

Jiangsu Eastern Shenghong Co., Ltd.
Annual Report for the Year Ended December 31, 2023

April 2024

Section I Important Notes, table of Contents and Definitions

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

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

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

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

The Company elaborates possible risks in "XI. Prospect of future development of the Company" of Section III of this report. Investors should pay attention and read carefully.

The profit distribution plan considered and approved by the Board of Directors is as follows: a cash dividend of RMB 1.00 (including tax) will be distributed to all shareholders for every 10 shares based on the total share capital registered on the equity registration date for the implementation of the distribution plan. There was no bonus share will be distributed and capital reserves will not be converted into share capital.

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List of Reference Documents

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

Definitions

Term	Refers to	Definition
the Company, the Listed Company, Eastern Shenghong	Refers to	Jiangsu Eastern Shenghong Co., Ltd.
Shenghong Technology	Refers to	Jiangsu Shenghong Technology Co., Ltd., the controlling shareholder of the Listed Company
Shenghong Suzhou Group	Refers to	Shenghong (Suzhou) Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company and indirectly controlling Shenghong Technology
Shenghong Petrochemical	Refers to	Shenghong Petrochemical Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Bohong Industrial	Refers to	Lianyungang Bohong Industrial Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Shenghong New Materials	Refers to	Jiangsu Shenghong New Materials Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company and directly controlling Shenghong Technology
Petrochemical Industry Group	Refers to	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., 100% equity of which is controlled by the Listed Company
Sierbang Petrochemical	Refers to	Jiangsu Sierbang Petrochemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongke New Materials	Refers to	Lianyungang Hongke New Materials Co., Ltd., 100% equity of which is controlled by the Listed Company
Honggang Petrochemical	Refers to	Jiangsu Honggang Petrochemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Refining & Chemical	Refers to	Shenghong Refining & Chemical (Lianyungang) Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongwei Chemical	Refers to	Jiangsu Hongwei Chemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Petrochemical (Singapore)	Refers to	Shenghong Petrochemical (Singapore) International Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Petrochemical Port Storage and Transportation	Refers to	Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., 100% equity of which is controlled by the Listed Company
Guanghong Industrial	Refers to	Lianyungang Guanghong Industrial Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Chemical Fiber	Refers to	Jiangsu Shenghong Chemical Fiber New Material Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang High-Tech	Refers to	Jiangsu Guowang Hi-Tech Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Zhonglu Technology	Refers to	Jiangsu Zhonglu Technology Development Co., Ltd., 100% equity of which is controlled by the Listed Company
Ganghong Fiber	Refers to	Jiangsu Ganghong Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Fibers	Refers to	Suzhou Shenghong Fibers Co., Ltd., 100% equity of which is controlled by the Listed Company

Term	Refers to	Definition
Suzhen Bioengineering	Refers to	Suzhou Suzhen Bioengineering Co., Ltd., 100% equity of which is controlled by the Listed Company
Tangnan Sewage	Refers to	Suzhou Tangnan Sewage Treatment Co., Ltd., 100% equity of which is controlled by the Listed Company
Reborn Technology	Refers to	Jiangsu Reborn Technology Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang (Suqian)	Refers to	Guowang Hi-Tech Fiber (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Honghai New Materials	Refers to	Honghai New Materials (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Combustion Engine Cogeneration	Refers to	Jiangsu Shengze Combustion Engine Cogeneration Co., Ltd., 100% equity of which is controlled by the Listed Company
Haiges New Energy	Refers to	Hubei Haiges New Energy Co., Ltd., 90% equity of which is controlled by the Listed Company
Shengze Thermal Power Plant	Refers to	Jiangsu Eastern Shenghong Co., Ltd. Shengze Thermal Power Plant, a branch of the Listed Company
Shenghong integrated refining and chemical projects	Refers to	16 million tons refining and chemical integration project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
EVA	Refers to	Ethylene-Vinyl Acetate copolymer, a common synthetic material widely used in such fields as foaming materials, functional shed films, films, hot melt adhesives, adhesives, wire and cable, and toys
POE	Refers to	Polyolefin elastomer, a series of copolymers based on catalytic use of butene or octene copolymers by metallocene, as the main materials used in automobile exteriors and interiors, wire and cable coatings, extruded coatings, films, injection molding, medical products, adhesives, footwear and foams
UHMWPE	Refers to	Ultrahigh molecular weight polyethylene, a thermoplastic engineering plastic with excellent properties widely used in such fields as lithium electric diaphragm, aerospace, ocean engineering, rail transit, and petrochemical
AN	Refers to	Acrylonitrile, a colorless liquid, as an important raw material for manufacturing ABS and other synthetic resins, nitrile butadiene rubber and other synthetic rubbers, acrylic fibers and other synthetic fibers, and other chemical products
MMA, methyl ester	Refers to	Methyl Methacrylate, a kind of important chemical raw materials mainly used in the production of polymethyl methacrylate and manufacturing of other resins, plastics, coatings, adhesives and other products
EO	Refers to	Ethylene Oxide, an organic compound mainly used for manufacturing solvents, diluents, nonionic surfactants, synthetic detergents, antifreeze agents and disinfectants, and widely used in washing, pharmaceutical, and printing and dyeing industries
EOA	Refers to	Ethanolamine, mainly used in the manufacturing of chemical reagents, pesticides, medicine, solvents, dye intermediates, rubber accelerators, corrosion inhibitors and surfactants
EOD	Refers to	Ethoxy compounds, generated by the reaction of ethylene oxide with organic compounds containing active hydrogen under the action of catalyst, including polycarboxylic acid water reducer monomers, and

Term	Refers to	Definition
		nonionic surfactants
MTO	Refers to	Methanol to Olefins, the process of producing low-carbon olefins with the methanol as the raw material
PX	Refers to	Paraxylene, a colorless clear liquid used in the production of plastics, polyester fibers and films
MEG	Refers to	Monoethylene glycol, a colorless, odorless, sweet and viscous liquid mainly used in the production of polyester fibers, antifreeze, unsaturated polyester resins, lubricants, plasticizers, nonionic surfactants, explosives, etc.
PTA	Refers to	Purified terephthalic acid, a kind of low-toxicity and flammable white crystal or powder at room temperature that burns when it meets fire if mixed with air in a certain limit
Polyester, polyester chip, PET	Refers to	Polyethylene terephthalate, a fiber-forming polymer made from PTA and MEG by esterification or transesterification and condensation polymerization. Fiber-grade polyester chips are used to manufacture polyester staple fibers and polyester filaments
POY	Refers to	PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN, a partly drawn polyester filament obtained by high-speed spinning with the orientation between the unoriented yarn and the drawn yarn
DTY	Refers to	DRAW TEXTURED YARN, also known as polyester elastic yarn, made from POY by drawing and false twist texturing processing, with the certain elasticity and contractility
FDY	Refers to	FULL DRAW YARN, also known as polyester traction yarn, a synthetic fiber filament further produced by the spin-drawing process. The fiber has been fully drawn and can be directly used for textile processing
GDR	Refers to	Global Depository Receipts
Reporting period, current period	Refers to	From January 1, 2023 to December 31, 2023

Section II Company profile and major financial indicators

I. Company profile

Stock abbreviation	Eastern Shenghong	Stock code	000301
Stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in Chinese	Eastern Shenghong		
Name of the Company in foreign languages	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in foreign languages	EASTERN SHENGHONG		
Legal Representative of the Company	Miao Han'gen		
Registered address	No.73, Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province		
Zip code of the registered address	215228		
Historical change of registered address	In July 1998 when it was established, its registered address was Shunxin Middle Road, Shengze Town, Wujiang City; in November 1998, its registered address was changed to No.39 Shunxin Middle Road, Shengze Town, Wujiang City; in June 2006, its registered address was changed to Silk Stock Building, Shichang Road, Shengze Town, Wujiang City, Jiangsu Province; in December 2018, its registered address was changed to No.73 Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.		
Office address	West Building, R&D Center of National Advanced Functional Fiber, No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou, Jiangsu		
Zip code of office address	215228		
Website	http://www.jsessh.com		
E-mail	tzzgx@jsessh.com		

II. Contact and contact information

	Secretary of Board of Directors
Name	Wang Jun
Contact address	West Building, R&D Center of National Advanced Functional Fiber, No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou, Jiangsu
Tel	0512--63573866
Fax	0512--63552272
E-mail	jun.wang@jsessh.com

III. Information disclosure and storage location

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

IV. Changes in registration

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

V. Other relevant information

Accounting firm hired by the Company

Name of the accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Office address of the accounting firm	Floor 4, No. 61, Nanjing East Road, Huangpu District, Shanghai
Signed accountants	Zhu Ying, Tang Yi

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

VI. Major accounting data and financial indicators

Whether the Company needs to retroactively adjust or restate the accounting data of previous years

☒ Yes ☐ No

Reasons for retroactive adjustment or restatement: Business combination under common control

	Year 2023	Year 2022		YoY increase or decrease	Year 2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Operating revenue (RMB)	140,439,738,058.63	63,822,315,669.45	63,872,900,064.79	119.87%	51,722,179,697.92	52,490,825,484.38
Net profit attributable to shareholders of the listed company (RMB)	717,031,594.87	548,162,571.15	611,000,794.98	17.35%	4,543,604,009.84	4,656,609,375.77
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss (RMB)	217,093,480.12	85,069,376.89	85,069,376.89	155.20%	1,235,554,998.71	1,276,318,116.17
Net cash flows from operating activities (RMB)	8,342,940,306.17	1,390,759,281.02	1,741,736,080.88	379.00%	5,333,711,092.94	5,632,829,654.85
Basic earnings per share (RMB/share)	0.11	0.09	0.10	10.00%	0.76	0.78
Diluted earnings per share (RMB/share)	0.11	0.08	0.09	22.22%	0.73	0.75
Return on weighted average net assets	1.98%	1.88%	2.07%	Decreasing by 0.09 ppt	17.11%	17.50%
	As at the end of 2023	As at the end of 2022		YoY increase or decrease	As at the end of 2021	
		Before adjustment	After adjustment		Before adjustment	After adjustment
Total assets (RMB)	190,214,802,161.82	166,511,713,405.78	170,778,159,185.70	11.38%	132,002,543,178.75	135,764,204,179.66
Net assets attributable to shareholders of listed company (RMB)	35,451,093,147.62	35,700,833,600.61	36,302,893,877.81	-2.35%	27,614,534,539.34	27,951,547,135.56

The lower of the Company's net profit before and after deducting non-recurring gains and losses was negative in

the last three fiscal years, and audit report for the latest year showed that there was uncertainty in the Company's going-concern ability

☐ Yes ☒ No

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

☐ Yes ☒ No

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

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

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

VIII. Main financial indicators by quarter

Unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	29,547,000,907.36	36,386,746,558.11	37,742,983,591.35	36,763,007,001.81
Net profit attributable to shareholders of the listed company	737,641,929.25	993,152,260.81	804,890,370.74	-1,818,652,965.93
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss	697,445,483.31	862,210,218.19	493,202,669.31	-1,835,764,890.69
Net cash flows from operating activities	2,461,604,116.83	5,484,804,522.75	-1,347,785,881.82	1,744,317,548.41

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

☒ Yes ☐ No

They are caused by the retrospective adjustment of financial data in business combination under common control in this period.

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

☒Applicable ☐Not applicable

Unit: RMB

Item	Year 2023	Year 2022	Year 2021	Notes
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for impairment of assets)	91,517,270.12	481,218,050.71	1,740,436.70	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of the Company, in line with the policies and provisions of the State and those that have continuous influence on the Profits and losses of the Company according to the determined standards)	362,491,654.49	113,128,393.46	86,742,709.47	
Profit or loss on changes in fair values of financial assets held for trading and financial liabilities held by non-financial enterprises and profit or loss on the disposal of financial assets and financial liabilities, except for effective hedging operations associated with the company's normal operations	-13,261,491.57	-14,061,568.84	-35,127,274.29	
Profits or losses from the assets which are invested or managed by others entrusted		721,617.52	14,936,683.50	
Current net profit or loss of the subsidiaries from enterprise merger under the same control from the beginning of the period to the merger date	59,468,688.71	47,290,143.59	3,846,730,929.63	
One-time effect on current profit or loss due to the adjustment to the laws and regulations regarding taxation or accounting		3,634,531.80		
Non-operating revenue and expenses other than the above-mentioned items	88,228,236.46	33,229,231.60	40,754,482.86	
Less: income tax effects	89,942,629.64	144,765,979.19	18,658,314.09	
Affected amount of minority equity (after tax)	-1,436,386.18	-5,536,997.44	556,828,394.18	
Total	499,938,114.75	525,931,418.09	3,380,291,259.60	--

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

☐Applicable ☒Not applicable

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

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

☐Applicable ☒Not applicable

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

Section III Management discussion and analysis

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

(I) Slow global macroeconomic growth

According to *the World Economic Outlook* released by the International Monetary Fund (IMF) in 2024, the global GDP growth rate in 2023 is about 3.1%, which is lower than the rate of 3.5% in 2022, and the global economic growth rate has obviously slowed down. Meanwhile, due to the long-term and spillover trend of regional geopolitical conflicts all over the world, the continued tightening monetary policies in developed economies such as the United States and Europe, as well as the high level of global inflation, the global macro economy still faces more uncertainties.

In 2023, the annual GDP of China exceeded RMB126 trillion, representing a year-on-year increase of 5.2%, ranking among the top economies in the world. China's contribution to world economic growth is expected to exceed 30%, and it is still the biggest engine for world economic growth. In December 2023, the Central Economic Working Conference was held in Beijing. The meeting pointed out: "this year, China's economic operation has the characteristics of 'one-high, one-low and two-balance', that is, high growth rate, stable employment, low prices and basic balance of international payments, and the main expected goals are expected to be successfully achieved." At the same time, the meeting also pointed out many challenges faced by China's economy at present. It stated that "in order to further promote the economic recovery, we need to overcome some difficulties and challenges, including insufficient effective demand, overcapacity in some industries, weak social expectations, and multiple hidden risks. A blockage exists in the domestic macro-cycle. It takes a process to resolve the real estate, local debt and financial risks accumulated for these years, and the complexity, severity and uncertainty of the external environment have increased."

Generally speaking, the basic trend of China's economic recovery and long-term prospects remains unchanged. The factors supporting high-quality development are constantly gathering and increasing with more opportunities than challenges, and more favorable conditions than unfavorable factors.

