of high technology and high value-added products such as all-steel radial tires, semi-steel radial tires, aviation tires, giant engineering tires production lines and polysulfide rubber, rubber sealing products and new process soft and hard carbon black. The company's tire production capacity exceeds 10 million sets, and three subsidiaries are engaged in tire business, among which Fengshen is one of the leading enterprises in China's tire industry; the first independently developed radial giant tire of Haohua South was successfully launched, filling the industry gap of giant tires in China and breaking the monopoly of foreign tire giants; the total capacity of rubber and plastic machinery manufacturing of the company ranks the third in the world; the company has the only domestic In 2006, the company successfully acquired 100% of the shares of Kenos, the largest ethylene producer in Australia, which enabled the company to expand its scale in ethylene, the upstream raw material for the plastics industry, and enabled its rubber company to receive

important support in raw materials.

(hereinafter referred to as "China Agrochemical"), a subsidiary of the Company, has become the largest pesticide enterprise group in China, with hundreds of varieties of insecticides, herbicides, fungicides and pesticide intermediates, and the production capacity and output of many pesticides and intermediates ranking first in China.

4. Technology level

The company has strong scientific research and development strength, which provides strong technical support for chemical and other business operations.

In the field of research and development, the company now has 396 R&D machines

The number of domestic R&D institutions is 239, and overseas R&D institutions 157; 24 research and design institutes, 2 state key laboratories, 4 national engineering research centers, 11 national engineering

(The company has a number of national R&D institutions, such as the National Technology Center (Technology) Center (sub-center) and 10 nationally recognized enterprise technology centers, and its R&D capability ranks among the top of central enterprises.

In order to support the independent innovation of scientific and technological personnel in the chemical industry and promote the implementation of engineering technology achievements, the company has established the China Chemical Technology Fund for the society to promote the industrialization of achievements through scientific and technological innovation. A number of technologies with independent intellectual property rights, such as variable pressure adsorption, organic silicon, organic fluorine, acetic acid, carbon black, hydrogen peroxide,

polycarbonate, paraformaldehyde
and large rubber compactor
vulcanizing machine, have been
developed in domestic and
international markets.

to a wide range of applications.

The company has the largest liquid separation membrane technology research, engineering development, complete sets of equipment and materials production base in China, with outstanding advantages in pharmaceutical and food production water, industrial wastewater treatment, urban wastewater reuse, brackish water desalination, seawater desalination, etc. Meanwhile, the company has also made a series of important achievements in rubber anti-aging, catalysis and purification, chemical mining, coal gasification, environmental protection, marine chemical industry, etc.

5. Past debt performance

The company's open market debt performance is good, and all outstanding loans of the Department are in the normal category, but the company has a non-performing category arising from guarantees provided to affiliated enterprises; there are advances in closed credit operations, the amount of which is small.

According to the Enterprise Credit Report provided by the Company (Unified Social Credit Code: 911110000710932515R) as of 2022

As of June 30, 2022, all outstanding RMB and foreign currency loans of the Company's headquarters were classified as normal at all five levels, with no overdue loans or interest arrears. However, there was a balance of non-performing category arising from the guarantee provided to China Chemical New Materials Co.

The Company's Board of Directors has approved the acquisition of the financial debts guaranteed by Sinochem Asset Management Company Limited to resolve the guarantee risk. In addition, the Company has 2 settled advances

involving RMB2,495,800,000 and 1 short-term loan of concern category.

According to the past principal and interest repayment records of debt financing instruments issued in the open market, the Company has no overdue or default records and is in good performance.

As of July 15, 2022, UniCredit has not found that the Company has been included in the national list of defaulted executors.

VII. Significant Matters

During the tracking period, the joint reorganization of the two chemical groups has completed industrial and commercial registration, the controlling shareholder of the Company has changed to Sinochem, and the actual controller has not changed.

On September 16, 2021, according to the arrangement of joint reorganization of China National Chemical Corporation and Sinochem Group, the new company after the reorganization was Sinochem and completed the business change registration procedures. Completion of the transfer

After the completion of the project, the controlling shareholder of the company changed to Sinochem and the actual controller did not change.

Ltd. acquired Jiangsu Yangnong Chemical Co., Ltd. by way of non-public agreement in order to accelerate the integration of the business segments within the Group, and the management rights of the main operating entities of the petrochemical and refining segments were entrusted to Sinochem Energy. Up to now, the business integration within Sinochem Group has not yet been fully completed. UniCredit will continue to monitor the progress of the business integration of Sinochem Group and the overall situation of the company after the business integration.

(1) Centaur Group Co., Ltd. acquires Jiangsu Yangnong Chemical Co.

November 6, 2020, Syngenta Group Co. (hereinafter referred to as "Syngenta Group"), Sinochem International (Holdings) Co. (hereinafter referred to as "Yangnong Group") signed the Framework Agreement on the Transfer of Equity Interests in Jiangsu Yangnong Chemical Group Co. On July 13, 2021, Yangnong Group and Centaur Group have completed the transfer registration procedures of

Yangnong Chemical, and Centaur Group holds 112,084,812 shares of Yangnong Chemical, accounting for 36.17% of the total number of issued shares of Yangnong Chemical, and is the controlling shareholder of Yangnong Chemical. The controlling shareholder of Yangnong Chemical. According to the Transaction Framework Agreement, the total transaction price payable by Syngenta Group to Yangnong Group is approximately RMB10.222 billion. Syngenta Group regards Yangnong Chemical as an important and key supplier of its original pharmaceutical business, and the production and sales of original pharmaceuticals is the highest revenue share of Yangnong Chemical's business.

(2) China National Chemical, Oil and Gas Corporation's operating rights were entrusted to management

On May 6, 2022, the main operating entity of the petrochemical and refining segment of the Company, China National Chemical Oil & Gas Corporation, was established.

(hereinafter referred to as "Oil and Gas Company") issued the "Announcement of the Entrusted Management of China National Chemical Oil and Gas Corporation", in order to realize the "unified platform, unified platform, unified platform and unified platform" for the energy business segment of Sinochem in 2021,

With the objective of "unified planning and coordination" and enhancing the overall competitiveness of the energy business segment, Sinochem entrusted the operation and management of the oil and gas company and its subsidiaries to Sinochem Energy Corporation ("Sinochem Energy"), a holding company of Sinochem. During the trusteeship period, Sinochem Energy exercised the management right over the Oil & Gas Company and was responsible for the daily operation and management of the Oil & Gas Company, including business management, financial management, human resources management, organization management and other matters, and assumed the management responsibilities of the Oil & Gas Company.

VIII. Management Analysis

During the tracking period, the relevant management structure and management system of the Company were in good working condition; there were no changes in the directors and senior management of the Company.

IX. Business Analysis

1. Business Overview

In 2021, the scale of the company's total operating revenue grew significantly, benefiting from the price increase of the main products in the petrochemical and chemical materials segments, and the integrated gross margin increased slightly and was relatively stable overall.

During the tracking period, the Company continued to operate in the business segments of petroleum processing and refining products, new chemical materials and specialty chemicals, seeds and agrochemicals, tire and rubber products, and chemical machinery and equipment manufacturing.

In 2021, the Company achieved total operating revenue of RMB 502,599 million, an increase of 20.41% year-on-year. The new chemical materials and specialty chemicals, petrochemicals and refining products, seeds and agrochemicals and tire and rubber products segments were prominent in the Company's operation, accounting for a combined 95.12% of the Company's total operating revenue in 2021, and all achieved different degrees of growth.

Table 4 Total operating revenue and gross margin of the company in recent years (Unit: billion yuan, %)

Board Name	2019			2020			2021		
	Revenue	Percentage of	Gross margin	Revenue	Percentage of	Gross margin	Revenue	Percentage of	Gross margin
Petrochemical and Refinery Products	1779.31	39.16	7.86	1405.04	33.66	5.12	1735.71	34.53	9.80
New chemical materials and special chemicals	513.78	11.31	19.30	562.81	13.48	22.28	673.02	13.39	24.96
Seeds and Agrochemicals	1451.16	31.94	38.21	1525.61	36.55	33.61	1820.78	36.23	32.52
Tire and Rubber Products	559.10	12.31	37.55	472.52	11.32	33.94	551.52	10.97	31.78
Chemical machinery and	124.91	2.75	21.70	128.56	3.08	20.54	117.65	2.34	18.77

Note: The tail difference is due to rounding of data.

Source: Provided by the company and compiled by UniCredit based on the company's financial reports

In terms of gross profit margin, the Company's consolidated gross profit margin increased slightly by 1.28 percentage points to

23.09% in 2021. Among them, driven by the increase in oil and gas prices, the gross profit margin of petrochemical and refining segment increased by 4.68 percentage points year-on-year;

new chemical materials and specialty chemicals
Gross profit margin increased by 2.68
percentage points year-on-year; seeds and
agricultural chemicals

Gross profit margin of academic products
decreased by 1.09 percentage points year-on-
year; tire rubber

Product gross margin decreased by 2.16
percentage points year-on-year; chemical
machinery

The gross margin of equipment manufacturing
decreased by 1.77 percentage points year-over-
year.

From January to March 2022, the Company
achieved total operating revenue
126.016 billion yuan, an increase of 7.81% year-on-
year, with an integrated gross margin of
28.43%, an increase of 4.29 percentage points
year-on-year.

2. Petrochemical and Refinery Products

In 2021, the production and sales volume of gasoline and diesel oil in the petroleum refining segment of the Company increased significantly, with good production and sales. Under the influence of rising oil and gas prices, the sales prices of the Company's products increased significantly and profitability improved.

The petrochemical business is an important foundation of the company's "oil-head and chemical-tail" process line, providing intermediates and chemical raw materials required for the production of new chemical materials and basic chemicals. The company's petrochemical and refining products segment is mainly engaged in oil refining and oil trading, which is mainly operated by Oil & Gas Company.

As of the end of March 2022, the Company had crude oil import allocations

In 2021, Oil & Gas imported 16.4 million tons of raw oil, an increase of 4.41% year-on-year. The average purchase price of imported crude oil increased significantly year-on-year, mainly due to the significant increase in international crude oil prices.

Table 5 Company's raw material procurement
 (unit: 10,000 tons, yuan/ton)

Projects	2019		2020		2021	
	Quantity	Average price	Quantity	Average price	Quantity	Average price
Imported raw Oil	1421	3953	1542	2717	1610	3850
Other	60	4188	102	2514	41	3724
Total	1481	3963	1644	2704	1651	3847

Source: Provided by the company

As of the end of 2021, the primary processing capacity of the Company was 19.2 million tons/year. Starting from the first quarter of 2022, the refining capacity of Daqing Zhonglan Petrochemical Co. The primary processing capacity of Oil & Gas was changed to 17 million tons per year.

Table 6 Sales of major products in the oil and gas company's oil processing and refining products segment

Projects		2019	2020	2021
Gasoline	Production (million tons)	210.00	207.22	420.00
	Sales volume (million tons)	210.30	206.48	420.61
	Production-to-sales ratio (%)	100.14	99.64	100.15
	Sales unit price (yuan/ton)	5251.98	4525.64	5506.34
Diesel	Production (million tons)	280.00	279.85	754.00
	Sales volume (million tons)	279.45	280.42	764.81
	Production-to-sales ratio (%)	99.80	100.20	101.43
	Sales unit price (yuan/ton)	5028.09	4254.87	4888.16

Source: Provided by the company

In terms of production and sales, in 2021, the caliber of the Company's product production and sales data changed, with gasoline and diesel production and sales increasing significantly and the production to sales ratio remaining high. As a

result of the increase in oil and gas prices, the recovery of downstream demand and the increase in the proportion of the Company's direct sales, the Company's gasoline and diesel fuel gross margins increased significantly.

3. New chemical materials and special chemicals

The company's new materials segment is mainly concentrated in China Blue Star, which mainly owns business segments such as silicon materials, engineering plastics, functional chemicals and methionine.

(1) Silicon Materials

In the field of organic silicon, the company still maintains a certain scale advantage. In 2021, benefiting from the increase in product prices, the revenue and gross margin of the main products of silicon materials grew significantly.

The company's silicon materials business specifically includes silicones, silicon materials

The company's main products include silicone monomer, industrial silicon, silicone rubber, silicone oil, microsilicon powder, silicone resin, etc. Among them, the company's downstream silicone products technology is complete, capable of producing more than 3,000 kinds of organic silicon products, the main products include organic silicon monomer, industrial silicon, silicone rubber, silicone oil, micro-silicon powder, silicone resin, etc.

As of the end of March 2022, the company has an annual production capacity of 700,000 tons of silicone monomer, ranking among the top in the world in terms of production capacity of silicone monomer. Elkem has 4 silicon metal plants and 3 silica mines outside of China, with industrial silicon capacity of Total 300,000 tons/year, the main products are silicon metal and micro-silica powder. The company has built 9 workshops and 26 production lines for domestic organic silicon products. With 500,000 tons/year of silicone monomer and 220,000 tons/year of silicone downstream products, the company has more than 100 different grades of commercialized products, mainly covering the fields of construction sealing, high-temperature vulcanized silicone rubber, liquid silicone rubber, special silicone oil, leather and textile treatment,

personal care, etc., providing raw materials to support the development of silicones in the direction of multi-species and high value-added.

Table 7 China Bluestar Silicon Product Capacity as of the end of March 2022
(Unit: 10,000 tons/year)

Main Products	Domestic capacity	Foreign capacity	Total capacity
Silicone monomer	50	20	70
Industrial Silicon	5	25	30
Ferro Silicon Alloy	—	32	32
Carbon	—	33	33

Source: Provided by the company

In 2021, the prices of silicon and silicone products increased significantly, resulting in a substantial increase in operating income and gross margin. The price of carbon increased slightly, coupled with an increase in sales volume, resulting in an 18.98% year-on-year increase in carbon operating income.

Table 8 The main products of the company's silicon materials

Products	Projects	2019	2020	2021
Carbon	Operating income (billion yuan)	14.41	13.75	16.36
	Main Products (Carbon)	5608.02	5369.68	5565.82
	Average sales price (yuan/ton)			
	Gross profit (billion yuan)	2.42	3.22	3.82
	Gross margin (%)	16.79	23.42	23.00

	Average sales price (yuan/ton)			
	Gross profit (billion yuan)	11.96	9.97	27.61
	Gross margin (%)	13.51	10.70	21.07
Silicon products (formerly merged with the silicon materials and foundry segments)	Operating income (billion yuan)	—	85.11	111.17
	Average sales price of major products (Yuan/ton)	—	16180.59	22145.05
	Gross profit (billion yuan)	—	8.74	27.84
	Gross margin (%)	—	10.27	25.04

Note: 1. The above data does not include the offsetting part of each product; 2. The gross margin in the above table is calculated based on EBITDA data of each major product disclosed in Elkem's annual report; 3. As a result of the reclassification of the silicon materials (industrial silicon) and foundry business (ferro-silicon alloy) segments into the silicon products segment in 2020, the company's silicon materials business will be divided into three segments, namely, silicones, silicon products and carbon

(2) Engineering Plastics

Engineering plastics segment maintains certain scale advantage in some segment products, and in 2021, the production and sales volume of main products of engineering plastics segment all achieved different degrees of growth. However, product prices fluctuate greatly due to changes in the market environment. In 2021, the average sales price of most products increased significantly, while the average sales price of polyphenylene ether products decreased due to the sharp decline in downstream demand and the input of new production capacity.

China Blue Star has a wide range of engineering plastics products, including epoxy resin, PBT, modified PBT, bisphenol A, phenol, acetone and polyphenylene ether (PPE), which are mainly used in composite materials, coatings, adhesives, textiles, electrical and electronics, communications, automotive and other industries. Among them, epoxy resin products

have strong brand advantages in China.

In terms of production capacity, China Bluestar's engineering plastics products are mainly produced in East China, which is close to the end market and has certain location advantages, and has achieved self-production of bisphenol A as raw material. As of the end of March 2022, China Blue Star has a production capacity of 160,000 tons/year of epoxy resin and 150,000 tons/year of Bisphenol A. It is the leading producer of special epoxy resin and the third largest producer of Bisphenol A in China. Meanwhile, China Blue Star is a leading manufacturer of PBT and PBT modified products in China, with a production capacity of 60,000 tons/year for PBT base resin and 30,000 tons/year for modified PBT, making it the sixth largest manufacturer of PBT base resin and the third largest manufacturer of modified engineering plastics in China, with major equipment and technology imported from Gema China Blue Star. In addition, China Blue Star has a production capacity of 50,000 tons/year of polyphenylene ether (PPE) and is the largest PPE producer in China; China Blue Star has a phenol production capacity of 90,000 tons/year and an acetone production capacity of 56,000 tons/year.

In 2021, the operating income of the main products of China Blue Star engineering plastics segment all achieved different degrees of growth, mainly due to the year-on-year growth in the production and sales volume of the main products and the increase in the sales price of the main products except for polyphenylene ether, which was limited by the sharp weakening of the demand for polyphenylene ether products in the downstream photovoltaic industry, coupled with the intensification of competition in the industry driven by the input of new production capacity, resulting in a year-on-year decrease in its average sales price.

Table 9 Main products of engineering plastics in recent years

Products	Projects	2019	2020	2021
Epoxy resin	Production (million tons)	11.14	14.57	15.42
	Sales volume (million tons)	9.88	13.17	14.06
	Revenue (billion yuan)	20.31	21.98	37.58
	Average sales price (yuan/ton)	16891	16693	26731
PBT	Production (million tons)	5.83	6.19	6.26
	Sales volume (million tons)	6.14	6.73	6.88
	Revenue (billion yuan)	5.35	4.88	10.42
	Average sales price (yuan/ton)	8719	7258	15145
Modified plastics	Production (million tons)	1.30	1.63	2.26
	Sales volume (million tons)	1.41	1.69	2.38
	Revenue (billion yuan)	1.95	2.15	4.19

Note: The production and sales ratio of modified plastics products is greater than 100%, mainly because the sales of modified plastics include products processed on behalf of Guangzhou Synthetic Materials Research Institute Co. Source: Provided by the company

(3) Functional Chemicals

In 2021, the production capacity of China Blue Star functional chemicals remained stable and the 300,000 tons/year new high-performance polyether polyol project was put into operation in batches; the revenue of polyether and acrylate kept growing, while the operating revenue of PVC (domestic) and paste resin decreased due to the production and sales volume. The average sales price of the main products of functional chemicals increased due to the cost driven by the upstream raw material price increase.

China Blue Star functional chemicals for petroleum products, organic chemicals

The company also produces more than 100 kinds of functional chemicals with other properties, such as acrylic acid, acrylate, propylene, ethylene, methanol, polyether polyol and PVC paste resin. In addition to external sales, China BlueStar's functional chemicals are also used in the production and processing of its own silicon industry chain and advanced materials such as engineering plastics.

During the tracking period, the production capacity of China BlueStar's major products of functional chemicals remained stable. As of the end of March 2022, China BlueStar had a production capacity of 250,000 tons/year of polyether, with a market share of over 11% in the domestic market. 200,000 tons/year of PVC paste resin, one of the leading producers of PVC paste resin in Asia and globally, and polyethylene

(The production capacity of polyether polyol (foreign) reached 500,000 tons/year, polyethylene (domestic) reached 100,000 tons/year, and acrylate annual production capacity reached 130,000 tons/year. In addition, China BlueStar's 300,000 tons/year new high-performance polyether polyol project is planned to be put into operation in three batches, the first batch of feeding production line has been successfully commissioned in May 2021; the rest of the production lines have been constructed and are currently in the pre-feeding preparation stage, and all of them are planned to be put into operation in September 2022.