(II) Development of the petrochemical industry

1. The crude oil consumption in China continues to grow steadily

As the blood of industry, petroleum has penetrated into every aspect of human economic and social activities. The upstream of petrochemical industry is mainly the exploration, exploitation and transportation of oil and gas, the midstream is the processing and manufacturing of oil refining and petrochemical products, and the downstream products are widely used in all walks of life. As the most basic link in the petrochemical industry chain, crude oil refining and processing is the cornerstone of the whole petrochemical industry. According to the data of the National Bureau of Statistics, the apparent consumption of crude oil in China was 770 million tons in 2023, representing a year-on-year increase of 8.5% and hitting a record high; domestic crude oil output was 209 million tons, representing a year-on-year increase of 2%; crude oil imports reached 564 million tons, representing a year-on-year increase of 11% and hitting a record high. Generally speaking, in 2023, China's crude oil consumption and production maintained a steady growth trend.

2. In 2023, China's petrochemical industry showed a trend of first low and then high and bottoming out

According to the data of the National Bureau of Statistics, in 2023, China's petrochemical industry realized an operating revenue of RMB15.95 trillion, a year-on-year decrease of 1.1%; the total profits amounted to RMB873.36 billion, a year-on-year decrease of 20.7%; the total import and export volume was USD952.27 billion, a year-on-year decrease of 9.0%. Specifically, the industry is divided into three major plates. The oil and gas exploitation plate realized the operating revenue of RMB1.44 trillion, a year-on-year decrease of 3.9%; the profits amounted to RMB301.03 billion, a year-on-year decrease of 15.5%. The oil refining plate realized the operating revenue of RMB4.96 trillion, a year-on-year decrease of 2.1%; the profits amounted to RMB65.6 billion, a year-on-year decrease of 192.3%. The chemical plate realized the operating revenue of RMB9.27 trillion, a year-on-year decrease of 2.7%; the profits realized amounted to RMB486.26 billion, a year-on-year decrease of 31.2%.

In 2023, global energy prices generally fell. According to statistics, the annual average price of Brent crude oil was USD82.6/barrel, down 18.3% on the year-on-year basis. Under the background of the gradual decline of geographical premium and the continuous interest rate increase by the Federal Reserve, despite the staged rebound, the overall price of crude oil showed a downward trend throughout the year. At the same time, the ex-

factory price of the domestic oil and gas extraction industry decreased by 10.2% on the year-on-year basis, and the ex-factory price of chemical raw materials and products decreased by 9% on the year-on-year basis. Due to the decline in the prices of crude oil, natural gas and other energy sources and the prices of most petrochemical products, the situation of "increase in production and consumption increase but no increase in profits" occurred in the petrochemical industry in 2023.

3. In the future, the refining and chemical industry will develop in the direction of large-scale equipment, petroleum reduction and chemical increase, and park synergy

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

By December 2023, the total refining capacity of China reached 936 million tons per year, ranking first in the world. The industrial concentration degree and scale have been further improved, and the number of refineries with the refining capacity of 10 million tons or above increased to 36. Ethylene, as the "mother of petrochemical industry", plays an important role in the national economy. It is the core of the petrochemical industry and a key indicator to determine the production level of the chemical industry. In 2023, China's ethylene capacity reached 51.95 million tons per year, ranking first in the world.

Since 2018, large refining and chemical projects in China have been designed and constructed in accordance with the integrated processing plan of refining, aromatics and ethylene, and supporting facilities for mutual supply and guarantee of refining and chemical raw materials and public works have been optimized. As one of the three domestic private refining and chemical enterprises in production, the Company has the single set atmospheric and vacuum distillation unit with the largest capacity of 16 million tons in China. The advanced production technology, higher utilization efficiency of raw materials and energy, and downstream chemical product layout in the integrated whole industry chain have given the refining and chemical unit of the Company the strength to compete with international leading refining and chemical companies.

In September 2021, the CPC Central Committee and the State Council issued *the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*; the State Council issued *the Circular on Issuing the Action Plan for Carbon Dioxide Peaking before 2030* (Guo Fa [2021] No.23); the National Development and Reform Commission issued *the Opinions on Promoting Energy Conservation and Carbon Reduction in Key Sectors through Strict Energy Efficiency Constraints and the Action Plan for Promoting Energy Conservation and Carbon Reduction through Strict Energy Efficiency Constraints in Key Petrochemical and Chemical Industries (2021-2025)*. The series of measures taken by the State aim to promote the petrochemical industry to undertake the important task of national energy supply and actively propel the implementation process of low-carbon transformation. The State has clearly put forward the strategic goal of controlling the domestic primary crude oil processing capacity within 1 billion tons and raising the utilization rate of main capacity to more than 80% by 2025. The above industrial policies will be conducive to further concentration of refining and chemical capacity to leading enterprises, and "petroleum reduction and chemical increase" of large petrochemical projects. "Whole-process refining and chemical integration" will be the trend of the future development of China's refining and chemical industry.

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

In October 2023, the National Development and Reform Commission, the National Energy Administration, the

Ministry of Industry and Information Technology and the Ministry of Ecology and Environment jointly promulgated *the Guiding Opinions on Promoting the Green, Innovative and High-quality Development of Oil Refining Industry*, requiring that, “it is imperative to further optimize the layout of regional refining capacity, promote the orderly concentration of new refining projects to petrochemical industrial bases, realize intensive agglomeration development, and make a sound coordination with ethylene and paraxylene (PX) projects”, at the same time, clearly stating that “the scale of atmospheric and vacuum pressure units in new refineries shall not be less than 10 million tons per year.”, “it is required to promote the orderly elimination and withdrawal of atmospheric and vacuum distillation units with the capacity of 2 million tons/year and below that do not meet the national industrial policy in accordance with laws and regulations” and “eligible atmospheric and vacuum distillation units with a capacity of 2 million tons/year or less, mainly producing chemicals such as asphalt, and processing special crude oil or waste mineral oil, are allowed to be retained after being identified by relevant national authorities, and local authorities should perform a good job in the follow-up whole process supervision. If the energy efficiency is lower than the benchmark level or the level of environmental protection is low, and the energy efficiency still can't reach the benchmark level or the pollutants can't satisfy stable discharge standards after transformation and upgrading such as energy saving, carbon reduction and pollution reduction, the withdrawal thereof will be accelerated before 2025.” Thereby, the realization of the overall goal that “by 2025, the primary processing capacity of domestic crude oil will be controlled within 1 billion tons, and the refining capacity of 10 million tons will account for about 55%” will be ensured.

(III) Development of the renewable energy industry

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

The geographical conflicts in recent years led to a sustained surge in global crude oil, natural gas and other fossil energy prices, highlighting the importance of developing renewable alternative energy. With the accelerated transformation of global energy structure, the exploitation and utilization of renewable energy has become the only way of energy revolution. To develop renewable energy is not only an important measure to realize clean and low-carbon energy transformation, but also a fundamental and long-term solution to realize energy independence and ensure energy security.

According to *the State of the Global Climate 2023* issued by the World Meteorological Organization (WMO), it is confirmed that 2023 was the warmest year on record, and the global near-surface average temperature was 1.45 degrees Celsius higher than the pre-industrial baseline (uncertainty: 0.12 degrees Celsius).

At the 21st Conference of the Parties (COP21) of the United Nations Framework Convention on Climate Change (UNFCCC) in 2015, 187 parties around the world signed the Paris Agreement, clearly defining the goal of controlling the global temperature increase within 2 degrees Celsius and 1.5 degrees Celsius as far as possible compared with the pre-industrial level by the end of this century. According to the Paris Agreement, the international community should evaluate the progress of climate changes by stage, that is, “global stock take” (GST). Each GST is conducted every five years, each lasting two years. The GST clarified that in order to control the temperature rise within 1.5 degrees Celsius, global greenhouse gas emissions must be reduced by 43% compared with the level in 2019 by 2030 and 60% by 2035.

In December 2023, the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC) was held in Dubai, United Arab Emirates. It is the first time in the history of the United Nations Climate Change Conference that the expression of fossil fuels was included in the final agreement and all the countries concerned reached an agreement on the road map of “transition away from fossil fuels”.

The meeting called on all countries to take the following actions: by 2030, the global renewable energy installation capacity will triple and the global average annual energy efficiency will double; Before or around the middle of the 21st century, the realization of a net zero-emission energy system will be accelerated globally, zero-carbon and low-carbon fuels will be used, and the development of zero-carbon and low-carbon emission technologies will be facilitated, including the development of renewable energy, nuclear energy, and carbon capture, utilization and storage technologies; in the energy system, it is necessary to “transform” from fossil fuels in a fair, orderly and reasonable way, and accelerate these actions in this critical decade in order to scientifically achieve the goal of net zero emission in 2050.

According to the annual market report of the Renewables 2023 released by the International Energy Agency (IEA), in 2023, the new installed capacity of renewable energy in the world reached 510GW, 50% higher than that in 2022, and the installed capacity grew faster than the speech at any time in the past 30 years. It is predicted that the global installed capacity of renewable energy will usher in a period of rapid growth in the next five years.

China is a leader in renewable energy all over the world. In 2023, the newly installed capacity of wind energy in China increased by 66% over the previous year; In 2023, the new installed capacity of solar photovoltaic in China is equivalent to the new installed capacity of the world in 2022. IEA believes that China has technological and cost advantages and a long-term stable policy environment in the field of renewable energy. It plays an important role in promoting the global energy revolution, especially in reducing the global solar power generation costs.

2. Solar energy is still the mainstream of renewable energy development

In recent years, with the rapid expansion of the scale of global solar energy exploitation and utilization, rapid progress in technology, and significant decrease in the cost of photovoltaic power, solar energy has shown a good prospect for development. China, the United States, the European Union and other countries or regions regard solar power as an important source of renewable energy. More than 100 countries reached an important agreement at the COP28. That is, in 2030, the global installed capacity of renewable energy will triple, reaching at least 11000GW. Among them, the installed photovoltaic capacity will increase from 1055GW in 2022 to 5457GW in 2030. Therefore, photovoltaic solar energy, as the backbone of renewable energy structure, is expected to achieve continuous growth in installed capacity in the future.

According to the 2023 annual report released by the IEA, in 2023, the newly installed capacity of photovoltaic power generation in the world broke a new record, and the newly installed capacity was about 375GW, representing a year-on-year increase of over 30%. The diversification of global PV installed capacity market is accelerating. According to statistics, in 2023, there are 32 markets with installed photovoltaic capacity exceeding 1GW in the global market, 6 more than in 2022. It is expected that there will be more than 50 GW-class markets by 2025. In 2024, the newly installed photovoltaic capacity in the world is expected to reach 390-430GW.

According to the data of China Photovoltaic Industry Association, in 2023, the installed photovoltaic capacity in China increased by 216.88GW, up 148% on year-on-year basis. By the end of 2023, the cumulative installed capacity of photovoltaic reached 609.5GW. Photovoltaic products (silicon chip, batteries and modules) have also become an important part of China's new energy export products. In 2023, the export volume of silicon wafers, batteries and modules increased by 93.6%, 65.5% and 37.9% respectively. China is the largest photovoltaic application market and product supplier in the world. Driven by favorable factors such as the reduction of photovoltaic power generation cost and global economic recovery, China Photovoltaic Industry Association predicted that the newly installed photovoltaic capacity in China was expected to reach 190-220GW in 2024. The photovoltaic application market in China will continue to maintain the operation of high platform.

3. Photovoltaic EVA materials, as the main raw materials of photovoltaic films, fully benefit from the continuous growth of the photovoltaic industry

(1) Photovoltaic film is one key factor that determines the product quality and service life of photovoltaic modules

Photovoltaic film mainly used for the packaging of photovoltaic modules plays the role of bonding, provides the structural support for modules, and has the role of protecting and enhancing the efficiency of cell slices. Photovoltaic modules work in the open air all year round, and their service life is usually required to be more than 25 years. Once the film of the cell module begins to turn yellow and crack, the cell will fail and be scrapped. There are very strict requirements for the photovoltaic film in terms of many material characteristics such as erosion resistance, heat resistance, low temperature resistance, oxidation resistance, and UV aging resistance. Therefore, photovoltaic film is one of the key factors that determine the product quality and service life of photovoltaic modules.

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

(2) Photovoltaic EVA materials, as the main raw materials of photovoltaic films, fully benefit from the

continuous growth of the photovoltaic industry

EVA

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

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

The global EVA unit capacity is mainly concentrated in Asia, Western Europe, North America and the Middle East. In recent years, the global EVA products have maintained a high-speed growth trend, and the main growth momentum comes from the Asia-Pacific region. The increase in the proportion of EVA production capacity in Asia is mainly due to the expansion of EVA production in China. The integration of EVA industry in China is developing rapidly, and China is the country with the largest production capacity of EVA products in the world. According to the statistics of SCI99.com, by the end of 2023, the total domestic EVA output was about 2.45 million tons and the apparent consumption exceeded 3.3 million tons. The dependence on imports was still above 40%.

According to the statistics of China Photovoltaic Industry Association, the output of photovoltaic modules in China exceeded 499GW in 2023, representing a year-on-year increase of more than 69%. Benefiting from the significant increase in the demand for downstream photovoltaic modules, the demand for photovoltaic EVA particles, which are the major raw materials of photovoltaic film, has also increased substantially. At present, the proportion of photovoltaic EVA in the downstream consumption demands for EVA products has exceeded 50%. However, due to the long production expansion period and high production difficulty of EVA devices, the output growth of photovoltaic-level EVA is uncertain, and the photovoltaic-level EVA will maintain a tight balance between supply and demand.

POE

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

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

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

In recent years, under the influence of multiple factors, such as the frequent introduction of favorable national policies, continuous iteration of battery technology, increasing mileage, and increasingly perfect infrastructure, consumers' recognition and acceptance of new energy vehicles have been significantly improved, and China's new energy vehicles have entered the fast lane of booming development. According to the data of China Automotive Industry Association, the production and sales of new energy vehicles in China in 2023 were 9.587 million and

9.495 million respectively, up by 35.8% and 31.6% respectively. China's new energy automobile industry continues to maintain rapid growth, ranks first in the world for nine consecutive years, and has become an important force leading the transformation of the global automobile industry.