In 2021, China BlueStar's sales revenue of polyether, polyethylene (foreign) and acrylate increased year-on-year. Operating income of polyethylene (domestic) and PVC paste resin decreased due to production and sales volume.

In terms of production and sales volume, in 2021, the production and sales volume of

polyether and acrylate increased year-on-year, but the production and sales volume of PVC paste resin and polyethylene products were affected by the industry's overcapacity and the decline in demand for medical protective gloves and other epidemic prevention supplies under the improvement of the epidemic at home and abroad, and both production and sales volume decreased. In the first quarter of 2022, the production and sales of polyether products were normal, while the production and sales of PVC paste resin and polyethylene products of China BlueStar were affected by the Beijing Winter Olympic Games, and the production and sales of polyethylene (domestic) products did not start production in the current period, and only a small amount of revenue was realized by selling inventory goods.

In terms of sales prices, in 2021, the sales prices of major products in China Blue Star's functional chemical segment all showed different percentage increases due to the increase in upstream raw material prices. During the same period, the average sales price of polyethylene remained up due to the sustained increase in crude oil prices.

Table 10 Recent operations of the company's functional chemical products

Pro duct s	Projects	2019	2020	2021
Poly ether	Production (million tons)	21.35	19.58	21.05
	Sales volume (million tons)	21.21	19.74	20.86
	Operating income (billion yuan)	21.19	23.20	33.15
	Average sales price (yuan/ton)	9989.00	11751.97	15890.05
PVC paste resin	Production (million tons)	19.82	19.65	17.11
	Sales volume (million tons)	20.48	19.72	16.20
	Operating income (billion yuan)	14.45	24.35	21.22
	Average sales price (yuan/ton)	7056.00	12351.58	13097.6
Polyethylene (domestic)	Production (million tons)	12.09	6.97	6.67
	Sales volume (million tons)	11.57	7.82	6.58
	Operating income (billion yuan)	8.23	5.10	4.78
	Average sales price (yuan/ton)	7113.00	6520.05	7268.04
Polyethylene (foreign)	Production (million tons)	34.13	32.80	32.50
	Sales volume (million tons)	35.13	34.90	32.48
	Operating income (billion yuan)	34.05	30.31	34.30
	Average sales price (yuan/ton)	8492.00	7991.45	9494.49
Acrylate	Production (million tons)	12.09	9.57	11.45
	Sales volume (million tons)	11.89	9.61	11.45
	Operating income (billion yuan)	9.27	7.65	16.93
	Average sales price (yuan/ton)	7575.00	6991.94	12981.65

Source: Provided by the company

The company has a complete range of methionine and a strong scale advantage. In 2021, the company's life science segment revenue increased year-on-year, and gross margin decreased due to the impact of rising raw material prices and transportation costs.

The company's life science products are mainly produced and operated by its subsidiary Andisu. Andisu is the world's second largest supplier of methionine, one of the few companies in the world to produce both solid and liquid methionine, and the world's leading supplier of peritumoral protective methionine.

The company's main products are divided into three categories: functional products (methionine, vitamins, ammonium sulfate and sodium sulfate) specialty products (enzyme preparations, ruminant products, organic selenium products) and others (carbon disulfide, sulfuric acid, powder processing services, etc.). By the end of March 2022, Andisu had 2 production platforms (in Europe and Nanjing, China) and 17 production sites with a methionine capacity of 558,000 tons/year. Of which, Nanjing and Europe have a capacity of 170,000 tons/year and 380,000 tons/year respectively. In addition, Andisu is proposing to produce methionine at

(4) Methionine

The new liquid methionine plant BANC2 project in Nanjing with a design annual capacity of 180,000 tons/year was invested with its own capital at USD490 million. The project is progressing well, with civil works completed, construction progress reaching 99% and pre-commissioning stage started, and the project will start commissioning in the second half of 2022. In addition, the Andesu Pyrenees project in France has been fully renovated and put into operation in September 2021, which has brought the company an increase in liquid methionine production capacity of 28,000 tons/year. In recent years, the Company has gradually shifted its methionine production to the domestic market, which is conducive to reducing production and sales costs. With the completion of the expansion projects under construction one after another, the Company's scale advantage and competitive strength in the methionine field are expected to be further enhanced. In addition to methionine products, Andisu can also provide customers with a full range of vitamin products, of which vitamin A for feed has a capacity of about 20%. In terms of sales, the company's life science business has a global coverage. Andisu has established a local supply chain system according to the distribution characteristics of customers in each region, and sells products to global customers through channel dealers or its own distribution companies, with a global market share of about 27%. In the domestic market, Andisu has established a multi-functional supply chain transit center in Nanjing and 10 regional distribution and warehousing centers throughout China to ensure timely and safe delivery of products to customers in different parts of the country. Andisu has sales teams and sales channels in more than 140 countries and regions around the world, and has established additional sales

subsidiaries or offices around the world to gradually establish and improve local sales organizations according to the development needs of emerging markets. In addition, Andisu has established close long-term relationships with a number of sales agencies and distributors around the world to better serve local markets and customers. In 2021, the company's life science sales revenue for all types of products

Achieved year-on-year growth, by the impact of rising raw material prices and rising transportation costs, the company's life science segment gross margins have declined, but functional products and special products gross margins are still at a high level.

Table 11 Company's life science product operations in recent years

(Unit: billion yuan, %)

Products	Projects	2019	2020	2021
Functional Products	Sales revenue	80.86	85.23	90.72
	Gross Profit	24.02	29.43	27.26
	Gross margin	29.71	34.53	30.04
Specialty Products	Sales revenue	24.31	28.24	31.64

product	Gross Profit	11.91	14.08	15.39
	Gross margin	48.98	49.85	48.65
Other Products	Sales revenue	4.33	5.64	6.33
	Gross Profit	1.85	1.69	1.29
	Gross margin	29.96	30.03	20.42

Source: Provided by the company

4. Tire and Rubber Products

In 2021, the company's tire production and sales volume both grew significantly, and the average sales price increased slightly, driving the segment's revenue and gross profit to grow year-on-year.

(hereinafter referred to as "Pirelli & C.S.p.A"), while the passenger tire business of Pirelli & C.S.p.A (hereinafter referred to as "Pirelli Tyre") and the industrial tire business of Pirelli & C.S.p.A (hereinafter referred to as "Pirelli & C.S.p.A") and the industrial tire business is operated by two subsidiaries, Fengshen Tire Co.

By the end of 2021, the company had all-steel radial tire capacity 12.18 million sets/year, 73.05 million sets/year of semi-steel radial tire capacity, and In 2021, the company's tire production volume was more than 86.92 million and sales volume was more than 84.24 million, with

significant growth in both production and sales volume and 5.01% year-on-year increase in unit sales price.

Table 12 Production of tires (including passenger tires and industrial tires) of rubber companies

Projects	2019	2020	2021
Production capacity (million sets)	10170	9936	9704
Production (million sets)	8228	7158	8692
Capacity utilization rate (%)	80.84	72.04	89.57
Sales (million sets)	8547	7410	8424
Unit price (yuan/set)	624.20	611.21	641.82

Source: Provided by the company

In 2021, the Company's tire and rubber products operating revenue will be 55.152 billion yuan, an increase of 17.00% year-on-year, accounting for the company's total business 10.97% of revenue, a relatively stable percentage, and gross profit 175.30 This represents a 9.00% increase from the previous year.

5. Seeds and Agrochemicals

In 2021, the revenue and gross profit of the company's seeds and agrochemicals segment will grow significantly, and its share in total revenue will be relatively stable.

The company's pesticide (plant protection) business derives its revenue mainly from the Syngenta Group and its subsidiary Andromeda, which includes plant protection, seeds, fertilizers and other agricultural and digital technologies, and has an advanced distribution network in China with more than 200 raw materials.

The company has nearly 130 production and supply bases worldwide. The main products of our pesticide and plant protection business include insecticides, fungicides, herbicides, plant growth regulators, etc.

The company's seed business is mainly operated by Syngenta Group and China Seed Group Limited ("CSG"). The seeds business includes corn and soybeans, vegetables, field crops, rice, etc.

The Company's fertilizer business is mainly operated by Sinochem Fertilizer Holdings Limited ("Sinochem Fertilizer"). It operates throughout the entire fertilizer industry chain, including research and development, production, trading and agrochemical services of fertilizer products, covering major fertilizer products such as nitrogen, phosphorus, potassium and compound fertilizers. The company's fertilizer business achieves sustained growth in product sales by consolidating long-term and stable strategic partnerships with large domestic and international suppliers and providing stable, sufficient and high-quality diversified products to the downstream distribution network, complemented by matching warehousing and logistics support and public welfare agrochemical services.

In 2021, the company's seeds and agrochemicals segment will have operating revenue of 182.078 billion yuan, up 19.35% year-on-year, accounting for 36.45% of the company's total operating revenue, which is relatively stable, and gross operating profit of

59.205 billion yuan, up 15.47% year-on-year.

6. Operational efficiency

In 2021, the Company's operating efficiency indicators have increased, but in comparison with the industry, all operating efficiency indicators are at a low level.

In 2021, the Company's sales debt turnover, inventory turnover, and inventory turnover will be as follows
The number of revolutions and total assets turnover were 7.75 and 3.91, respectively.

The number of sales debt turnover, inventory turnover and inventory turnover were 0.58 times and 0.58 times. The number of sales debt turnover, inventory turnover and total assets turnover increased by 0.97 percentage points, respectively, year-over-year,
The company's operating efficiency indicators are 0.26% and 0.09% respectively. Comparing with other large petrochemical central enterprises, the company's operating efficiency indicators are at a low level.

Table 13 Comparison of Operating Efficiency of Petrochemical Central Enterprises in 2021

(Unit: times)

Indicator Name	Inventory turnover rate	Accounts Receivable Turnover	Total assets turnover ratio
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		Rate	
China Petroleum & Chemical Corporation	9.10	62.39	1.20
China National Chemical Corporation	3.91	9.00	0.59
China National Petroleum Corporation	11.70	33.60	0.68

Note: In order to ensure consistency in the caliber of peer comparison indicators, the indicators in the above table are uniformly used Wind caliber
Source: Wind

7. Projects under construction and future development

The company has more subsidiaries and involves more projects under construction, mostly around the existing main business, and there is still a certain investment demand in the future. The company plans to implement restructuring, integrate internal resources, optimize industrial layout and business structure, and eliminate backward production capacity in the future. UniCredit will continue to monitor the progress of the company's asset integration.

The Company has a large number of subsidiaries, involving a large number of projects under construction, and as of the end of March 2021 and 2022, the Company's construction in progress The total amount was NT\$18.151 billion and NT\$18.520 billion, respectively, which mainly revolved around the expansion of production capacity, industrial chain extension and variety enrichment of the existing main business.

In the future, the company plans to further implement structural adjustment, highlight and grow its leading business, and continue to promote the "3+1" industrial development strategy with materials science as the core, life science and environmental science as the future, and basic chemical industry as the guarantee and support. Integrate internal resources, optimize industrial layout and business structure, eliminate backward production capacity, upgrade to high technology content and high value-added products, transform to "manufacturing + service", and enhance the competitive advantages of agrochemicals, animal nutrition, polyurethane, silicon and fluorine materials, and environmental engineering enterprises. We will strengthen our innovation efforts, take a harmonious development path of not competing with upstream enterprises for resources and not competing with downstream end products for markets, form economies of scale and technical barriers through R&D and innovation, form our own characteristics and competitive advantages in the new chemical materials and specialty chemicals industries, take the path of differentiated market competition, grow stronger and bigger, and become a large chemical enterprise group with strong international market competitiveness.

X. Financial Analysis

1. Financial quality and financial position

Baker Tilly International (Special General Partner) has audited the company's financials for 2021 and issued a standard no

The Company's financial statements for the first quarter of 2022 have not been audited. The financial statements provided by the Company for the first quarter of 2022 are unaudited. 2021, the Company's consolidated financial statements include

Ltd., Andromeda Huifeng (Jiangsu) Co., Ltd., Hefei Golden Valley Tsuen Yin Seed Co. This has a certain impact on the comparability of the company's financial data.

As of the end of 2021, the Company's total consolidated assets were 8609.63

In 2021, the company will achieve total revenue of RMB 502,599 million and total profit of RMB 2,520 million.

As of the end of March 2022, the Company's total consolidated assets From January to March 2022, the Company achieved total operating revenues of RMB 126,016.6 million and total profits of RMB 1,507.4 million.

10.211 billion.

2. Asset Quality

As of the end of 2021, the scale of the Company's assets increased steadily and the proportion of current assets increased, but the proportion of non-current assets in the assets was still high. Among the non-current assets, the newness rate of fixed assets is average, and the scale of goodwill and intangible assets is large, and the liquidity of the Company's assets is average. As of the end of 2021, the total consolidated assets of the Company were 8609.63

The total amount of current assets accounted for 37.89% and non-current assets accounted for 62.11%. Among them, current assets accounted for 37.89% and non-current assets accounted for 62.11%. The company's assets were mainly non-current assets, and the asset structure did not change significantly from the end of last year.

Table 14 Major Components of Company Assets

Subjects	End of 2019		End of 2020		End of 2021	
	Amount (billion yuan)	Percentage (%)	Amount (billion yuan)	Percentage (%)	Amount (billion yuan)	Percentage (%)
Current assets	2862.93	33.92	3080.62	35.93	3262.54	37.89
Monetary Funds	780.79	9.25	741.84	8.65	632.88	7.35
Accounts Receivable	540.72	6.41	533.19	6.22	583.72	6.78
Other receivables (total)	323.20	3.83	516.84	6.03	504.84	5.86
Inventory	900.45	10.67	886.67	10.34	1090.54	12.67
Other current assets	132.27	1.57	136.51	1.59	202.80	2.36
Non-current assets	5576.69	66.08	5493.64	64.07	5347.10	62.11
Fixed Assets	1209.04	14.33	1158.39	13.51	1182.18	13.73
Intangible assets	1607.96	19.05	1529.30	17.84	1451.34	16.86

Data source: Company financial reports, collated by UniCredit

As of the end of 2021, current assets amounted to NT\$326,254 million, representing an increase of 5.91% from the previous year-end, mainly due to the growth of inventories and

accounts receivable.

As of the end of 2021, the Company's monetary funds amounted to RMB63,288 million, a decrease of 14.69% from the end of the previous year, mainly due to the high net debt repayment of the Company during the year. There were 9.427 billion yuan of

restricted funds in the monetary funds, with a restriction ratio of 14.90%, which were mainly deposits, judicial freezes, earmarked funds, deposit reserves, pledges and housing maintenance funds.

As of the end of 2021, the carrying value of the Company's accounts receivable

The increase of 9.48% from the end of last year to RMB58.372 billion was mainly due to the increase in the scale of receivables as a result of the growth of operating revenue. The accounts receivable with bad debt provision according to credit risk characteristics and the accounts receivable with individual bad debt provision were RMB56.141 billion and RMB891 million, accounting for 96.18% and 1.53% respectively. As of the end of 2021, the Company has made a bad debt provision of RMB6,308 million for accounts receivable. The age of the Company's accounts receivable is mainly within one year. The top five accounts receivable debtors had a combined carrying amount of RMB2,512 million, accounting for 3.89%, which is a very low concentration.

As of the end of 2021, the Company's other receivables (total)

The total amount was \$50,484 million, down 2.32% from the end of the previous year, with little change from the end of the previous year.

As of the end of 2021, the Company's inventory amounted to RMB10,954 million, representing an increase of 22.99% from the end of the previous year, mainly due to the growth of raw materials and inventory goods. Inventories mainly consisted of raw materials (25.08%), self-made semi-finished products and work-in-process (20.13%) and inventory goods (53.22%), with a cumulative provision for decline in value of 44.43. The accrual ratio was 3.91%.

The Company's other current assets mainly included prepaid taxes, investment and finance, entrusted loans and advances, tax refund receivables, effective portion of hedge of hedging derivative financial instruments and currency investment funds, etc. As of the end of 2021, the Company's other current assets amounted to RMB20,280 million, representing an increase of 48.56% compared with the end of the previous year, mainly due to the increase of input tax to be deducted and bought-back financial assets.

As of the end of 2021, the Company's non-current assets were 5347.10. The total amount of the company's revenue was RMB 100 million, down 2.67% from the end of last year, with little change.

As of the end of 2021, the Company's fixed assets amounted to RMB 118,218 million, representing an increase of 2.05% from the end of last year, with little change from the end of last year. Fixed assets mainly consisted of buildings and structures (RMB36,681 million) and machinery and equipment (RMB71,157 million), with accumulated depreciation of RMB11,931 million; the newness rate of fixed

assets was 51.19%, which was average.

As of the end of 2021, the Company's intangible assets amounted to RMB 145,134 million, a decrease of 5.10% from the end of the previous year. The Company's intangible assets consisted mainly of non-patented technology (RMB 57,211 million) and trademark rights (RMB 60,725 million), with accumulated amortization of RMB 62,548 million and impairment charges

Provision of \$2,540 million.

As of the end of 2021, the Company's goodwill amounted to RMB 186,653 million, a decrease of 2.92% from the end of the previous year, with little change from the end of the previous year. The Company's goodwill was mainly formed by the acquisition of Syngenta, and as of the end of 2021 Goodwill of 80.89% due to the acquisition of Syngenta

As of the end of 2021, the Company had restricted assets of NT\$12.035 billion, with a restricted ratio of 1.40%.

Table 15 Restricted assets of the Company as of the end of 2021 (in billions)

Projects	Carrying value	Restrict ed Reasons
Monetary Funds	94.27	Letter of guarantee deposit, letter of credit deposit, special building account payment, housing maintenance fund, litigation freeze
Notes receivable	10.06	Pledge of notes
Receivables financing	0.49	Pledge of notes
Fixed Assets	13.67	Collaterali zed Borrowin g

Intangible assets	0.84	Collateralized Borrowing
Other	1.02	Bonds, lawsuits
Total	120.35	-

Source: Company financial reports, collated by UniCredit

As of the end of March 2022, the Company's total consolidated assets

The Company's current assets accounted for 40.06% and non-current assets accounted for 59.94% of the total amount of RMB 887.142 billion, an increase of 3.04% from the end of last year.

3. Capital Structure

(1) Owner's Equity

The company's owner's equity attributable to the parent company is negative, with a high percentage of minority interests. 2021, the company's loss has expanded compared with the previous year, capital surplus has decreased, and the company's owner's equity has declined. Also considering that the company's equity is divided into perpetual debts, the stability of equity structure is weak.