The rapid growth of the new energy automobile industry has driven the rapid growth of the power battery market. According to the national lithium-ion battery industry operation released by the Ministry of Industry and Information Technology, the total output of China's lithium batteries exceeded 940GWh in 2023, up 25% YOY. Among them, the output of power-type and energy storage lithium batteries amounted to 675GWh and 185GWh respectively. The installed capacity of lithium batteries (including new energy vehicles and new energy storage) exceeded 435GWh. The main raw materials of lithium battery cathode materials, anode materials, diaphragm, electrolyte production reached 2.3 million tons, 1.65 million tons, 15 billion square meters, 1 million tons, an increase of more than 15%. With the rapid development of the new energy vehicle industry, the terminal consumer market, the demand of power batteries for upstream lithium battery materials is also increasing every day.

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

In response to the rapid development needs of downstream new energy vehicle and energy storage industries, and based on the continuous enabling and new material development of its large chemical platform over the years, the Company continues to focus on the fields of new energy and new materials. At present, the Company has carried out its layout in the upstream raw material field of lithium-ion batteries, and its related products involve many key links such as positive electrode materials, battery diaphragms, and electrolyte solvents. The Company has built a 20,000 tons/year UHMWPE project, which achieved an instant operation success and was successfully put into production at the end of 2022. UHMWPE, a thermoplastic engineering plastic with excellent properties such as resistance to impact, wear and corrosion is the main raw material of lithium battery diaphragms. At the same time, UHMWPE is also widely used in aerospace, ocean engineering, rail transit and other cutting-edge fields. In addition, the Company's 100,000 tons/year ethylene carbonate and dimethyl carbonate (EC/DMC) unit has also been successfully put into operation in March 2024, and the downstream of the product made therefrom will be mainly used in the field of lithium battery electrolyte.

(IV) Development of the polyester chemical fiber industry

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

The textile and chemical fiber industry is the pillar industry of China's national economy and social development, the basic industry to solve people's livelihood problems and beautify life, as well as the advantageous industry of international cooperation and integrated development. According to China Chemical Fibers Industry Association, China's total chemical fiber production reached 68.72 million tons in 2023, an cumulative YOY increase of 8.5%. Among them, the polyester filament production is 45.09 million tons, up 8.5% YOY.

As an important raw material in the textile industry, polyester filament has the characteristics of high strength, good elasticity, heat resistance, wear resistance, corrosion resistance, and smooth surface and so on. It is widely used in clothing fabrics, lining materials, underwear, socks, bed quilt and other clothing materials and decorative materials. Polyester filament can be used in conveyor belts, tents, canvas, ropes, fishing nets and so on in industry.

With the growth of consumption demand in downstream clothing, home textile and industrial textile industries, differentiated and functional polyester fibers are also facing a new round of growth demand. The structural adjustment and variety improvement of the polyester filament industry promote the sustainable development of the industry.

The polyester filament industry concentration has gradually increased, CR6 capacity accounts for nearly 70% of the total industry capacity, and the polyester filament industry concentration is expected to further increase in the future. The competition in polyester filament industry is changing from "price and quality" to "high-tech and brand competition oriented" comprehensive strength competition. From the overall development trend of the polyester filament industry, supply-side structural reform and improvement of green manufacturing level have gradually become the main line of transformation and upgrading of the polyester chemical fiber industry. Domestic leading filament enterprises continue to strengthen the core of competition and enhance the core competitiveness in their own advantageous product fields, showing significant differentiated competition among them. At the same time, the gradual improvement of industry concentration is also conducive to the formation of orderly expansion and differentiated and diversified competition among leading enterprises.

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

The recycled polyester fiber refers to the recycled polyester bottle chips, filament waste, waste fabric and other raw materials, which is turned into recycled polyester fiber through a regeneration process such as melt direct spinning, and is ultimately used in many fields such as apparel and home textiles. Compared with the traditional production process, the recycled fiber reduces the granulation, drying, re-melting and other traditional processes and can thus save 30% to 40% energy, and the quality and performance of recycled fiber is no less than virgin fiber. Recycled polyester fiber can effectively solve the problem of environmental pollution after polyester products are discarded, which realizes the effective use of resources and becomes a typical representative of the industrial chain circular development and the secondary development and utilization of waste resources.

As a leading enterprise in the recycled polyester fiber industry, the Company relies on independent R&D to solve a series of technical difficulties such as key technology of melt viscosity homogenization, high-capacity production of recycled fibers, and long-cycle polymerization operation, and takes the lead in completing the world's first melt direct spinning device from bottles to spinning, and has begun the mass production of recycled fibers in 2018. With the successful commissioning of 250,000 tons of recycled fiber capacity in the second phase of Reborn Technology at the end of 2023, the Company's total capacity of recycled polyester fiber is about 550,000 tons/year, forming the world's largest production base of recycled polyester fibers. Downstream customers have been widely covered by more than 30 well-known brands such as Decathlon, Nike, Uniqlo, Adidas, Li Ning, etc., and the popularity and promotion of recycled fibers is accelerating in its end consumer market.

II. Primary business during the reporting period

(I) Overview

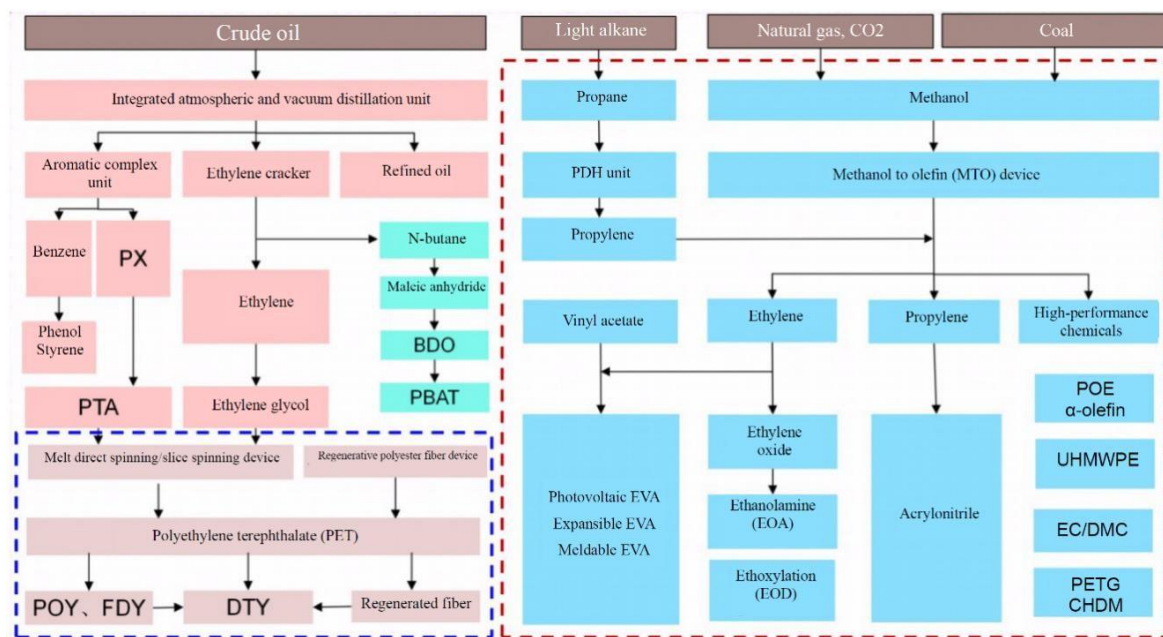
The Company is a world leading energy and chemical company with a vertically integrated whole industry chain and an in-depth layout of new energy and new material business. The Company has been deeply cultivating in the fields of new energy, new materials, petroleum refining and polyester chemical fiber for many years, with diversified olefin production processes, and has gradually formed a vertically integrated chemical complex of the whole industry chain. Relying on the refining and chemical integration, alcohol-based multigeneration and propane industry chain projects to build a "big chemical" comprehensive chemical raw materials supply platform, the Company has formed the "1 + N" industrial layout extended to the new energy, new materials, electronic chemistry, biotechnology and other diversified industrial chains.

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

At present, the Company has the 16 million tons/year refining and chemical integration unit, 2.4 million tons/year MTO unit and 700,000 tons/year PDH unit, realizing the full coverage of three olefin production process routes, namely, "oil head", "coal head" and "gas head". Through the differentiated and diversified layout of raw material

sources of "oil, coal and gas", the Company has more options and possibilities in terms of comprehensive cost control, coping with the risk of cyclical fluctuations, new product R&D, and process route selection of downstream high-end petrochemical products; and has gave full play to the advantages of scale operation, reduce the operational risks caused by cyclical fluctuations in the industry, and better realize anti-cyclical and cross-cyclical sound development.

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



(II) Introduction of main business sectors

1. Petrochemical and chemical materials

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

(1) Refining and chemical business

As the core raw material supply platform of the Company's "1+N" strategic industrial layout, Shenghong's 16 million tons/year refining and chemical integration project was successfully completed in December 2022 and put into full production. The project has the largest single-scale atmospheric decompression unit in China, with a processing capacity of 16 million tons/year, and the main products include 1.1 million tons/year of ethylene, 2.8 million tons/year of PX, 1.9 million tons/year of ethylene glycol, 0.3 million tons/year of vinyl acetate, 0.4 million tons/year of phenol, 0.25 million tons/year of acetone and other basic chemical products.

(2) New energy and new materials business

Sierbang Petrochemical is the operating subject of chemical new energy and new materials of the Company. At present, it has formed a diversified product structure with the synergistic development of ethylene, propylene and its derived fine chemicals, and has a MTO production capacity of 2.4 million tons/year, which is the world's largest single set of alcohol-based multigeneration unit; it also owns capacity of 700,000 tons/year PDH, 1.04 million tons/year acrylonitrile, 300,000 tons/year EVA, 340,000 tons/year MMA, 300,000 tons/year EO and its derivatives and other fine chemicals. During the reporting period, the total capacity of acrylonitrile jumped to the first place in the world with the commissioning of the 260,000-ton acrylonitrile unit of Phase IV of Sierbang Petrochemical; meanwhile, Sierbang Petrochemical is a leading company in the EVA industry.

2. Polyester chemical fiber

The Company has established chemical fiber production bases in Suzhou and Suqian respectively, with a polyester filament capacity of 3.55 million tons/year. The products are mainly differentiated DTY. Among them, the capacity of recycled polyester fiber is about 550,000 tons/year, ranking first in the world. Guowang Hi-Tech, one

of the main operating body of the polyester chemical fiber segment, was named a national "green factory".

Rooted in the strategy of mismatch competition, the Company focuses on the development and production of ultrafine fibers and differentiated functional fibers, and is known as the "global expert in differentiated fibers". The Company leads the establishment of the national advanced functional fiber innovation center, and has built up a complete independent intellectual property rights, the world's leading bio-based PDO monomer, PTT fiber and recycled polyester fiber industry chain.

(III) Main products and business modes

During the reporting period, the Company's main business included R&D, production and sales of petrochemical and new chemical materials and polyester filament yarn. The main products and business models are listed below:

Product name	Subsector	Upstream raw materials	Downstream application fields
Refined oil	Petroleum refining	Crude oil	Mainly used as the fuel for a variety of fuel power equipment and heating
Ethylene	Chemical raw materials and chemical products manufacturing industry	Crude oil and methanol	One of the most important chemical products with the world's largest output, and the basic chemical raw material for synthetic fiber, synthetic rubber, and synthetic plastic
Propylene	Chemical raw materials and chemical products manufacturing industry	Crude oil, methanol and propane	One of the most important chemical products, mainly used in the production of polypropylene, and of acrylonitrile, propylene oxide, acrylic acid, and synthetic glycerol, etc.
Benzene	Chemical raw materials and chemical products manufacturing industry	Crude oil	Basic petrochemical raw materials, downstream products mainly include styrene, caprolactam, phenol, MDI, etc., which are widely used in synthetic rubber, plastics, fibers, dyes, pharmaceuticals and other fields.
PX	Chemical raw materials and chemical products manufacturing industry	Crude oil	The main raw material of PTA, used in the production of plastics, polyester fibers and films
Ethylene glycol	Chemical raw materials and chemical products manufacturing industry	Ethylene oxide	Mainly used in the production of polyester, polyester, antifreeze, plasticizers, surfactants, etc.
PTA	Chemical raw materials and chemical products manufacturing industry	PX	One of the important bulk organic raw materials, mainly used in the production of polyester fibers (terylenes), polyester bottle chips and polyester films, widely used in chemical fibers, light industry, electronics, construction and other fields
EVA	New chemical materials	Ethylene, vinyl acetate	The main raw material of films for photovoltaic module packaging. Widely used in photovoltaic films, foamed shoe materials, wires and cables, hot melt adhesives, coated films, agricultural films and other fields
UHMWPE	New chemical materials	Ethylene	A thermoplastic engineering plastic with excellent properties, widely used in lithium battery diaphragm, aerospace, ocean engineering, rail transportation, petrochemical and other fields
Acrylonitrile	New chemical materials	Propylene	Widely used in the production of ABS, nylon 66, carbon fiber, polyacrylamide, acrylic fiber and other engineering plastics and chemical fibers

Product name	Subsector	Upstream raw materials	Downstream application fields
Methyl methacrylate	New chemical materials	Acetone, hydrocyanic acid (acrylonitrile by-product)	Mainly used in the production of organic glass, often used in the manufacturing of resins, plastics, and coatings, widely used in automobile, aviation, electronics, optical supplies, building materials and other fields
Ethylene oxide	New chemical materials	Ethylene	Mainly used in the manufacturing of ethylene glycol, widely used in electronics, medicine, pesticide, textile, paper, automobile, and petroleum mining and refining fields
POY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chips	Partly drawn polyester filament obtained by high-speed spinning with the orientation between unoriented filament and drawn filament
FDY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chips	Synthetic fiber filament further produced by the draw-spinning process. The fiber has been sufficiently drawn and can be directly used in textile processing
DTY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chips	Made from POY through drawing and false twist texturing processing, often with certain elasticity and contractility

1. Petrochemical and new chemical materials

(1) Production processes

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

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

(2) Procurement mode

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

(3) Sales mode and settlement mode

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

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

(4) Profit mode

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

2. Polyester chemical fiber

(1) Production processes

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

(2) Procurement mode

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

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

(3) Sales mode and settlement mode

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

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

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

(4) Profit mode

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

(IV) Operational measures during the reporting period

During the reporting period, under the challenging external environment, the Company adhered to the general management tone of seeking progress while maintaining stability, continued to strengthen the core competitive

advantages of the industry, deepened the downstream development, took differentiation, technological innovation, high value-added, green environmental protection as the guide, "strengthened the chain, extended the chain, and supplemented the chain", and focused on the layout of the new energy, new materials, and the green and low-carbon industry, which realized the overall stable development of the Company, with the good quality, more advantages and the well-kept profitability.