As of the end of 2021, the owner's equity of the Company was RMB 160,585 million, down 11.16% from the end of last year, mainly due to the decrease in capital surplus and undistributed earnings, and the owner's equity attributable to the parent company was RMB 44,047 million as of the end of

2021, down RMB 18,169 million from the end of last year; minority interests of the Company

As of the end of 2021, the Company's undistributed earnings were -60.957 billion yuan, a decrease of 0.97% from the end of the previous year. As of the end of 2021, the Company's undistributed earnings were -60.957 billion yuan, an increase from the loss at the end of the previous year. 2020, the Company's capital surplus decreased more because the Company had a business combination under the same control in that year. In 2020, the company's capital surplus decreases more due to the business combination under the same control. 8.900 billion yuan of other equity instruments in the company's equity attributable to the parent company are perpetual bonds.

As of the end of March 2022, the Company's owner's equity

The Company's undistributed earnings increased by 2.72% from the end of last year to RMB 164.952 billion. Among them, the equity attributable to owners of the parent company was -23.50% and the equity of minority shareholders was 123.50%.

(2) Liabilities

In 2021, the overall debt scale of the company slightly decreased, but due to the decline of the company's owner's equity in that year, the company's gearing ratio and the capitalization ratio of all debt increased, and the debt burden was heavy. Meanwhile, the scale and percentage of the company's current liabilities increased year by year, and the company needed to further strengthen the management of short-term liquidity.

As of the end of 2021, the Company's total liabilities amounted to RMB 70,378 million, representing an increase of 3.50% from the

end of the previous year, of
which, current liabilities
accounted for

53.55% and non-current liabilities accounted for 46.45%. The company's current liabilities The scale and proportion of current liabilities increased year by year, and the structure of liabilities was relatively balanced.

Table 16 Main components of the company's liabilities

Subjects	End of 2019		End of 2020		End of 2021	
	Amount (billion yuan)	Percentage (%)	Amount (billion yuan)	Percentage (%)	Amount (billion yuan)	Percentage (%)
Current liabilities	3037.83	46.39	3200.58	47.30	3750.53	53.55
Short-term borrowings	770.35	11.76	813.28	12.02	782.95	11.18
Accounts Payable	654.51	9.99	648.76	9.59	760.56	10.86
Taxes Payable	90.41	1.38	112.50	1.66	205.62	2.94
Other payables (total)	187.99	2.87	210.45	3.11	596.91	8.52
Non-current liabilities due within one year	831.85	12.70	884.29	13.07	683.61	9.76
Contractual Liabilities	71.49	1.09	137.30	2.03	286.43	4.09
Other current liabilities	198.56	3.03	154.52	2.28	208.83	2.98
Non-current liabilities	3510.81	53.61	3566.20	52.70	3253.25	46.45
Long-term borrowings	1044.31	15.95	967.88	14.30	1014.40	14.48
Bonds Payable	1858.81	28.38	1987.68	29.37	1559.99	22.27
Deferred income tax liabilities	317.32	4.85	314.97	4.65	311.02	4.44
Total liabilities	6548.64	100.00	6766.78	100.00	7003.78	100.00

Data source: Company financial reports, collated by UniCredit

As of the end of 2021, the Company's current liabilities amounted to NT\$375,053 million, representing an increase of 17.18% from the previous year-end, mainly due to the growth of other payables, accounts payable and contract liabilities.

As of the end of 2021, the Company's short-term borrowings amounted to RMB78,295 million, a decrease of 3.73% compared with the end of the previous year. The Company's short-term borrowings mainly consisted of credit borrowings of RMB47,483 million and guaranteed borrowings of RMB30,692 million. As of

As of the end of 2021, the Company's accounts payable amounted to RMB 76.056 billion, representing an increase of 17.23% from the end of the previous year, and accounts payable with an age of less than one year accounted for 96.95%. As of the end of 2021, the Company's

other payables (total) amounted to RMB59.691 billion, representing an increase of 183.64% from the end of last year, mainly due to the increase in current accounts.

As of 2021

At the end of the year, the Company's non-current liabilities due within one year amounted to RMB68,361 million, a decrease of 22.69% compared with the end of the previous year, mainly due to the repayment of debts when due. As of the end of 2021, the Company had contracted liabilities of RMB28,643 million.

As of the end of 2021, the Company's other current liabilities amounted to RMB20.883 billion, representing an increase of 35.15% from the end of last year. As of the end of 2021, the Company's other current liabilities amounted to RMB20.883 billion, representing an increase of 35.15% from the end of the previous year, mainly due to the increase in short-term financing bonds.

As of the end of 2021, the Company's non-current liabilities were \$325.325 billion, a decrease of 8.78% from the end of the previous year, mainly due to the

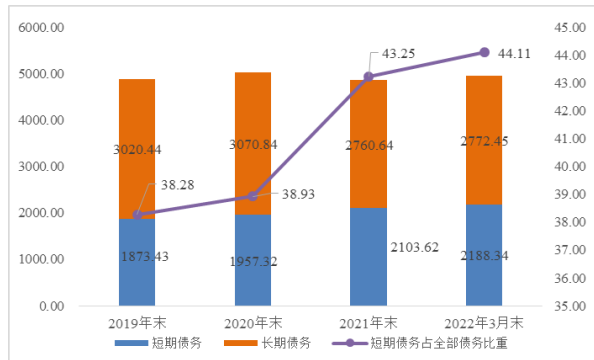
decrease in bonds payable.

As of the end of 2021, the Company's long-term borrowings amounted to RMB 101,440 million, representing an increase of 4.81% from the end of the previous year. The Company's long-term borrowings mainly consisted of credit borrowings of RMB 34,072 million and guaranteed borrowings of RMB 64,712 million.

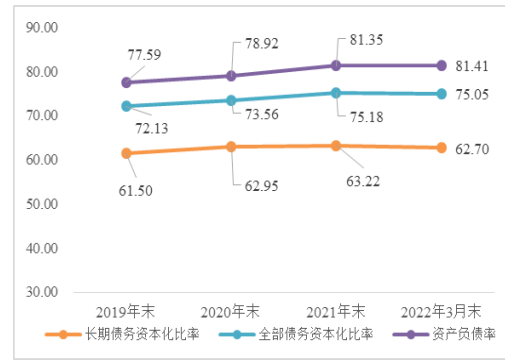
As of the end of 2021, the Company's bonds payable amounted to RMB 155,999 million, a decrease of 21.52% compared with the end of the previous year, mainly due to the maturity of bonds or the transfer of those due within one year to non-current liabilities due within one year. As of the end of 2021, the Company's deferred income tax liabilities were NT\$31.102 billion, a decrease of 1.26% compared with the end of the previous year.

Figure 7 Corporate Debt Structure (Unit: Billions of Yuan, %)

Figure 8 Level of corporate debt leverage (in %)



Source: Company financial reports, collated by UniCredit



Source: Company financial reports, collated by UniCredit

As of the end of 2021, the Company's total debt amounted to RMB 486.426 billion, a decrease of 3.26% compared with the end of last year. As of the end of 2021, the gearing ratio, capitalization ratio of all debts and capitalization ratio of long-term debts were 81.35%, 75.18% and 63.22%, respectively, which were higher than those of the previous year-end.

The Company's gearing ratio, capitalization ratio of all debt and capitalization ratio of long-term debt would increase by 2.43 percentage points, 1.62 percentage points and 0.27 percentage points, respectively, as of the end of 2021. If the perpetual debt in the Company's owner's equity other equity instruments is transferred to long-term debt, the Company's gearing ratio, capitalization ratio of all debt and capitalization ratio of long-term debt will be 82.38%, 76.56% and 65.26%, respectively, as of the end of 2021. The Company has a heavy debt burden.

As of the end of March 2022, the Company's total liabilities amounted to RMB 722.191 billion, representing an increase of 3.11% from the end of the previous year, of which current liabilities accounted for 55.16% and non-current liabilities accounted for 44.84%. The Company's current and non-current liabilities were relatively balanced, and the structure of liabilities did not change

significantly from the end of last year.

As of the end of March 2022, the Company's total debt was RMB 496,079 million, up 1.98% from the end of last year. Short-term debt accounting for 44.11% and long-term debt accounting for 55.89%, a relatively balanced structure. As of 2022 As of the end of March 2022, the Company's gearing ratio, all debt capitalization ratio and long-term debt capitalization ratio were 81.41%, 75.05% and 62.70%, respectively, representing an increase of 0.06 percentage point, a decrease of 0.13 percentage point and a decrease of 0.53 percentage point, respectively, from the end of the previous year. By transferring the perpetual debt from the Company's owner's equity other equity instruments to long-term debt, the Company's gearing ratio, capitalization ratio of all debt and capitalization ratio of long-term debt were 82.41%, 76.39% and 64.71%, respectively, as of the end of March 2022.

4. Profitability

In 2021, the company's total operating revenue increased significantly year-on-year, and the expense ratio during the period remained high. The scale of the company's earnings and profitability decreased due to the company's large accrual of tax payable and non-recurring gains and losses.

In 2021, the company achieved total operating revenue of RMB 502,599 million, an increase of 20.41% year-on-year, mainly due to the increase in revenue of petrochemical and refinery products and seeds and agrochemicals segment; operating cost of RMB 386,555 million, an increase of 18.45% year-on-year, an increase smaller than the total operating revenue, the company's gross profit increased by 27.47% year-on-year to RMB 116,044 million, but However, the company accrued a large amount of tax payable in the year, and the tax and surcharge increased significantly.