During the reporting period, the Company realized operating revenue of RMB 140.440 billion, representing an increase of 119.87% over the same period of the previous year; net profit attributable to shareholders of listed companies amounted to RMB 0.717 billion, representing an increase of 17.35% over the same period of the previous year; as at the end of the reporting period, the Company's total assets amounted to RMB190.215 billion and net assets attributable to shareholders of listed companies amounted to RMB35.451 billion.

1. Adhering to the strategic leadership to further deepen the "1+N" industrial layout.

As the core raw material supply platform, Shenghong Refining & Chemical Integration Project has been put into full production, building the foundation of high-quality industrial transformation. Numerous new energy and new material products made breakthroughs during the reporting period to continue fostering the development of "new quality productivity".

The year 2023 is the first year of full capacity release for Shenghong's integrated refining and chemical project. The Company strengthened basic management, promoted lean production, and achieved safe, stable, long-cycle and full-load operation of the unit throughout the year, with good development momentum.

During the reporting period, the Company carried out scientific and technological research in key areas such as high-end polyolefin materials, fine chemicals and new energy materials, and made technical breakthroughs. The fourth acrylonitrile unit of Sierbang Petrochemical was put into production, and the total production capacity rose to 1.04 million tons/year, jumping to the first place in the world. The pilot test of self-developed POE has been successful, and the construction of 100,000 tons/year industrialized unit is currently being implemented; the technical advantage leads the million tons of EVA project to continue to make progress towards the goal of "building the world's largest production base for photovoltaic film". 250,000 tons/year of renewable polyester fiber, 130,000 tons/year PETG, 90,000 tons/year MMA and other high-end new material projects have been put into production, the main raw materials can be basically self-supplied, and the integration of upstream and downstream synergies are significant.

2. Emphasizing the sustainable development of ESG to build a green, safe, environmentally friendly and harmonious enterprise

The Company adheres to the new development concept of innovation, coordination, green, openness and sharing, carries out the work of environmental, social and governance (ESG) management system, deeply cultivates green technology from the perspectives of "low-carbon, zero-carbon, negative-carbon" in all directions, makes innovations in the green industry chain, plans the low-carbon and green environmental protection projects actively, and opens up the channel of the industry's green and low-carbon transformation through the breakthrough of technological innovation.

The Company has continuously increased its efforts in technological innovation in relevant fields, create a world-class "green" production system, through innovation-driven green and low-carbon development, made breakthroughs in a number of "neck" technology and implemented a large number of energy saving, water saving, emission reduction and technological transformation projects, making the full coverage of green workshops, green parks, green factories and other industrial sectors at the national level. During the reporting period, the Company's CO₂-to-green methanol unit was put into operation, becoming the first green carbon negative industry chain of "CO₂-to-new energy materials" was built in the industry. The Company has orderly promoted bio-based fibers, negative carbon fibers, waste textile recycling projects, out of a comprehensive utilization of resources as a link, interconnection, symbiosis and win-win green low-carbon development of a new model.

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

The Company establishes a new talent strategic plan, which is closely related to the direction of industrial development and unifies the strategic layout and talent layout, and explores open talent cultivation mechanism and utilization mechanism by facing the cutting-edge technology research and combining with the external resource cooperation with international first-class colleges and universities and large institutes. In order to implement the Company's talent strategic planning, while attracting and retaining talented people at the same time, the Company has fully mobilized the enthusiasm and creativity of employees. As at December 31, 2023, the Company launched

the fourth phase of the Employee Share Ownership Plan highlights the recognition of the Company and its employees on their own enterprise value, and further improves the Company's incentive and restraint mechanism.

4. Accelerating the construction of technological innovation systems and promoting the development of new quality productivity

In the face of the new round of technological revolution and industrial change, the Company insists on the deep empowerment of technological innovation and digital intelligence application to consolidate the basic level of its high-quality development. The Company focuses on the core raw material platform, takes digital intelligent transformation as the core strategy, focuses on exploring the innovative practice and industrialized application of frontier technologies such as artificial intelligence, digital twin, big data, etc., and makes every effort to build an intelligent system of "digital interconnection, R&D innovation, simultaneous promotion of quantity and quality, and ecological synergism", to improve total factor productivity, and to innovate to create a "Shenghong model" for the transformation and upgrading of the manufacturing industry.

During the reporting period, the Company continued to promote digital intelligence transformation, and actively laid out the "Hongyun" industrial Internet platform, realizing "big data connectivity" between upstream and downstream enterprises; constructed a credible platform for green fiber products and build a transparent and credible traceability platform from fiber to end products; the Petrochemical Industry Group explored to construct "intelligent factories", improving the self-control rate to more than 95%. In order to accelerate the construction of basic research, process development, industrialization, industrialization and product application development in one of the construction of technological innovation system, the Company aims at the forefront of technology, positioning high-end products, and actively build innovation platforms, and the National Innovation Center of Advanced Functional Fibers, Shenghong Petrochemicals Innovation Center and Shenghong Advanced Materials Research Institute subordinated to the Company are committed to scientific and technological innovation to upgrade the traditional industries so as to promote the formation of new quality of productivity.

5. Improving corporate governance and strengthening communication with investors

The Company continues to strengthen the management mechanism in three dimensions including strategy, business and decision-making to promote the transformation of institutional advantages into governance effectiveness. The Company actively plays the role of internal audit supervision, strengthens integrity risk prevention and control, continuously carries out real-time audits of all kinds of economic operations, constantly improves the responsibilities of each functional department and subsidiary, and forms an internal control system in which each department has its own duties and responsibilities, and cooperates and restrains each other.

The Company continuously improves the open, transparent and multi-level market communication mechanism, and takes the initiative to communicate with the capital market and investors in an all-round way. During the reporting period, the Company fully ensured timely communication with the capital market and investors through various forms of communication, such as regular conference calls on performance explanation, investment strategy meetings of brokerage institutes, telephone research and exchange meetings, on-site research and roadshows, the interactive platform of the Shenzhen Stock Exchange, and participation in the "Industry Benchmarking Foundation-Collective Exchange Activity" organized by the SZSE. In addition, the Company, as a representative enterprise, went to the Middle East for its first overseas roadshow in December 2023 to have in-depth exchanges with many internationally renowned investment institutions, which also enabled more overseas institutional investors to have a deeper understanding of the Company's value.

(V) Industry status of the Company

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

1. Refining and chemical sector

Shenghong Refining & Chemical Co., Ltd. is one of the three private refining and chemical enterprises in China. It has the largest 16 million tons/year single atmospheric and vacuum distillation unit and the wax oil hydrocracking unit in China and the largest single series para-xylene unit in the world. The Company has many units that are ranked the first including the largest domestic scale of 3×3.1 million tons/year using domestic continuous reforming technology. In addition, the 3.2 million tons/year fluidized bed residual oil hydrogenation unit, the 3.2 million tons/year diesel hydrocracking unit, the 2.8 million tons/year PX unit and the 4×150,000 tons/year sulfur recovery unit adopted in the project are also large-scale units in China. The scale of process units

and large-scale equipment bring about corresponding improvement in equipment efficiency, which is conducive to energy recovery and comprehensive utilization and thus further improves production efficiency and economic benefits.

2. New energy and new materials sector

Sierbang Petrochemical has a 2.4 million tons/year MTO unit (calculated in methanol), which is the largest single alcohol-based multigeneration unit in the world. Among the downstream high-end olefin derivatives, Sierbang Petrochemical has an EVA capacity of 300,000 tons/year, which is mainly used for the production of photovoltaic-grade EVA. After years of R&D, Sierbang Petrochemical has developed a variety of PV grade EVA. The products are made with technologies that have reached the international advanced level, get top market share in the world, and have a quality fully recognized by downstream customers, and have covered many leading domestic enterprises in the field of PV film.

During the reporting period, with the fourth set of 260,000 tons/year acrylonitrile unit put into operation, the acrylonitrile production capacity of Sierbang Petrochemicals rose to 1.04 million tons/year, and the production capacity ranked the first in the world. Acrylonitrile downstream is widely used in the production of ABS, polyacrylamide, nylon 66, carbon fiber and other products. With the stable and excellent quality of acrylonitrile products, Sierbang Petrochemicals has become the main raw material supplier for many mainstream carbon fiber enterprises in China.

3. Polyester chemical fiber sector

The Company has an annual production capacity of 3.55 million tons for polyester filament, with a differential rate of more than 90%, dominated by high-end products DTY. The Company is the world's leading producer of fully matte series fibers and fine denier differentiated fibers. At the same time, the Company also has complete independent intellectual property rights, the world's leading bio-based PDO monomer, PTT fiber and recycled polyester fiber industry chain.

The Company's recycled polyester fiber production capacity exceeds 550,000 tons/year, and the polyester recycled fiber production capacity ranks among the forefront of the global industry. Through special technical research, the Company took the lead in putting into production the self-developed waste plastic bottle pieces-to-spinning direct melt spinning line, which not only realized the recycling of waste plastics but also effectively reduced production costs. At present, the Company's recycled fiber has passed the global recycling standard GRS certification. The Company will continue to increase the R&D and production of differentiated and high-performance chemical fiber products in the future.

Procurement modes of main raw materials

Unit: RMB/ton

Main raw materials	Procurement modes	Proportion of purchases in total purchases	Whether there are significant changes in the settlement methods	Average price in the first half of the year	Average price in the second half of the year
Crude oil	Payment before delivery	61.58%	No	3,987.98	4,520.96

Reasons for significant changes in raw material prices compared with the previous reporting period: sharp fluctuations in crude oil prices in 2023.

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

☐ Applicable ☒ Not applicable

Production technology of main products:

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

Productivity of main products:

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

Product types of major chemical parks:

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

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

☒Applicable ☐Not applicable

Refining & Chemical (Lianyungang) Co., Ltd. completed the submission of an environmental impact report for the Storage and Transportation Department's CEB Transformation Project and obtained the official approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on October 17, 2023.

Lianyungang Rongtai Warehousing Storage Co., Ltd. completed the submission of an environmental impact report for the Storage Tank Area Engineering Project (Phase V) and obtained the official approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on April 13, 2023.

Jiangsu Honggang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the 2.4 million tons/year PTA Phase III Project for approval, and obtained the official approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on May 12, 2023.

Jiangsu Honggang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the polyester new material project for approval, and obtained the official approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on May 12, 2023.

Jiangsu Honggang Petrochemical Co., Ltd. completed the submission of an environmental impact report for the utility facilities project for approval, and obtained the official approval from the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on May 12, 2023.

The environmental impact report for the 1 million tons/year acetic acid project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. is being prepared.

The environmental impact report for the alkylation unit raw material optimization project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. is being prepared.

The environmental impact statement for the technical transformation project for product optimization of liquefied gas separation unit in 1# continuous reforming unit of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. is being prepared.

The environmental impact statement for the AMS purification and transformation project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. is being prepared.

The environmental impact statement for the acetaldehyde quality improvement and efficiency renovation project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. is being prepared.

The environmental impact report for the carbon dioxide recovery and reuse project of environmental impact of Jiangsu Sierbang Petrochemical Co., Ltd. was formally approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on March 24, 2023.

The environmental impact report for the safety and environmental protection upgrading and improvement project of Jiangsu Sierbang Petrochemical Co., Ltd. was formally approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on April 24, 2023.

The environmental impact report for the modified material production line construction project of Jiangsu Sierbang Petrochemical Co., Ltd. was formally approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on April 24, 2023.

The environmental impact statement for the Quality Inspection Center Expansion and Renovation Project of Jiangsu Sierbang Petrochemical Co., Ltd. was officially approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on December 27, 2023.

The environmental impact report for the 500,000 tons per year EVA project (Phase I) of Jiangsu Hongjing New Materials Co., Ltd. was formally approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on January 16, 2023.

The environmental impact report for the high-end copolymerization new material project (Phase I) of Jiangsu Hongjing New Materials Co., Ltd. was formally approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Xuwei New Area, Lianyungang) on January 16, 2023.

Hubei Haiges New Energy Co., Ltd. completed the submission of an environmental impact report for its supporting raw materials and iron phosphate, lithium iron phosphate new energy materials new project, and obtained the approval from Yichang Ecological and Environmental Protection Bureau on September 20, 2023.

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

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

Whether engage in oil processing and oil trade industries

☒ Yes ☐ No

The Company mainly imports crude oil and light hydrocarbon as raw materials from abroad. The suppliers are stable and reliable. The refining capacity is designed to be 16 million tons/year. The products produced are mainly sold in the domestic market. The national tax policy is stable and the production and sales are stable and sustainable. The Company's petrochemical and new chemical materials sector is located in Lianyungang, a city at the intersection of the Belt and Road Economic Belt. It has superior port resources. It has the first 300,000-ton crude oil berth in Jiangsu and four 50,000-ton berths, a 100,000-ton berth, an 80,000-ton berth, two 50,000-ton berths, and a 10,000-ton berth for liquid chemicals, with a total supporting capacity of more than 5 million cubic meters, which can meet the storage and transportation of more than 80 kinds of liquid chemical products and oil products. By relying on the Group's basic logistics facilities, the Company can realize the product shipment by shipping, auto transport and multimodal transport.

III. Analysis on core competitiveness

(I) Advanced advantages of industrial layout

The Company has been deeply engaged in the field of petrochemical and new chemical materials and polyester chemical fiber for many years, and has formed an industrial pattern of "double chains" of olefins and aromatics, and has become a unique large-scale energy and chemical enterprise with full coverage of "oil head, coal head and gas head" in China. Shenghong Refining & Chemical Integration Project applies the idea of "less oil and more

chemicals for molecular refining", which fully meets the current development trend of petroleum refining and chemical industry. Meanwhile, the Shenghong Refining & Chemical Integration Project, as a basic raw material platform, has the natural first-mover advantage of "strengthening, extending and supplementing the chain" to the downstream fine chemical industry. The Company will firmly uphold the "1+N" new development pattern that combines "1" core platform and "n" diversified industrial chains such as new energy, new materials, electronic chemistry and biotechnology, so as to ensure the stable and long-term high-quality development to get on track.