Table 17 Company earnings (in billion, %)

Proj ects	2019	2020	2021
Total operating revenue	4543.46	4173.95	5025.99
Gross Profit	1056.14	910.39	1160.44
Taxes and surcharges	93.46	45.18	256.57
Total cost:	908.89	813.51	854.62
Of which: Selling expenses	341.26	292.40	273.48
Overhead	255.22	230.49	272.14
R&D expenses	113.08	113.91	133.90
Finance costs	199.34	176.70	175.10
Investment income	9.20	29.28	13.06
Impairment loss on assets	-71.72	-30.16	-40.25
Gain on changes in fair value	17.49	-8.79	-4.95
Gain on disposal of assets	13.20	4.35	7.04
Other gains	13.83	15.69	15.18

Return on Net Assets	1.46	0.94	-2.29
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Source: Company financial reports, collated by UniCredit

In 2021, the expenses of labor cost, financing cost, sales cost and other expenses caused the company to maintain a very large scale, and the total expenses of the company was 85,462 million yuan, an increase of 5.05% year-on-year, mainly due to the increase of management expenses and R&D expenses. In terms of composition, the Company's selling expenses, management expenses, R&D expenses and finance expenses accounted for 32.00%, 31.84%, 15.67% and 20.49%, respectively.

In 2021, the company's expense ratio will be 17.00%, down from the previous year

However, the company's expense ratio was still high.

As for non-recurring gains and losses, in 2021, the Company realized investment income of RMB1.306 billion, a decrease of 55.39% year-on-year, mainly due to the decrease in income from financial assets held for trading by overseas enterprises compared with the previous period, with investment income accounting for 32.71% of operating profit, which had a significant impact on operating profit; asset impairment loss of RMB4.025 billion, mainly due to the increase in impairment loss on inventories, impairment loss on fixed assets and impairment loss on construction in progress, In 2021, the Company's net gain from changes in fair value was RMB495 million, an increase of RMB384 million from 2020, mainly due to changes in fair value of derivative financial instruments of overseas enterprises. Gain on disposal of assets was RMB 704 million, an increase of 61.92%, mainly due to the increase in gain on disposal of fixed assets; other income was RMB 1.518 billion, a decrease of 3.29%, mainly including research grants, research subsidies, energy conservation and environmental

protection subsidies, special funds, production technology improvement and R&D subsidies, various government subsidies and tax rebates; non-operating income was RMB 943 million, a decrease of 3.9%. Non-operating income was RMB943 million, down 57.80% year-on-year, mainly due to the decrease of bargain purchase income and non-repayable payables, and the proportion of non-operating income to total profit was 37.45%, which had a greater impact on profit. The proportion of non-operating expenses to total profit was 95.97%, which had a greater impact on profit. Non-recurring gains and losses accounted for a larger proportion of the company's operating profit, which had a greater impact on the company's profitability.

In 2021, the Company's total profit was RMB 2.520 billion, down 52.05% year-on-year, and the Company's operating profit margin was 17.98%, down 2.75 percentage points year-on-year.

In terms of profitability indicators, the Company's return on total capital and return on net assets were 1.94% and -2.29%, respectively, in 2021, down 1.03 percentage points and 3.23 percentage points year-over-year, respectively. The Company's profitability indicators have decreased. Profitability indicators of the Company decreased.

Decrease. Compared with the industry, the company's gross profit margin is at a high level, but the company's return on total assets and return on net assets are at a low level due to the large amount of tax payable and non-recurring gains and losses in 2021.

Table 18 Comparison of profitability indicators of petrochemical central enterprises in 2021

Indicator Name	Gross profit from sales Rate (%)	Total Assets Report Remuneration rate (%)	Net asset income Yield (%)
China Petroleum & Chemical Corporation has Limited company	19.64	5.12	7.14
China National Chemical Corporation Limited Division	23.09	2.09	-2.29
China National Petroleum Corporation Ltd.	22.98	4.48	4.30

Note: In order to ensure consistency in the caliber of peer comparison indicators, the indicators in the above table are uniformly used Wind caliber
 Source: Wind

From January to March 2022, the Company achieved total operating revenue 126.016 billion yuan, an increase of 7.81% year-on-year, achieving total profit 10.211 billion yuan, an increase of 68.62% year-on-year.

5. Cash Flow

In 2021, the scale of cash obtained from operating activities increased significantly and the quality of income realization was better; the scale of cash outflow from investing

activities of the company decreased, but the scale of repayment of maturing debts of the company was large in that year, and cash from financing activities showed a large-scale net outflow.

In terms of operating activities, in 2021, the Company's cash inflow from operating activities was RMB 562,292 million, an increase of 25.26% year-on-year, and cash outflow from operating activities was RMB 50,605 million, an increase of 21.18% year-on-year, while the Company's net cash inflow from operating activities was RMB 55,688 million, an increase of 80.58% year-on-year, mainly due to the increase in transactions with affiliated companies, resulting in the receipt of other cash related to operating activities. In 2021, the Company's cash to income ratio was 106.35%, an increase of 1.49 percentage points year-on-year, with higher quality of income realization.

Table 19 Company Cash Flow (in billion, %)

Projects	2019	2020	2021
Subtotal cash inflow from operating activities	4879.78	4488.87	5622.92
Subtotal cash outflow from operating activities	4625.99	4180.49	5066.05
Net cash flow from operating activities	253.78	308.39	556.88
Subtotal cash inflow from investing activities	205.47	232.52	278.76
Subtotal cash outflow from investing activities	376.57	555.71	511.43
Net cash flows from investing activities	-171.10	-323.19	-232.67
Net cash flows before financing activities	82.69	-14.81	324.21
Subtotal cash inflow from financing activities	1939.94	3245.36	3157.55

Subtotal cash outflow from financing activities	1966.89	3240.59	3535.16
Net cash flows from financing activities	-26.96	4.77	-377.61
Cash to income ratio	104.20	104.85	106.35

Source: Company financial reports, collated by UniCredit

From the perspective of investing activities, in 2021, the Company's cash inflow from investing activities was NT\$27.876 billion, an increase of 19.89% year-on-year, and cash outflow from investing activities was NT\$51.143 billion, a decrease of 7.97% year-on-year. The Company's net cash outflow from investing activities was NT\$23.267 billion, a decrease of 28.01% year-on-year, mainly due to the decrease in cash outflow from the Company's acquisition activities.

In 2021, the Company's net cash flows before financing activities will be The net cash flow from operating activities for the year can cover the net cash outflow from investing activities.

From the perspective of financing activities, in 2021, the company's cash inflow from financing activities was RMB 315.755 billion, down 2.71% year-on-year, with little change year-

was RMB 353.516 billion, up 9.09% year-on-year. In 2021, the company's net cash outflow from financing activities was RMB 37.761 billion, mainly due to debt maturity and debt repayment.

From January to March 2022, the Company achieved a net cash outflow from operating activities of RMB3,251 million and a net cash outflow from investing activities of RMB5,585 million

The net cash inflow from financing activities was NT\$13.746 billion.

6. Solvency

Short-term solvency	Current ratio (%)	94.24	96.25	86.99
	Operating cash flow liability ratio (%)	8.35	9.64	14.85
	Cash short-term debt ratio (times)	0.46	0.43	0.35
Long-term	EBITDA (billion yuan)	482.67	461.77	409.87
	Total debt/EBITDA (times)	10.14	10.89	11.87

In 2021, the company's long- and short-term solvency indicators is still average, and at the same time, it has a certain scale of guarantees to affiliated enterprises. Although the company's strong financing ability effectively protects its liquidity, the company needs to control the ratio of debt financing and improve the stability of sustainable profitability and cash generation to strengthen its solvency indicators.

In terms of short-term solvency indicators, the Company's current ratio decreased to 86.99% as of the end of 2021 from 96.25% at the end of last year, and the Company's operating cash current debt ratio was 14.85% as of the end of 2021, an increase of 5.21 percentage points year-over-year. The Company's cash to short-term debt ratio decreased from 0.43 times at the end of last year to 0.35 times, the degree of cash assets protection for short-term debt is average. Overall, the company's short-term solvency indicators are average.

Table 20 Company Solvency Indicators

Proj	Proj	2019	2020	2021
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was RMB 353.516 billion, up 9.09% year-on-year. In 2021, the company's net cash outflow from financing activities was RMB 37.761 billion, mainly due to debt maturity and debt repayment.

From January to March 2022, the Company achieved a net cash outflow from operating activities of RMB3,251 million and a net cash outflow from investing activities of RMB5,585 million

The net cash inflow from financing activities was NT\$13.746 billion.

Note: Cash from operations refers to net cash flow from operating activities, same as below Source: Compiled by UniCredit based on company financial reports

In terms of long-term solvency indicators, in 2021, the Company's EBITDA was RMB 40,987 million, down 11.24% year-on-year, mainly due to the decrease in total profit and interest expenses. 2021, the Company's EBITDA interest multiple increased to 2.47 times from the previous year. 2.62 times, EBITDA covers interest to a high degree; the company's total debt/EBITDA increased to 10.89 times from the previous year. 11.87 times, EBITDA coverage of all debt is weak. Total debt/cash from operations decreased to 16.30 times from the previous year 8.73 times. On the whole, the company's long-term debt service capacity indicators have improved compared with the previous year, but the overall performance is still average.

Ltd. is jointly and severally liable for RMB2.57 billion of the amount due to Gansu Tianji Investment Management Co. The case has been taken over by the Legal Compliance Department of Sinochem and it is intended to apply

to the Supreme People's Court for a retrial.

As of the end of 2021, the guarantees provided by the Company to its shareholding company, China Chemical New Materials Co.

26.275 billion yuan, with a guarantee ratio of 16.36%.

The company has good cooperation with many banks, and as of the end of 2021

The company has obtained a total of 619 billion yuan of credit from major commercial banks.

With an unused credit line of RMB 34.92 billion, the company has an open channel for indirect financing; at the same time, the company has a number of domestic and overseas listed companies with direct financing channels.

7. Parent Company Financial Overview

The company's headquarters mainly undertakes management functions, with small revenue scale, poor profitability and heavy debt burden.

As of the end of 2021, the total assets of the parent company were 1416.51 billion yuan. Of which, current assets amounted to \$30.729 billion (as a percentage of total assets).