(II) Advantages of innovation-driven development

The Company has been deeply engaged in the new chemical materials industry for more than 10 years, and has many years of experience in the production and management of olefin downstream high value-added products, and has developed into a leading fine chemical and new materials enterprise in China. In the field of new photovoltaic materials, the Company is the only domestic photovoltaic film material supplier with both photovoltaic-grade EVA and POE independent technology, the product performance index has reached the advanced level of similar products in the world, and a number of its new technology products have realized import substitution and filled the gaps in the domestic market. In the field of high value-added new materials, in 2023, the Company has independent intellectual property rights of 130,000 tons/year of high-end materials PETG unit successfully put into operation, completely breaking the foreign technical barriers, and has declared 13 patents for its key core technologies to further expand Shenghong's industry matrix of new energy and materials.

Over the years, the Company has paid great attention to the R&D of civil polyester filament products, has independent intellectual property rights in a variety of functional fiber production technology, has overcome the technical barriers of ultrafine fibers, and has built a world-leading biobased PDO monomers, PTT fibers and recycled polyester fiber industry chain with complete intellectual property rights; and took the lead in putting into production a completely self-developed melt direct spinning production line using waste plastic bottle flakes as raw material, which not only realizes the recycling of waste plastics, but also effectively reduces the production cost.

Through scientific and technological innovation, the Company has made fruitful scientific research achievements in products, processes, equipment, etc. As at the end of the reporting period, the Company owns 435 patents, including 102 invention patents, 327 utility model patents, and 6 appearance patents.

(III) Advantages of differentiated competition

Shenghong Refining & Chemical Integration Project is the Company's basic raw material platform, with the largest single atmospheric and vacuum distillation unit and the best domestic oil-chemical ratio advantages. The inter-refining and inter-chemical materials supply will be optimized to improve resource utilization, and the refined oil yield will be reduced to below 30%. The downstream products, including ethylene, propylene, mixed xylene, propane, isobutane and isopentane, are competitive in terms of the product structure and costs.

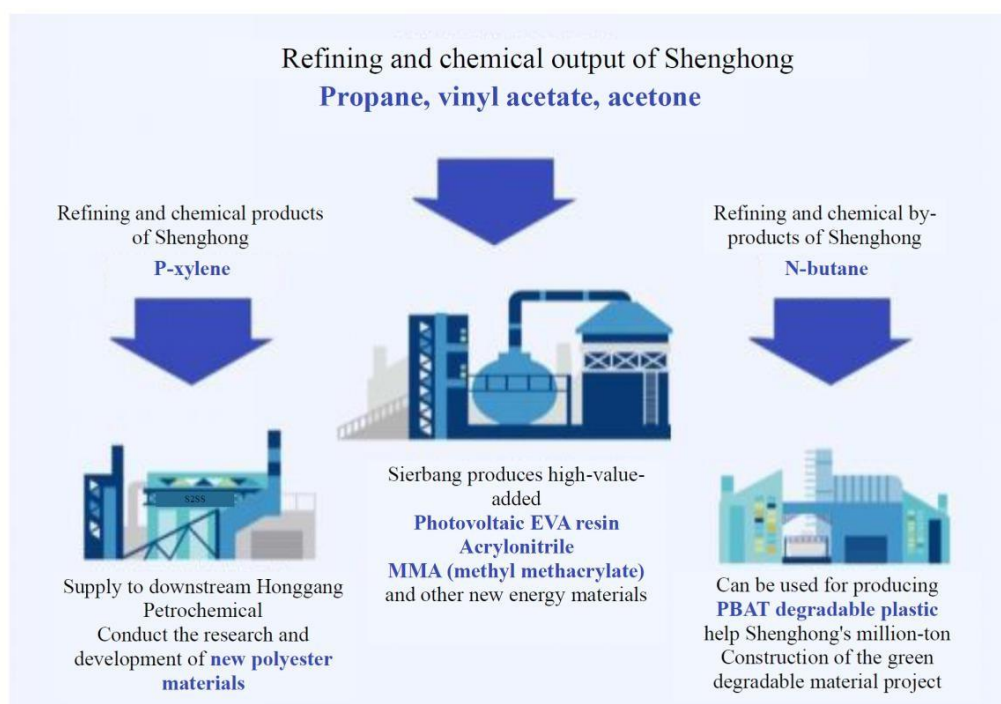
Sierbang Petrochemical is an important new energy and new material production base of the Company, with the successful experience advantage in the operation of olefin large chemical projects. The monomer scale of the MTO unit that has been put into operation ranks among the top of the existing MTO units in the world, and the production capacity of the supporting acrylonitrile, MMA, EVA, EO and derivatives units ranks among the top in the industry, which has certain market influence on the pricing of regional products.

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

(IV) Advantages of collaborative development

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

development of high-performance, high-value-added materials and their modified applications, to provide broad space for the industrial chain to further collaborative development to the downstream.



(V) Locational advantages

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

IV. Analysis of primary business

1. Overview

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

2. Revenues and costs

(1) Breakdown of operating revenue

Unit: RMB

	Year 2023		Year 2022		YOY increase/decrease
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	140,439,738,058.63	100%	63,872,900,064.79	100%	119.87%
By industry					
Petrochemical and new chemical	114,625,140,859.79	81.62%	42,056,469,281.25	65.85%	172.55%

materials					
Chemical fiber	23,990,864,317.41	17.08%	19,987,291,230.73	31.29%	20.03%
Others	1,823,732,881.43	1.30%	1,829,139,552.81	2.86%	-0.30%
By product					
Refinery products	29,032,816,643.98	20.67%	1,710,077,669.90	2.68%	1,597.75%
Others petrochemical and new chemical materials	85,592,324,215.81	60.95%	40,346,391,611.35	63.17%	112.14%
Polyester silk	22,949,127,327.58	16.34%	18,970,402,574.49	29.70%	20.97%
Other chemical fiber products	1,041,736,989.83	0.74%	1,016,888,656.24	1.59%	2.44%
Others	1,823,732,881.43	1.30%	1,829,139,552.81	2.86%	-0.30%
By region					
Domestic	127,545,110,094.19	90.82%	54,084,026,122.67	84.67%	135.83%
Overseas	12,894,627,964.44	9.18%	9,788,873,942.12	15.33%	31.73%

(2) Industries, products, regions, and sales patterns that account for more than 10% of the Company's operating revenue or operating profit

☒Applicable ☐Not applicable

Unit: RMB

	Operating revenue	Operating costs	Gross margin	Increase/decrease in operating income compared to the same period of the last year	Increase/decrease in operating cost compared to the same period of the last year Change	Increase/decrease in gross margin compared to the same period of the prior year
By industry						
Petrochemical and new chemical materials	114,625,140,859.79	100,408,917,321.79	12.40%	172.55%	160.09%	4.20%
Chemical fiber	23,990,864,317.41	22,693,310,590.04	5.41%	20.03%	21.11%	-0.84%
By product						
Refinery products	29,032,816,643.98	21,183,153,459.61	27.04%	1,597.75%	1,359.92%	11.89%
Others petrochemical and new chemical materials	85,592,324,215.81	79,225,763,862.18	7.44%	112.14%	113.23%	-0.47%
Polyester silk	22,949,127,327.58	21,646,451,156.42	5.68%	20.97%	22.17%	-0.92%
By region						
Domestic	127,545,110,094.19	112,132,913,705.46	12.08%	135.83%	125.62%	3.97%

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

☐Applicable ☒Not applicable

Product name	Output	Sales	Revenue(RMB)	Trend of selling price	Reasons
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	('0,000 tons)	(RMB '0,000)		during the reporting period	for changes
Refinery products	433.74	424.81	29,032,816,643.98	The overall selling prices of the main products showed a trend of decreasing in the second quarter, increasing in the third quarter, and decreasing again in the fourth quarter.	Fluctuate in line with market conditions
Others petrochemical and new chemical materials	1,136.09	1,491.90	85,592,324,215.81		
Polyester silk	259.24	257.70	22,949,127,327.58		

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

☒Yes ☐No

Name of overseas business	Specific condition	Impact of tax policies on foreign operations during the reporting period	Corporate response
Petrochemical (Singapore)	Stabilized operations	Low overall tax liability for the reporting period, with approval to enter the Singapore Global Traders Program in July 2022 with a preferential income tax rate of 10%	Highly supported by China and Singapore, mainly enjoying enterprise income tax incentives

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

☒Yes ☐No

Industry	Item	Unit	Year 2023	Year 2022	YOY increase/decrease
Chemical fiber	Sales volume	10,000 tons	274.29	218.54	25.51%
	Output	10,000 tons	277.58	223.33	24.29%
	Inventory	10,000 tons	24.66	21.37	15.40%
Petrochemical and new chemical materials	Sales volume	10,000 tons	1,916.71	721.22	165.76%
	Output	10,000 tons	1,569.83	532.76	194.66%
	Inventory	10,000 tons	81.29	91.87	-11.52%

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

Reasons for the YOY increase/decrease by more than 30% in relevant data

☒Applicable ☐Not applicable

The YOY increase in product sales volume and output was mainly due to the commissioning of new projects in 2023.

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

☐Applicable ☒Not applicable

(5) Breakdowns of operating costs

Industry

Unit: RMB

Industry	Item	Year 2023		Year 2022		YOY increase/decrease
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Petrochemical and new chemical materials	Raw materials	86,147,389,875.89	69.13%	31,331,739,907.73	53.23%	174.95%
	Energy	8,788,136,225.76	7.05%	4,593,849,370.33	7.80%	91.30%
	Labor	662,548,503.08	0.53%	565,764,793.31	0.96%	17.11%
	Others	4,811,842,717.06	3.87%	2,114,589,995.66	3.59%	127.55%
Chemical fiber	Raw materials	17,220,726,713.24	13.82%	14,128,471,869.70	24.01%	21.89%
	Energy	2,415,332,215.26	1.94%	1,971,266,751.81	3.35%	22.53%
	Labor	1,196,928,078.77	0.96%	1,020,892,545.40	1.73%	17.24%
	Others	1,860,323,582.77	1.49%	1,617,041,052.99	2.75%	15.04%
Others		1,511,176,289.48	1.21%	1,520,786,724.50	2.58%	-0.63%

Remark: The increase in the Company's production capacity led to the YOY increase in costs in 2023.

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

☒ Yes ☐ No

In this period, the scope of consolidation increased by 5 companies and decreased by 4 companies. As of the end of 2023, the number of companies included in the consolidated financial statements is 50.

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

☐ Applicable ☒ Not applicable

(8) Major sales customers and major suppliers

The Company's main sales customers

Total sales of top five customers (RMB)	25,547,724,117.30
Proportion of total sales of top five customers in total annual sales	18.19%
Proportion of the sales of related parties included in the sales of top five customers in total annual sales	0.00%

Information of the Company's top 5 customers

No.	Customer name	Sales (RMB)	Proportion in total annual sales
1	Customer No.1	9,157,042,785.10	6.52%
2	Customer No.2	6,980,676,731.94	4.97%
3	Customer No.3	4,485,033,191.30	3.19%
4	Customer No.4	2,591,892,386.52	1.85%
5	Customer No.5	2,333,079,022.44	1.66%
Total	--	25,547,724,117.30	18.19%

Other descriptions of major customers

☐ Applicable ☒ Not applicable

Major suppliers of the Company

Total purchase amount from the top five vendors (dollars)	44,463,443,673.36
Percentage of total annual purchases by the top five vendors combined	35.68%
Proportion of related-party purchases among purchases from the top five suppliers to total annual purchases	0.00%

Information on the Company's top 5 suppliers

No.	Supplier name	Purchase (RMB)	Proportion in the total procurement amount
1	Supplier No.1	10,518,736,787.03	8.44%
2	Supplier No.2	10,307,319,055.44	8.27%
3	Supplier No.3	9,495,309,545.72	7.62%
4	Supplier No.4	8,384,950,652.24	6.73%
5	Supplier No.5	5,757,127,632.93	4.62%
Total	--	44,463,443,673.36	35.68%

Other descriptions of major suppliers

☐ Applicable ☒ Not applicable

3. Fee

Unit: RMB

	Year 2023	Year 2022	YOY increase/decrease	Description of significant changes
Selling and distribution expenses	334,162,820.96	191,226,522.38	74.75%	Increase in employee compensation and warehousing fees in 2023
General and administrative expenses	864,410,563.34	676,164,714.00	27.84%	
Financial expenses	3,493,931,626.87	1,988,260,447.19	75.73%	Increase in interest expenses
R&D expenses	671,302,694.89	502,995,207.21	33.46%	Mainly due to R&D investment increased

4. Investments in R&D

☒ Applicable ☐ Not applicable

R&D personnel of the Company

	Year 2023	Year 2022	USD
Number of R&D personnel (persons)	4,179	2,535	64.85%

Proportion of R&D personnel	13.52%	9.24%	4.28%
Academic structure of R&D personnel			
Undergraduate	1,563	664	135.39%
Master	77	27	185.19%
Age composition of R&D personnel			
Under 30 years old	1,384	785	76.31%
30-40 years old	2,307	1,436	60.65%

R&D investment by the Company

	Year 2023	Year 2022	USD
R&D investment (RMB)	5,713,596,924.22	1,601,836,268.52	256.69%
Proportion of R&D investment in revenue	4.07%	2.51%	1.56%
Capitalized R&D investment (RMB)	0.00	0.00	0.00%
Proportion of capitalized R&D investment in R&D investment	0.00%	0.00%	0.00%

Reasons and Effects of Significant Changes in the Composition of R&D Personnel within the Company

☐ Applicable ☒ Not applicable

Reasons for the significant change in the proportion of R&D investment total to operating income compared to the previous year

☒ Applicable ☐ Not applicable

The increase in R&D investment for product development in this period was mainly due to the launch of new projects.

5. Cash flows

Unit: RMB

Item	Year 2023	Year 2022	YOY increase/decrease
Sub-total of cash inflows from operating activities	167,356,846,104.23	85,001,780,772.27	96.89%
Sub-total of cash outflows from operating activities	159,013,905,798.06	83,260,044,691.39	90.98%
Net cash flows from operating activities	8,342,940,306.17	1,741,736,080.88	379.00%
Subtotal of cash inflows from investing activities	2,612,687,987.22	5,155,697,595.89	-49.32%
Sub-total of cash outflows from investing activities	24,658,660,635.34	38,425,253,880.43	-35.83%
Net cash flows from investing activities	-22,045,972,648.12	-33,269,556,284.54	33.74%
Subtotal of cash inflows from financing activities	72,938,042,047.54	73,787,127,445.95	-1.15%

Item	Year 2023	Year 2022	YOY increase/decrease
Sub-total of cash outflows from financing activities	62,954,716,224.09	42,126,280,745.69	49.44%
Net cash flows from financing activities	9,983,325,823.45	31,660,846,700.26	-68.47%
Net increase in cash and cash equivalents	-3,779,695,078.20	228,108,390.58	-1,756.97%

Description of main factors affecting significant YOY increase/decrease in relevant data

☒Applicable ☐Not applicable

(1) Compared with the same period of the previous year, the net cash flows from operating activities increased, which was mainly due to the YOY increase in cash received from sales of goods and rendering of services in 2023;

(2) Compared with the same period of the previous year, the net cash flows from investing activities increased, which was mainly due to the decrease in cash paid for the purchase and construction of Fixed assets in 2023;

(3) Compared with the same period of the previous year, the net cash flows from financing activities decreased, which was mainly due to the absence of non-public fund-raising and a decrease in the net inflow of loans in 2023.

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

☒Applicable ☐Not applicable

The reasons for the difference between the Company's cash flow from operating activities and net profit for the reporting period are set out in the explanatory notes to the supplementary information on the cash flow statement in the Company's annual auditor's report.

V. Analysis of non-primary business

☒Applicable ☐Not applicable

Unit: RMB

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
Investment income	-43,147,112.00	-13.87%	Losses from equity-method accounted investment income and disposal of financial assets	No
Profit or loss from changes in fair value	1,568,194.25	0.50%	Changes in fair value of financial assets	No
Asset impairment	-2,210,198,657.58	-710.74%	Losses from inventory impairment	No
Non-operating revenue	104,361,753.13	33.56%	Revenue from indemnity and fines	No
Non-operating expenses	37,254,595.85	11.98%	Losses from the damage and scrapping of non-current assets	No

VI. Analysis on assets and liabilities**1. Significant changes in the composition of assets**

Unit: RMB

	As at December 31, 2023		As at January 1, 2023		Increase/decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	10,009,739,723.82	5.26%	12,407,600,792.98	7.27%	-2.01%	
Accounts receivable	1,479,324,780.27	0.78%	702,110,023.32	0.41%	0.37%	increase in sales and the accounts receivable from customers
Inventories	18,208,194,467.86	9.57%	17,540,721,603.25	10.27%	-0.70%	
Investment properties	664,441,821.84	0.35%	703,380,396.54	0.41%	-0.06%	
Long-term equity investments	82,851,688.61	0.04%	116,553,615.70	0.07%	-0.03%	
Fixed assets	123,427,551,751.16	64.89%	43,198,531,414.56	25.30%	39.59%	Transfer of construction in progress into fixed assets
Construction in progress	18,239,996,647.89	9.59%	80,925,965,812.07	47.39%	-37.80%	Transfer of construction in progress into fixed assets
Right-of-use assets	1,434,510,942.63	0.75%	1,200,624,774.45	0.70%	0.05%	
Short-term borrowings	41,697,704,548.37	21.92%	26,175,371,883.87	15.33%	6.59%	Increase in borrowings
Contract liabilities	2,272,577,360.44	1.19%	1,401,399,566.68	0.82%	0.37%	Increase in advances to suppliers for goods
Long-term borrowings	68,744,980,218.23	36.14%	67,768,444,625.55	39.68%	-3.54%	
Lease liabilities	1,372,014,804.91	0.72%	1,080,136,333.80	0.63%	0.09%	
Notes receivable	307,173,337.74	0.16%	91,597,634.56	0.05%	0.11%	Increase in held-to-maturity notes receivable
Receivables financing	319,225,113.32	0.17%	121,440,859.60	0.07%	0.10%	Increase in notes receivable measured at fair value through other comprehensive income

	As at December 31, 2023		As at January 1, 2023		Increase/decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Advances to suppliers	876,561,675.19	0.46%	419,621,707.51	0.25%	0.21%	Increase in advances to suppliers for goods
Other receivables	717,755,781.89	0.38%	830,692,512.79	0.49%	-0.11%	
Other current assets	785,720,099.56	0.41%	1,662,527,128.69	0.97%	-0.56%	Decrease in VAT credits
Other non-current assets	6,391,552,903.42	3.36%	4,057,789,028.86	2.38%	0.98%	Increase in advances for construction of long-term assets
Notes payable	390,550,672.86	0.21%	2,365,619,399.89	1.39%	-1.18%	Decrease in the notes-based settlement of payment
Employee compensation payable	547,649,768.35	0.29%	552,746,961.70	0.32%	-0.03%	
Taxes and surcharges payable	959,386,816.49	0.50%	432,903,551.32	0.25%	0.25%	Increase in consumption tax, and its surtaxes
Special reserves	95,610,435.57	0.05%	16,781,579.41	0.01%	0.04%	Withdrawal of special reserves

Overseas assets with a higher proportion

☐ Applicable ☒ Not applicable

2. Assets and liabilities measured at fair value

☒ Applicable ☐ Not applicable

Unit: RMB

Item	As at January 1, 2023	As at December 31, 2023
1. Financial assets held for trading (excluding derivative financial assets)	83,147,068.34	73,750,917.76
2. Derivative financial assets	622,260.37	11,123,493.67
3. Other equity investments	580,780,040.00	582,098,160.00
4. Receivables financing	121,440,859.60	319,225,113.32
Total	785,990,228.31	986,197,684.75
Financial liabilities	0.00	0.00

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

☐ Yes ☒ No

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

Unit: RMB

Item	Book value as at December 31, 2023	Reason for restriction
Monetary funds	3,623,382,675.15	See Note VII.1 for the reason for restriction
Fixed assets	17,119,825,050.33	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,725,821,597.56	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Total	23,469,029,323.04	

VII. Analysis of investment status**1. General information**

☑Applicable ☐Not applicable

Investment amount in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Extent of change
8,249,931,476.79	30,606,809,999.11	-73.05%

2. Significant equity investments acquired during the reporting period

☑Applicable ☐Not applicable

Unit: RMB

Investee	Primary business	Investment mode	Investment amount	Shareholding ratio	Source of funds	Investment term	Type of product	Progress as at the balance sheet date	Involved in any lawsuit or not	Date of disclosure	Disclosure index
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	Wharf and warehousing services	Acquisition	1,648,431,312.59	100.00%	Cash	A long term	Equity	Completed the procedures for industrial and commercial registration of change	No	September 28, 2023	CNINFO: Announcement on the Acquisition of the Wholly-owned Subsidiary Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. and Related Transactions (Announcement No.: 2023-089)
Lianyungang Guanghong Industrial Co., Ltd.	Real estate development and management	Acquisition	594,774,597.73	100.00%	Cash	A long term	Equity	Completed the procedures for industrial and commercial registration of change	No		
Total	--	--	2,243,205,910.32	--	--	--	--	--	--	--	--

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

☑Applicable ☐Not applicable

Unit: RMB

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of disclosure	Disclosure index
Shengze Gas Turbine Cogeneration Project	Self-built	Yes	Production and supply of electric power and heat power	65,685,560.74	766,386,003.54	Self-owned fund + special borrowings	Put into operation	January 17, 2018	CNINFO: Announcement on the Investment in Jiangsu Shengze Combustion Engine Cogeneration Co-production Project (Announcement No.: 2018-003)
Sierbang Petrochemical propane industry chain project - Phase II	Self-built	Yes	Chemical engineering	1,328,829,458.09	1,975,749,888.93	Self-owned fund	Trial production	July 10, 2021	CNINFO, Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related-Party Transactions
Guowang (Suqian) super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	406,482,003.04	3,616,392,683.80	Self-owned fund + special borrowings	Partial operation	July 17, 2021	CNINFO: Announcement on the Investment and Construction of Super-simulation Functional Fiber Project with an Annual Output of 500,000 Tons by Subsidiaries (Announcement No.: 2021-085)
Shenghong Refining and Chemical 2# glycol + phenol/acetone project	Self-built	Yes	Chemical engineering	597,191,008.30	4,636,193,470.97	Self-owned fund + special borrowings	Put into operation	March 30, 2021	CNINFO: Announcement on the Additional Investment and Construction of 2# Ethylene Glycol + Phenol/Acetone Project

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of disclosure	Disclosure index
									by Shenghong Refining & Chemical (Announcement No.: 2021-029)
Hongwei Chemical POSM and Polyol Project	Self-built	Yes	Chemical engineering	1,533,463,845.33	1,979,142,904.17	Self-owned fund + special borrowings	Construction phase of the projects	May 15, 2021	CNINFO: Announcement on the Investment and the Construction of POSM and Polyol Project by Hongwei Chemical (Announcement No.:2021-069)
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	42,817,995.63	196,227,589.85	Self-owned fund + special borrowings	Construction phase of the projects	January 13, 2022	CNINFO: Announcement on the Investment and Construction Phase II of Super-simulation Functional Fiber Project with an Annual Output of 500,000 by Subsidiaries (Announcement No.: 2022-010)
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual	Self-built	Yes	Chemical fiber manufacturing industry	1,416,975,324.30	2,173,313,151.90	Self-owned fund + special borrowings	Partial operation	January 13, 2022	CNINFO: Announcement on the Investment and Construction of Recycled Differentiated and Functional Polyester Filament and Supporting Stretching Project with an Annual Output of 250,000 Tons - Phase II by Subsidiaries (Announcement No.: 2022-011)

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of disclosure	Disclosure index
production capacity of 250,000 tons									
Biodegradable material project (Phase I) of Hongke New Material	Self-built	Yes	Chemical engineering	165,412,143.26	228,011,078.06	Self-owned fund+ special borrowings	Construction phase of the projects	March 24, 2022	CNINFO: Announcement on the Investment and Construction of Biodegradable Material Project (Phase I) by Subsidiaries (Announcement No.: 2022-047)
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	Self-built	Yes	Chemical engineering	354,151,094.18	394,446,508.89	Self-owned fund + special borrowings	Construction phase of the projects	June 28, 2022	CNINFO: Announcement on the Investment and Construction of the 2.4 Million Tons/Year Purified Terephthalic Acid (PTA) Phase III Project (Announcement No.: 2022-091)
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	Self-built	Yes	Chemical engineering	95,717,133.60	95,717,133.60	Self-owned fund	Early stage of approval	November 30, 2022	CNINFO: Announcement on the Investment and Construction of Supporting Raw Materials and Iron Phosphate and Lithium Iron Phosphate New Energy Materials Project by Hubei Haigesi New Energy Co., Ltd. (Announcement No.: 2022-141)

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of disclosure	Disclosure index
Total	--	--	--	6,006,725,566.47	16,061,580,413.71	--	--	--	--

4. Financial assets investment

(1) Portfolio investment

☒Applicable ☐Not applicable

Unit: RMB

Type of securities	Stock code	Abbreviation	Initial investment costs	Accounting measurement mode	Book value at January 1, 2023	Profit or loss from changes in fair value in this period	Purchase/sale amount in the current period	Profit or loss during the reporting period	Book value as at December 31, 2023	Accounting of subjects	Source of funds
Domestic and overseas stocks	603323	Agricultural Bank of Suzhou	5,000,000.00	Measurement at fair value	83,147,068.34	-9,396,150.58	0.00	-9,396,150.58	73,750,917.76	Financial assets held for trading	Self-owned fund
Total			5,000,000.00	--	83,147,068.34	-9,396,150.58	0.00	-9,396,150.58	73,750,917.76	--	--

(2) Investment in derivatives

☑Applicable ☐Not applicable

1) Investment in derivatives for hedging purpose during the reporting period

☑Applicable ☐Not applicable

Unit: RMB '0,000

Investment type	Initial investment amount	Opening amount	Profit or loss from changes in fair value in the current period	Investment income in the current period	Closing amount	Proportion of investment amount at the end of the period in the Company's net assets at the end of the period
Commodity derivatives	696.35	696.35	1,085.28	-1,482.97	18,657.83	0.53%
Total	696.35	696.35	1,085.28	-1,482.97	18,657.83	0.53%
Description of the accounting policies and specific accounting principles for hedging, and whether they have had significant changes by comparison with those during the previous reporting period			The Company, in accordance with the Ministry of Finance's "ASBE No. 22 - Recognition and Measurement of Financial Instruments," "ASBE No. 23 - Transfer of Financial Assets," "ASBE No. 24 - Hedging," and "ASBE No. 37 - Financial Instruments: Presentation," and their guidelines, accounts and reports hedging transactions that meet the criteria in accordance with hedge accounting requirements. The implementation of these provisions has not had a significant impact on the company's financial position and operating results.			
Description of the actual profit or loss during the reporting period			The profits and losses for the reporting period amounted to RMB - 3,976,900.			
Description of hedging effect			Conducive to improving a company's ability to resist the risk of market price fluctuation and realizing the prudent operation.			
Source of funds for investment in derivatives			Self-owned fund			
Description of risk analysis and control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, and legal risk, etc.)			The Company has formulated annual commodity hedging, foreign exchange derivatives and other business plans, and has fully assessed and effectively controlled the possible abnormal price fluctuation risks, liquidity risks, operational risks, credit risks and legal risks. The Company shall establish and improve the relevant internal control system, standardize the business operation process and approval process, and operate in strict accordance with the approved plans.			
Changes in the market price or fair value during the reporting period of invested derivatives; for the analysis of the fair value of the derivatives, the specific methodology used and the setting of relevant assumptions and parameters are required			The transaction varieties of commodity derivatives conducted by the Company have great market transparency and active transactions, and the transaction price and the settlement unit price on the current day can fully reflect the fair value of derivatives.			
Litigation			None			
Date of disclosure of the announcement of the board of directors on approving investment in derivatives			April 18, 2023			
Date of disclosure of the announcement of the general meeting of shareholders on approving investment in derivatives			May 11, 2023			

2) Investment in derivatives for the purpose of speculation during the reporting period

☐Applicable ☒Not applicable

During the reporting period, the Company had no investment in derivatives made for the purposes of speculation.