(21.69%), non-current assets of RMB 110,922 million (as a percentage of (78.31%). In terms of composition, current assets mainly consist of other receivables (total) (99.63%); non-current assets mainly consist of investments in other equity instruments (23.81%) and long-term equity investments (74.79%). As of the end of 2021, the parent company's monetary funds amounted to NT\$37 million.

As of the end of 2021, the total liabilities of the parent company were 1141.58

Of which, current liabilities amounted to NT\$91,938 million (as a percentage). (80.54%), non-current liabilities of \$22,220 million (as a percentage of (19.46%). At the end of 2021, the parent company's balance sheet ratio was 80.59%. As of the end of 2021, the parent company's gearing ratio was 80.59%, and the parent company had a heavy debt burden.

As of the end of 2021, the parent company's total debt was \$51,570 million. Of which, short-term debt accounted for 57.00% and long-term debt accounted for 43.00%. As of the end of 2021, the parent company's short-term debt was

At the end of 2021, the capitalization ratio of the parent company's total debt was 65.23%, and the parent company's debt burden was relatively high.

As of the end of 2021, the Parent Company's ownership interest was

The total amount of the Company's assets was NT\$27,493 million, a decrease of 8.25% from the end of the previous year. In owner's rights

Of the total paid-in capital, \$11,592 million, other equity instruments

The total amount of capital surplus was NT\$8,900 million, the total amount of capital surplus was NT\$22,729 million, and the total amount of

undistributed earnings was NT\$15,728 million.

In 2021, the parent company's total operating income was \$147 million and total profit was -\$2,114 million. During the same period, the parent company's investment income was \$89 million.

In terms of cash flow, in 2021, the net cash flow from operating activities of the parent company is 11.104 billion yuan, and the cash flow from investing activities

The net cash flow from financing activities was -15,035 million yuan.

XI. External support

At present, the reorganization of Lianhua has been completed, and the controlling shareholder of the company has been changed to Sinochem, which is a large state-owned enterprise with 100% direct shareholding by the State-owned Assets Supervision and Administration Commission of the State Council, and has significant scale advantages and strong comprehensive strength. Joint Reorganization

The matter is conducive to the optimization of resource allocation and the formation of synergy within the Group, and the Company, as one of the implementation subjects of the two reorganizations, is expected to benefit from the integration of resources.

The company is a large integrated chemical group company covering the business of new chemical materials and specialty chemicals, petrochemicals and refining products, seeds and agrochemicals, chlor-alkali chemicals, rubber and rubber-plastic machinery, etc. At present, the reorganization of the two chemical companies has completed business registration, and the controlling shareholder of the company has changed to Sinochem.

According to the website of Sinochem, Sinochem is a joint reorganization of Sinochem Group and China National Chemical Corporation, a state-owned important backbone enterprise supervised by the State-owned Assets Supervision and Administration Commission of the State Council, with 220,000 employees. After the completion of the restructuring, Sinochem's business scope covers eight major fields, including life science, material science, petrochemical, environmental science, rubber and tire, machinery and equipment, urban operation and industrial finance, etc. Sinochem is a

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large global integrated chemical enterprise with leading advantages in the sub-sectors of agrochemicals and animal nutrition in life science business and fluorosilicon materials, engineering plastics and rubber additives in material science business. In the field of urban operation, the company is one of the first 16 central enterprises identified by the State-owned Assets Supervision and Administration Commission (SASAC) to have real estate as its main business; in the field of industrial finance, the company has a number of financial business licenses, trust and leasing, etc. In the field of industrial finance, the company has a number of financial business licenses, with significant advantages in trust and leasing. Sinochem has production bases and R&D facilities in more than 150 countries and regions around the world, as well as a comprehensive marketing network system. After the completion of the restructuring, Sinochem has 17 domestic and overseas listed companies.

As a large state-owned enterprise with 100% direct ownership by the State-owned Assets Supervision and Administration Commission of the State Council, Sinochem has significant scale advantages and strong comprehensive strength. The matter of joint restructuring of the two chemical companies is conducive to the optimization of resource allocation and the formation of synergies within the Group. since 2019, the two chemical companies have continued their internal integration of the seed and agrochemical industry chain, thereby optimizing the industry chain of the sector and expanding business scale. during the tracking period, in order to accelerate the integration of the agrochemical sector within the two chemical companies, Centaur Group acquired Jiangsu Yangnong Chemical Company Limited by way of a non-public agreement. In the future, with the enhancement of synergy effect, the business

anti-risk capability is expected to be further strengthened.

XII. Analysis of surviving bonds' repayment ability

The company's cash-type assets, cash flows from operating activities and

EBITDA provides a strong degree of peak protection for the principal amount outstanding on the surviving bonds.

As of the end of June 2022, the Company's outstanding bonds consisted of RMB 38 billion and USD 11,650 million. Of which, maturing in 2022

(The balance of bonds payable (including the exercise of rights) is NT\$27.560 billion, reaching the peak of the outstanding principal amount of the surviving bonds. As of the end of 2021, the Company's cash assets amounted to \$73.769 billion, which was 2.68 times of the peak outstanding principal amount of the surviving bonds (\$27.560 billion); cash inflow from operating activities, net cash flow from operating activities and EBITDA in 2021 were \$562.292 billion, \$55.688 billion and \$40.987 billion, respectively.

This is 20.40 times, 2.02 times and 1.49 times the peak outstanding principal amount of the surviving bonds (\$27.560 billion).

Table 21 Maturity amount of the company's surviving bonds as of the end of June 2022

Year	Amount of maturing domestic bonds (RMB billion)	Amount of foreign bonds maturing (USD billion)	Total (RMB billion)
2022	180.00	15.00	275.60
2023	180.00	13.00	262.85
2024	0.00	11.00	70.10
2025	20.00	14.00	109.22
2026	0.00	0.00	0.00
2027	0.00	10.00	63.73
2028	0.00	17.50	111.53
2029	0.00	9.00	57.36
2030	0.00	10.00	63.73

2030 onwards After	0.00	17.00	108.34
Total	380.00	116.50	1122.45

Note: The exchange rate of USD to RMB is calculated according to the data as of December 31, 2021, i.e. USD 1 = RMB 6.3730

Source: Wind

As of the end of 2021, the Company's long-term debt balance totaled 276,064 million in 2021, the company's cash inflow from operating activities, net cash flow from operating activities and EBITDA are 2.04 times, 0.20 times and 0.15 times of the company's long-term debt, respectively.

Table 22 Indicators of the Company's ability to repay perpetual bonds

Projects	2021
Long-term debt* (billion yuan)	4864.26
Operating cash inflow/long-term debt (times)	2.04
Cash from operations/long-term debt (times)	0.20
EBITDA/long-term debt (times)	0.15

Note: 1. Long-term debt in the above table is the amount after including perpetual debt in the company's owner's equity other equity instruments; 2. Operating cash, operating cash inflow and EBITDA are all adopted from the previous year

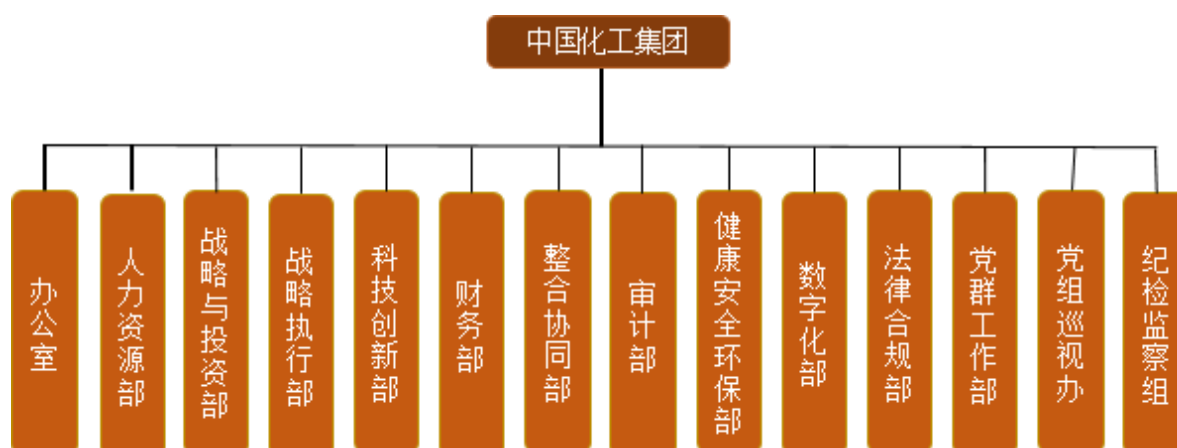
Source: UniCredit, based on company annual reports and public information

XIII. Conclusion

Based on the comprehensive analysis and assessment of the company's operational risk, financial risk, external support and debt terms, UniCredit determined that the long-term credit rating of the main body of China National Chemical Corporation was maintained at AAA, and that the long-term credit ratings of "19 ChemChina MTN003", "19 ChemChina MTN005", "20 ChemChina MTN001", "20 ChemChina MTN002", "20 ChemChina MTN003" and "20 ChemChina MTN003" were maintained. "20 ChemChina MTN001", "20 ChemChina MTN002", "20 ChemChina MTN003" and "20 ChemChina MTN004". "20 Chugoku Chemical MTN004A", "20 Chugoku Chemical MTN004B", "20 Chugoku Chemical MTN006", "20 Chugoku Chemical MTN008", "20 Chugoku Chemical MTN008", "20 ChemChina MTN009A", "20 ChemChina MTN009B", "20 ChemChina MTN006", "20 ChemChina MTN008", "20 ChemChina MTN009A", "20 ChemChina MTN009B", "20 ChemChina

The credit rating of "21 China Chemical MTN001" is AAA and the outlook is stable.