5. Use of the funds raised

☑Applicable ☐Not applicable

(1) Overall use of the funds raised

☑Applicable ☐Not applicable

Unit: RMB '0,000

Year of fund raising	Way of fund raising	Total funds raised	Total funds raised used in the current period	Total funds raised cumulatively used	Total funds raised with purpose changed during the reporting period	Total cumulative funds raised with purpose changed	Total unused funds raised	Use and destination of unused funds raised	Amount of funds raised idle for more than two years
2021	Public issuance of convertible corporate bonds	497,250.00	0.00	498,187.27	0.00	0.00	0.00	N/A	0.00
Total	--	497,250.00	0.00	498,187.27	0.00	0.00	0.00	--	0.00

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

According to the Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXX [2021] No.512), the Company was approved to issue convertible bonds with a total nominal value of RMB 5 billion, with a term of 6 years and a total amount of raised funds of RMB 5 billion; the actual net amount of the raised funds after deduction of issuance costs was RMB 4,972.5 million. The raised funds, after deducting the issuance expenses, are intended to be used for the construction of the Shenghong Petrochemical Integrated Project and the repayment of bank loans.

As of December 31, 2023, the cumulative interest generated by the Company's proceeds deposited in the bank totaled RMB 10,717,300. As at December 31, 2023, nine bank accounts used for the deposit of funds raised for convertible corporate bonds had been cancelled.

2. Other issuances

GDR was issued according to the Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on SIX Swiss Exchange (ZJXX [2022] No. 3151) issued by the China Securities Regulatory Commission. With the approval of the China Securities Regulatory Commission and the SIX Exchange Regulation AG, the GDRs (Global Depositary Receipts) issued by the Company were listed on the SIX Swiss Exchange on December 28, 2022 (Swiss time) under the full name of Jiangsu Eastern Shenghong Co., Ltd. and the listing code of DFSH. A total number of 39,794,000 GDRs was issued this time, corresponding to the underlying securities of 397,940,000 A-shares of the Company, and the total amount of funds raised in this issuance was approximately USD 718 million. The funds raised in this issuance were received on the issuance date, and the actual amount received after deducting the underlying underwriting expenses was

approximately USD 715 million. The funds raised by the Company in this GDR issue amounted to RMB 4,984,625,500.00 (As at December 28, 2022, the China Foreign Exchange Trading Center announced a central parity rate of 6.9681 RMB to 1 USD).

According to the Prospectus of GDR, as for the proceeds from GDR, 35% thereof shall be used to expand the capacity of new energy and new materials or to build new product capacity; 25% thereof shall be used to develop the Company's vertically integrated refining business capabilities, including supporting the Company in sourcing upstream raw materials from global markets; 20% thereof shall be used to seek potential investment and M&A opportunities and develop the management and marketing network outside of Chinese mainland; 10% thereof shall be used to invest in the Company's research to enhance the Company's product development technology capabilities; and 10% thereof shall be used for working capital and other general corporate purposes. The company has broad discretion in determining the use of the net proceeds from the sale. The intended use of the expected proceeds mentioned above represents the company's intentions based on its current plans and business conditions. However, these intentions may change depending on the business plans, conditions, regulatory requirements, current market conditions, and in a manner consistent with the business strategy and applicable laws. The expected use of the proceeds is based on the company's current plans and business conditions, and it may be subject to changes in accordance with the business plans, circumstances, regulatory requirements, and market conditions at that time, in a manner that aligns with its business strategy and applicable laws.

As at December 31, 2023, the equity funds raised by the Company in this GDR issue has utilized USD 714,849,663.37, approximately 99.93% of the raised funds, and the unused funds will continue to be invested based on the direction of fund utilization specified in the GDR.

(2) Committed projects invested with the raised funds

☑Applicable ☐Not applicable

Unit: RMB '0,000

Committed investment projects and investment direction of over-raised funds	Whether the project has been changed (including partial change)	Total amount of committed investment with raised funds	Adjusted total investment amount (1)	Amount invested during the reporting period	Accumulated investment amount as of the end of the period (2)	Investment progress as of the end of the period(3)=(2)/(1)	Date when the project reached its intended usable status	Benefits realized in the reporting period	Whether the expected benefits have been achieved	Whether there is a significant change in the feasibility of the project
Committed investment projects										
Integration project of Shenghong Refining & Chemical	No	350,000.00	350,000.00	0.00	351,065.19	100.30%	May, 2022	N/A	N/A	No
Repayment of bank loans	No	147,250.00	147,250.00	0.00	147,122.08	99.91%	N/A	N/A	N/A	N/A
Sub-total of committed investment projects	--	497,250.00	497,250.00	0.00	498,187.27	--	--	N/A	--	--
Investment direction of over-raised funds										
N/A										
Total	--	497,250.00	497,250.00	0.00	498,187.27	--	--	N/A	--	--
Description of and reasons for the failure to meet the planned progress and expected revenue by projects				Integration project of Shenghong Refining & Chemical was started in May 2022, and fully put into operation at the end of December 2022, opening the whole process.						
Description of significant changes in the feasibility of the				None						

project	
Amount, purpose and progress of use of over-raised funds	None
Change of implementation location of the projects invested with raised funds	None
Adjustment of the implementation mode of the projects invested with raised funds	None
Prior investment and replacement of projects invested with raised funds	The Company invested RMB 1,090,779,100 with its own funds, which was replaced with the raised funds, and the replacement had been completed as of March 26, 2021.
Temporary replenishment of working capital with idle raised funds	N/A
Amount of and reasons for the balance of raised funds during the project implementation	The balance of the Company's funds raised by issuing convertible corporate bonds in March 2021 amounted to RMB 1,344,500, and was the balance of the interest on the raised funds. The amount of such balance was lower than 1% of the net amount of the funds raised for the project.
Purpose and destination of the unused raised funds	The integration project of Shenghong Refining & Chemical was started in May 2022 and fully put into operation in December 2022, opening the whole process, and the raised funds cumulatively invested were consistent with the total investments committed. According to the requirements of the guidelines for standard operation, the Company had gone through the formalities for supplementing the working capital with the balance of raised funds and cancelled the special account for the raised funds, for the purpose of reducing the Company's capital cost and making full use of the raised funds.
Problems or other circumstances in the use and disclosure of raised funds	None

(3) Changes in raised funds

☐Applicable ☒Not applicable

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

VIII. Sales of significant assets and equity**1. Sales of significant assets**

☐Applicable ☒Not applicable

During the reporting period, the Company had no sales of significant assets.

2. Sales of significant equity

☐Applicable ☒Not applicable

IX. Analysis of major holding and participating companies

☒Applicable ☐Not applicable

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

Unit: RMB '00,000,000

Company	Company type	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenghong Refining & Chemical	Wholly-owned subsidiary	Production and sales of petrochemical products	235.45	1,126.24	232.62	991.93	1.83	4.81
Sierbang Petrochemical	Wholly-owned subsidiary	R&D, production, and sales of fine chemicals	55.88	338.08	128.92	169.48	8.42	7.51
Shenghong Petrochemical Port Storage and Transportation	Wholly-owned subsidiary	Construction and development of docks and supporting facilities; cargo warehousing service	13.10	39.74	15.17	5.23	1.13	0.78
Shenghong Chemical Fiber	Wholly-owned subsidiary	R&D, production, and sales of PFY (polyester filament yarn)	0.50	302.93	106.76	240.88	0.05	1.07
Honggang Petrochemical	Wholly-owned subsidiary	R&D, production, and sales of PTA	39.15	108.43	22.34	127.08	-2.41	-2.00

Acquisition and disposal of subsidiaries during the reporting period

☒Applicable ☐Not applicable

Company	Ways for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation and performance
Lianyungang Guanghong Industrial Co., Ltd.	Equity acquisition	Less effect on the overall production, operation and performance
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., including its subsidiaries Lianyungang Rongtai Chemical Warehousing Co., Ltd., Lianyungang Xinrongtai Terminal Co., Ltd. and Lianyungang Hongyang Port Storage and Transportation Co., Ltd.	Equity acquisition	Net profit realized in the current period amounted to RMB 78 million
Suzhou Shengze Real Estate Leasing Co., Ltd. (Remark)	Company cancellation	Less effect on the overall production, operation and performance
Suzhou Shengze Warehousing Management Co., Ltd. (Remark)	Company cancellation	Less effect on the overall production, operation and performance
Lianyungang Shengtai New Materials Co., Ltd.	Company cancellation	Less effect on the overall production, operation and performance
Siyang Yiyang Environmental Protection Technology Co., Ltd.	Company cancellation	Less effect on the overall production, operation and performance

Remark: Suzhou Shengze Real Estate Leasing Co., Ltd. and Suzhou Shengze Warehousing Management Co., Ltd. were liquidated and completed tax write-off in December 2023, and were canceled on January 2, 2024 for business purposes.

X. Structured entities controlled by the Company

☐ Applicable ☒ Not applicable

XI. Prospects for the future development of the Company

(I) Development strategy of the Company

The Company takes the responsibility and mission of promoting social harmony, environmental friendliness and quality of life, integrates the benefit dimension, environmental dimension and social dimension measurement standards, strives to realize corporate value and create social value, provide high value for customers and contribute to social development through its own outstanding growth. To this end, the Company grasps the business direction of extending the industrial chain from bottom to top and expanding the product chain from top to bottom, and guided by differentiation, technological innovation, high value-added, green and environmental protection, promotes comprehensively the transformation of strategic emerging industries around new energy materials, high-performance new materials and low-carbon green industries, and constructs and forms the a new "1+N" pattern of diversified industrial chains of core raw material platform + new energy, new materials, electronic chemistry and biotechnology, so as to create a world-class new energy and new materials high-tech industry cluster for providing innovative chemistry and new materials for a green and sustainable future.

(II) Work plan for the next year

2024 is the year when the Company's "1+N" new energy and new materials strategy will make steady progress. The Company will center on the "1+N" strategy, focus on new energy and new materials, and cultivate and develop the "new quality productive forces", to strive to build a world-class energy and chemical enterprise. To this end, the Company will focus on the following tasks:

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

In the context of the new era, the Company actively integrated into the national strategy, and through forward-looking planning and layout, took the lead in initiating strategic transformation in the industry to expand continuously the layout of new energy and new materials in depth and achieved the "first mover" advantage of

leading industrial transformation and upgrading. With the full-scale production of Shenghong Refining & Chemical Integration Project in 2022, the Company's new development industry pattern has been heading out into a wider space. In 2024, the Company will, based on the raw material platform constructed by Refining & Chemical, alcohol-based cogeneration and propane industry chain projects, expand comprehensively the layout around the "1+N" strategy, and move towards a new starting point of building a world-class new energy and new materials industry cluster, striving to overcome any and all difficulties.

2. Create a highland of scientific and technological talents with the goal of building a world-class innovation platform

Innovation is the first driving force, and talent is the first resource. Facing the frontier of world science and technology, the main battlefield of economy and the major needs of the country, the Company takes the three major scientific research platforms as the core and carries out innovative work to actively integrate into the new development pattern. In 2024, the Company will, by building a world-class industrial innovation center, R&D pilot base and other platforms, accelerate the integration of 5G, big data, artificial intelligence and other new generation information technologies with the petrochemical and chemical industries, connect the production and operation information data "islands", build analysis models for the production and operation, and the market and supply chain, strengthen the integrated control of the whole process, promote the innovative application of digital twin and accelerate the transformation of digital intelligence. At the same time, the Company will continue to optimize the innovation mechanism, and further create a "reservoir" of talents through a variety of ways of aggregating the scientific research forces from industry institutions, scientific research institutes, universities and colleges. The Company will adhere to the people-oriented principle, build a career platform for co-creating, sharing and mutualisation, and create a working atmosphere of being bold in innovation and daring to make innovation, to realize the talent-enterprise two-way efforts.

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

As the Company's strategy continues to advance, the Company's management mechanism and personnel effectiveness were required to be massive and agile. In 2024, the Company will, by making good use of its excellent practical experience, continuously promote the application of digital intelligence technology in each work link, accelerate the digital reform and optimize the production process; improve the management process, promote marketing transformation and achieve the cost decreasing and benefit increasing; be "accurate, precise and excellent" in personnel introduction and "strict, detailed and practical" in assessment and evaluation, so as to encourage through the incentive effect of scientific assessment employees to give full play to their personal value creatively.

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

"Green" is the base color and "safety" is the cornerstone. The Company takes "green" as the most important quality and base for building a world-class enterprise, and takes "safety" as the highest "slope" and the heaviest "stone", and has heavier tasks, higher standards and stricter requirements in work safety, energy saving and emission reduction, green and low-carbon and recycling. In 2024, the Company will grasp the new opportunities brought by the transformation of national green development to build a firm foundation of safety and green, further explore energy-saving and emission reduction processes and low-carbon recycling technologies on the existing basis, make full use of demonstration projects such as carbon dioxide recovery and comprehensive utilization to seize the industry's high ground, innovate a high-quality development path of circular economy and synergy, and continuously inject new momentum into the sustainable development of the enterprise.

(III) Risks and countermeasures

1. Macroeconomic fluctuation risks

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

2. Industry policy risks

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

3. Risks caused by exchange rate fluctuations

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

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

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

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

5. Environmental protection and work safety risks

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

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

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

☒Applicable ☐Not applicable

Date	Location	Way	Type of the reception object	Reception object	Main contents discussed and the information provided	Index to the basics of research
April 21, 2023	-	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-001)
April 21, 2023	-	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-002)
April 21, 2023	-	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-004)
April 23, 2023	Value Online (https://www.ir-online.com.cn/) Tel	Online communication via a network platform	Others	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-003)
May 18, 2023	Lianyungang Petrochemical Industry Base	Field research	Institution	Institutional investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-005)
August 11, 2023	-	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-006)
August 11, 2023	-	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-

Date	Location	Way	Type of the reception object	Reception object	Main contents discussed and the information provided	Index to the basics of research
						007)
August 11, 2023	-	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-008)
October 19, 2023	A platform of Shenzhen Stock Exchange (http://irm.cninfo.com.cn), and Shenzhen Stock Exchange Shanghai Center	Online communication via a network platform, On-site survey	Others	Media and investors participating in the "Industry Benchmarking Foundation - Collective Exchange Activity" organized by Shenzhen Stock Exchange	Operation, future development of the Company	CNINFO: Record of Investor Relations Activities (No. 2023-009)

XIII. Implementation of the action plan of “quality promotion and return enhancement”

Whether the Company has disclosed the action plan of “quality promotion and return enhancement” or not.