Annex 1-1 Organizational Chart of the Company as of the end of 2021



Source: Provided by the company

Annex 1-2 Tier 1 subsidiaries of the Company as of the end of 2021

Serial number	Company Name	Paid-in Capital (million yuan)	Shareholding ratio (%)	Percentage of voting rights (%)	Business Nature
1	China Blue Star (Group) Co.	1536558.92	99.99	99.99	Chemical products
2	China Haohua Chemical Group Co.	422121.93	100.00	100.00	Chemical products
3	Haohua Chemical Co.	235408.12	100.00	100.00	Chemical products
4	China Chemical Equipment Co.	100000.00	100.00	100.00	Chemical Machinery
5	China Chemical Agrochemical Co.	4182115.99	100.00	100.00	Agrochemicals
6	China Chemical Rubber Co.	1600000.00	100.00	100.00	Tire Manufacturing
7	China Auto Repair (Group) Corporation	82422.05	100.00	100.00	Auto Repair
8	Qingdao Yellow Sea Rubber Group Co.	33282.57	100.00	100.00	Rubber Products Manufacturing
9	China National Chemical Oil &	497672.73	100.00	100.00	Oil processing

Source: Provided by the company

The Company is the largest shareholder of China National Chemical Assets Management Corporation, and the other external shareholders are mainly financial investors. Therefore, the Company has the power over ChemChina Asset Management Co., Ltd. and has the ability to use this power to influence the amount of the Company's return.

Annex 2-1 Key Financial Data and Indicators (Consolidated Caliber)

Item	2019	2020	2021	March 2022
Financial Data				
Cash-type assets (billion yuan)	857.64	838.13	737.69	800.54
Total assets (billion yuan)	8439.62	8574.27	8609.63	8871.42
Owner's equity (billion yuan)	1890.98	1807.49	1605.85	1649.52
Short-term debt (billion yuan)	1873.43	1957.32	2103.62	2188.34
Long-term debt (billion yuan)	3020.44	3070.84	2760.64	2772.45
Total debt (billion yuan)	4893.87	5028.16	4864.26	4960.79
Total operating revenue (billion yuan)	4543.46	4173.95	5025.99	1260.16
Total profit (billion yuan)	42.30	52.55	25.20	102.11
EBITDA (billion yuan)	482.67	461.77	409.87	—
Net cash flow from operations (in billions)	253.78	308.39	556.88	-32.51
Financial Indicators				
Number of sales claims turnover (times)	7.52	6.78	7.75	—
Number of inventory turnover (times)	4.07	3.65	3.91	—
Number of total asset turnover (times)	0.55	0.49	0.58	—
Cash income ratio (%)	104.20	104.85	106.35	85.32
Operating profit margin (%)	21.19	20.73	17.98	25.52
Total Return on Capital (%)	3.38	2.97	1.83	—
Return on Net Assets (%)	1.46	0.94	-2.29	—
Long-term debt capitalization ratio (%)	61.50	62.95	63.22	62.70
Total debt capitalization ratio (%)	72.13	73.56	75.18	75.05
Gearing ratio (%)	77.59	78.92	81.35	81.41
Current ratio (%)	94.24	96.25	86.99	89.23
Quick Ratio (%)	64.60	68.55	57.91	61.44
Operating cash current liabilities ratio (%)	8.35	9.64	14.85	—
Cash short-term debt ratio (times)	0.46	0.43	0.35	0.37
EBITDA Interest multiple (times)	2.39	2.47	2.62	—
Total debt/EBITDA (times)	10.14	10.89	11.87	—

Note: 1. The Company's financial statements for January-March 2022 are unaudited; 2. Interest-bearing debts in other payables, other current liabilities, long-term payables and other non-current liabilities have been accounted for in the 2019-2021 consolidated caliber as all debts

Source: Company financial reports, collated by UniCredit

Annex 2-2 Key Financial Data and Indicators (Company)

Item	2019	2020	2021	March 2022
Financial Data				
Cash-type assets (billion yuan)	20.12	1.51	0.37	33.46
Total assets (billion yuan)	912.36	1426.64	1416.51	1448.38
Owner's equity (billion yuan)	300.15	299.66	274.93	269.19
Short-term debt (billion yuan)	277.00	286.10	293.97	268.50
Long-term debt (billion yuan)	187.06	318.48	221.73	240.57
Total debt (billion yuan)	464.06	604.58	515.70	509.07
Total operating revenue (billion yuan)	2.70	1.70	1.47	0.10
Total profit (billion yuan)	-16.65	-5.48	-21.14	-4.07
EBITDA (billion yuan)	/	/	/	—
Net cash flow from operations (in billions)	-40.95	-176.25	111.04	45.58
Financial Indicators				
Number of sales claims turnover (times)	*	*	*	—
Number of inventory turnover (times)	*	*	*	—
Number of total asset turnover (times)	*	*	*	—
Cash income ratio (%)	103.49	104.68	103.63	75.74
Operating profit margin (%)	94.76	90.40	90.64	99.40
Total Return on Capital (%)	-2.18	-0.61	-2.67	—
Return on Net Assets (%)	-5.55	-1.83	-7.69	—
Long-term debt capitalization ratio (%)	38.39	51.52	44.64	47.19
Total debt capitalization ratio (%)	60.72	66.86	65.23	65.41
Gearing ratio (%)	67.10	79.00	80.59	81.41
Current ratio (%)	40.88	37.24	33.42	36.16
Quick Ratio (%)	40.88	37.24	33.42	36.16
Operating cash current liabilities ratio (%)	-9.64	-21.81	12.08	—
Cash short-term debt ratio (times)	0.07	0.01	0.00	0.12
EBITDA Interest multiple (times)	/	/	/	—
Total debt/EBITDA (times)	/	/	/	—

Headquarters/Parent Company Caliber)

Note: 1. the company's financial statements for January-March 2022 are unaudited; 2. the 2019-2021 parent company caliber has accounted for interest-bearing debt in other current liabilities as all debt; 3. "—" indicates that data are available but not obtained; "*" indicates that the relevant indicator is meaningless, and * represents data that are too large or too small

Source: Company financial reports, collated by UniCredit

Annex 3 Key financial indicators calculation formula

Indicator Name	Calculation formula
Growth Indicators	
Compound annual growth rate of total assets	(1) 2-year data: Growth rate = (current period - previous period) / previous period × 100% (2) n years of data: Growth rate = [(current/previous n years) ^{1/(n-1)} - 1] × 100%
Compound annual growth rate of net assets	
Compound annual growth rate of total operating revenue	
Compound annual growth rate of total profit	
Operating efficiency indicators	
Number of sales debt turnover	Total operating revenues / (average net accounts receivable + average notes receivable + average receivables financing)
Number of inventory turnover	Operating Costs / Average Net Inventory
Number of total asset turnover	Total Operating Income / Average Total Assets
Cash to income ratio	Cash received from sales of goods and services/total operating revenues×100%
Profitability Indicators	
Total return on capital	(Net income + Expensed interest expense)/(Owner's equity + Long-term debt + Short-term debt) × 100%
Return on Net Assets	Net income/owner's equity×100%
Operating Margin	(Total operating revenues - operating costs - taxes and surcharges)/Total operating revenues×100%
Debt Structure Indicators	
Gearing ratio	Total liabilities/total assets × 100%
Total debt capitalization ratio	Total debt/(long-term debt + short-term debt + owner's equity) × 100%
Long-term debt capitalization ratio	Long-term debt/(long-term debt + owner's equity) × 100%

Note: Cash-type assets = monetary funds + financial assets held for trading + notes receivable + notes receivable in receivables financing

Short-term debt = short-term borrowings + financial liabilities for trading + non-current liabilities due within one year + notes payable + other short-term debt
Long-term debt = long-term borrowings + bonds payable + lease liabilities + other long-term debt
Total debt = Short-term debt + Long-term debt
EBITDA = total profit + expensed interest expense + depreciation of fixed assets + depreciation of right-of-use assets + amortized interest expense = capitalized interest expense + expensed interest expense

Annex 4-1 Main long-term credit rating setting and its meaning

The long-term credit rating of a joint credit entity is divided into three grades and nine levels, and the symbols are AAA, AA, A, BBB, BB, B, CCC, CC, C. Except for the grades below AAA and CCC, each credit rating can be fine-tuned by "+" "-" symbols to indicate slightly higher or lower than this grade. "+" symbols for fine-tuning, indicating slightly higher or lower than this grade.

The symbols of each credit rating represent the high and low probability of default of the rated object and the relative ranking, the credit rating from high to low reflects the gradual increase of the probability of default of the rated object, but does not exclude the possibility of default of the rated object with high credit rating.

The specific level settings and meanings are listed below.

Credit Rating	Meaning
AAA	Extremely strong ability to repay debt, largely unaffected by adverse economic conditions, with very low probability of default
AA	Strong ability to repay debts, not significantly affected by adverse economic environment, low probability of default
A	Stronger ability to repay debt, more vulnerable to adverse economic environment, lower probability of default
BBB	Average ability to repay debts, affected by adverse economic environment, average probability of default
BB	Weak debt repayment ability, highly influenced by adverse economic

settings and their

meanings

The setting and meaning of the credit rating of the medium and long-term bonds of UniCredit are the same as the long-term credit rating of the main body.

Annex 4-3 Rating Outlook Setting and Meaning

A rating outlook is an evaluation of the direction and likelihood of changes in credit ratings over the next year or so. Rating outlooks are usually classified into four categories: positive, negative, stable,

Ratings Outlook	Meaning
Front	There are more favorable factors, and the possibility of future credit rating upgrade is higher
Stable	Stable credit profile with a high probability of maintaining credit ratings in the