☒Yes ☐No

The Company had actively implemented the guiding ideology of "activating the capital market and boosting investors' confidence" proposed at a meeting of the Political Bureau of the CPC Central Committee in 2023, and the guiding ideology of "vigorously improving the quality and investment value of listed companies" proposed at a State Council executive meeting in 2024, firmly established the investor-based concept, attached importance to the interests of investors, and actively maintained the market stability. Based on the confidence in the Company's future development prospects and the recognition of the Company's value, the Company had formulated the action plan of "quality promotion and return enhancement" and disclosed such plan via CNINFO on March 2, 2024. The Company had steadily improved the quality of listed companies and promoted the high-quality development on five aspects of "adhering to the strategic focus, sticking to strengthening the main business and deepening the integrated development", "adhering to the concept that the innovation may drive the future and leading the green and intelligent development of the industry", "persisting in the standardized operation and improving the efficiency of corporate governance", "paying attention to shareholders' returns, and achieving the win-win results via 'common growth'", and "building the multi-level investor relations, and taking value dissemination as the core of market value management.

Section IV Corporate Governance

I. Basic status of corporate governance

In strict accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules for Listing of shares on Shenzhen Stock Exchange and other relevant laws, regulations and normative documents, the Company continuously has improved its corporate governance structure, enhanced the corporate governance, and established and improved various management systems, standardized its operations, strengthened the management of insider information and enhanced the information disclosure, and thus effectively safeguarded the legitimate rights and interests of the Company and all shareholders and promoted the healthy development of the enterprise.

The Company has established a check-and-balance corporate governance structure with separation of powers among the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the management, and by formulating and continuously improving the rules of procedure, clarified the scope of powers and responsibilities of each level, making sure that the decision-making, execution and supervision can be separated from each other, so as to form the effective checks and balances. The Company has established and continuously improved the internal control system, strengthened the internal control management mechanism, optimized the management process and improved the risk prevention mechanism to support the improvement of the Company's operational efficiency and the achievement of a sustainable and healthy development.

During the reporting period, the Company revised or formulated such rules and systems as the Articles of Association, the Rules of Procedures of Special Meetings of Independent Directors, the Rules of Procedure of the Audit Committee under the Board of Directors, the Rules of Procedure of the Strategy Committee under the Board of Directors, the Rules of Procedure of the Nomination Committee under the Board of Directors, the Rules of Procedure of the Remuneration and Evaluation Committee under the Board of Directors, the Management System for Investor Relationship, the System for the Internal Control over Provision for Impairment of Assets and Treatment of Losses, the Travel Management System, the Social Responsibility Management System and the Real-name Reporting Reward System, to further strengthen internal control management and improve the construction of internal control system.

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

☐ Yes ☒ No

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

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

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

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

2. In terms of personnel: The Company has established a human resources department to manage the labor, personnel and remuneration work of the Company, and formulated a series of rules and regulations for the assessment, reward and punishment of employees. The directors, supervisors and senior executives of the Company are appointed by the General Meeting of Shareholders and the Board of Directors through legal procedures in strict accordance with the Company Law, the Articles of Association and other relevant regulations. The decisions on the appointment and removal of personnel made by the Board of Directors and the General Meeting of Shareholders of the Company are final without the manipulation of the controlling shareholder.

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

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

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

III. Horizontal competition

☐ Applicable ☒ Not applicable

IV. Information on the annual and extraordinary general meetings of shareholders held during the reporting period

1. General meeting held during the reporting period

Session	Type of meeting	Proportion of participating investors	Date of meeting	Date of disclosure	Resolutions made at the meeting
First extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	72.36%	January 30, 2023	January 31, 2023	CNINFO: Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-018)
Second extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	72.78%	February 10, 2023	February 11, 2023	CNINFO: Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-021)
Annual general meeting of shareholders in 2022	Annual general meeting of shareholders	67.49%	May 10, 2023	May 11, 2023	CNINFO: Announcement on the Resolutions of the Annual General Meeting of Shareholders in 2022 (Announcement No. 2023-056)
Third extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	4.75%	August 4, 2023	August 5, 2023	CNINFO: Announcement on the Resolutions of the Third Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-072)
Fourth extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	4.47%	October 16, 2023	October 17, 2023	CNINFO: Announcement on the Resolutions of the Fourth Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-094)

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

☐ Applicable ☒ Not applicable

V. Information on directors, supervisors and senior executives**1. Basic information**

Name	Gender	Age	Position	Post-holding state	Beginning date of term	Ending date of term	Number of shares as at January 1, 2023 (share)	Number of shares increased in 2023 (share)	Number of shares decreased in 2023 (share)	Number of shares as at December 31, 2023 (share)	Reasons for increase/decrease in shares
Miao Han'gen	Male	58	Chairman, and deputy general manager	Current	September 17, 2018	February 9, 2026	0	0	0	0	
Ji Gaoxiong	Male	51	Deputy chairman, and executive deputy general manager	Current	September 17, 2018	February 9, 2026	0	1,070,000	0	1,070,000	Increase in shares held by directors, supervisors and senior executives
Qiu Hairong	Male	45	Director, and financial principal	Current	September 17, 2018	February 9, 2026	0	739,500	0	739,500	Increase in shares held by directors, supervisors and senior executives
			Deputy general manager	Current	February 10, 2023	February 9, 2026	0	0	0	0	
Yang Xiaowei	Male	45	Director	Current	February 10, 2023	February 9, 2026	0	0	0	0	
Yuan Jianxin	Male	58	Independent director	Current	January 15, 2021	February 9, 2026	0	0	0	0	
Xu Jinye	Male	55	Independent director	Current	March 16, 2022	February 9, 2026	0	0	0	0	
Ren Zhigang	Male	48	Independent director	Current	February 10, 2023	February 9, 2026	0	0	0	0	
Ni Genyuan	Male	55	Chairman of the	Current	March 12,	February 9,	0	979,996	0	979,996	Increase in

Name	Gender	Age	Position	Post-holding state	Beginning date of term	Ending date of term	Number of shares as at January 1, 2023 (share)	Number of shares increased in 2023 (share)	Number of shares decreased in 2023 (share)	Number of shares as at December 31, 2023 (share)	Reasons for increase/decrease in shares
			Board of Supervisors, and employee supervisor		2014	2026					shares held by directors, supervisors and senior executives
Yang Fangbin	Male	51	Supervisor	Current	December 15, 2022	February 9, 2026	0	0	0	0	
Jing Daoquan	Male	44	Supervisor	Current	February 10, 2023	February 9, 2026	0	0	0	0	
Zhou Xuefeng	Female	44	Supervisor	Current	January 28, 2022	February 9, 2026	0	0	0	0	
Gu Shaohua	Male	32	Employee supervisor	Current	February 10, 2023	February 9, 2026	0	0	0	0	
Wang Jun	Male	52	Deputy general manager, and secretary of the Board of Directors	Current	December 5, 2019	February 9, 2026	0	776,600	0	776,600	Increase in shares held by directors, supervisors and senior executives
Luo Yukun	Male	53	Director	Leaving office	April 23, 2019	February 10, 2023	0	0	0	0	
Zhang Xiangjian	Male	48	Independent director	Leaving office	May 22, 2017	February 10, 2023	0	0	0	0	
Pang Quanfang	Female	47	Employee supervisor	Leaving office	March 6, 2019	February 10, 2023	0	0	0	0	
Chen Jian	Female	44	Supervisor	Leaving office	April 23, 2019	February 10, 2023	0	0	0	0	
Total	--	--	--	--	--	--	0	3,566,096	0	3,566,096	--

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

☐ Yes ☒ No

Change in directors, supervisors and senior officers

☒ Applicable ☐ Not applicable

Name	Position	Type	Date	Reasons
Yang Xiaowei	Director	Elected	February 10, 2023	Selected as a director of the ninth Board of Directors of the Company
Ren Zhigang	Independent director	Elected	February 10, 2023	Selected as an independent director of the ninth Board of Directors of the Company
Jing Daoquan	Supervisor	Elected	February 10, 2023	Selected as a supervisor of the ninth Board of Supervisors of the Company
Gu Shaohua	Employee supervisor	Elected	February 10, 2023	Selected as an employee supervisor of the ninth Board of Supervisors of the Company
Lup Yukun	Director	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office
Zhang Xiangjian	Independent director	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office
Pang Quanfang	Employee supervisor	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office
Chen Jian	Supervisor	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office

2. Employment status

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

1. Directors

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

From February 1984 to December 1992: technician, deputy director, and director of Wujiang Shenghong Silk Weaving Factory; from January 1993 to December 1996: director of Wujiang Shenghong Printing and Dyeing Factory; from January 1997 to January 2024: chairman of Sheng Hong Group Co., Ltd.; since May 2006: chairman of Shenghong Holding Group Co., Ltd.; since December 2002: chairman of Jiangsu Shenghong Technology Co., Ltd.; since September 2018: chairman and general manager of the Company.

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

From May 2009 to December 2009: deputy director of the Investment Promotion Center of Shengze Town, Wujiang City; from January 2010 to October 2010: director of the Service Industry Development Bureau of China Eastern Silk Market; from November 2010 to March 2011: general manager of the Company; from March 2011 to September 2018: chairman of the Company; from March 2014 to September 2018: general manager of the Company; since September 2018: deputy chairman and executive deputy general manager of the Company.

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

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

Yang Xiaowei, male, born in November 1978, Han nationality, Chinese nationality, without permanent residency China, a member of the CPC, with a bachelor's degree in taxation.

From December 2017 to June 2022: director of the Bureau of Finance Pingwang Town Branch, director of Pingwang Town Bureau of Finance and Assets Management and deputy town chief of the people's government in Pingwang Town; from since June 2022: chairman of Jiangsu Shengze Investment Co., Ltd.; since February 2023: director of the Company.

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

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

Xu Jinye, male, born in October 1968, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, PhD in accounting, associate professor, Chinese certified public accountant, and Chinese certified public appraiser.

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

Ren Zhigang, male, born in August 1975, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, PhD in Geochemistry, professor and doctoral supervisor.

Since August 1999: a teacher at Soochow University; since February 2023: an independent director of the Company.

Participated in the qualification training for independent directors organized by Shenzhen Stock Exchange in December 2022 and obtained the qualification certificate for independent directors.

2. Supervisors

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

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

Yang Fangbin, male, born in March 1972, Han nationality, Chinese nationality, without permanent residency outside China, with a master's degree in business administration and accounting, master's degree, a Chinese certified public accountant, Chinese certified tax agent, and Chinese certified asset appraiser.

From November 2003 to December 2015: department manager and deputy general manager of the Business Unit at Nantong Wanlong Certified Public Accountants; from December 2015 to November 2019: salaried partner of Ruihua Certified Public Accountants (Special General Partnership) Nantong Branch; from November 2019 to August 2021: senior manager of ShineWing Certified Public Accountants (Special General Partnership); from

August 2021 to November 2023: general manager of the Group Financial Data Management Department of Shenghong Holding Group Co., Ltd.; since December 2023: general manager of the Group Financial Internal Audit Compliance Department of Shenghong Holding Group Co., Ltd.; since December 2022: a supervisor of the Company.

Jing Daoquan, male, born in August 1979, Han nationality, Chinese nationality, without permanent residency outside China, a member of the CPC, with a bachelor's degree in light chemical engineering, a senior economist.

Since July 2003: working at Shenghong Holding Group Co., Ltd., serving as the assistant director of the Group Office and deputy director of the Group Office successively; since January 2022: the deputy director of the Administration Department; since February 2023: a supervisor of the Company.

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

From August 2014 to March 2023: manager of the Risk Control and Audit Department of Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.; since March 2023: manager of the Human Resources Department of Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.; since October 2020: chairman of the Board of Supervisors of Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.; since January 2022: a supervisor of the Company.

Gu Shaohua, male, born in July 1991, Han nationality, Chinese nationality, without permanent residency outside China, with a bachelor degree in financial management and finance, intermediate accountant.

From July 2014 to March 2015: an accounting assistant of Sheng Hong Group Co., Ltd.; from March 2015 to March 2017: an accounting supervisor of Jiangsu Shenghong Petrochemical Group Co., Ltd.; from March 2017 to September 2017, the financial manager of Suzhou Suzhen Thermal Power Co., Ltd.; from September 2017 to September 2018: the financial manager of Jiangsu Zhonglu Technology Development Co., Ltd.; from September 2018 to November 2019: the financial manager of Suzhou Shenghong Fiber Co., Ltd.; from November 2019 to July 2021: the finance director of Jiangsu Guowang High-tech Fibre Co., Ltd.; since July 2021: the finance director in the Chemical Fiber Business Division of the Company; since February 2023: an employee supervisor of the Company.

3. Senior executives

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

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

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

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

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

Status of the position held in shareholder entity

☒ Applicable ☐ Not Applicable

Name of in-service staff	Name of shareholding entity	Position	Starting date of tenure	Expiration date of tenure	Whether or not to receive compensation allowance from the shareholders
Miao Han'gen	Jiangsu Shenghong Investment Development Co., Ltd.	Executive director	March 2013		No
	Jiangsu Shenghong Investment Development Co., Ltd.	Executive director	March 2017		No
	Shenghong Holding Group Co., Ltd.	Executive director	December 2006		No
	Shenghong (Suzhou) Group Co., Ltd.	Executive director	March 2013		No
	Shenghong Group Co., Ltd.	Chairman	January 1998	January 2024	No
	Jiangsu Shenghong Health Industry Co., Ltd.	Executive director	March 2016	November 2023	No
	Suzhou Taida Property Co., Ltd.	Executive director	April 2014		No
	Lianyungang Bochuang Investment Co., Ltd.	Executive director	September 2014		No
	Shenghong Petrochemical Group Co., Ltd.	Executive director	April 2013		No
	Jiangsu Shenghong New Material Group Co., Ltd.	Executive director	June 2017		No
	BEST Holding Group Co., Limited	Director	September 2016		No
	Shenghong International Holdings Limited	Director	March 2016		No
	Wujiang Xintai Industrial Co., Ltd.	Executive director	August 2017		No
	Ningbo Shengshan Equity Investment Co., Ltd.	Executive director	May 2018		No
	Jiangsu Shenghong Technology Co., Ltd.	Chairman	December 2002		No
	Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Executive director	June 2019		No
	Suzhou Hongda Business Service Co., Ltd.	Executive director	June 2019		No
	Jiangsu Shenghong Import and Export Co., Ltd.	Executive director	January 2020		No
	Shenghong New Energy (Shanghai) Co., Ltd.	Executive director	November 2020		No
	Jiangsu Shengbang Holding Group Co., Ltd.	Executive director	March 2022		No

Name of in-service staff	Name of shareholding entity	Position	Starting date of tenure	Expiration date of tenure	Whether or not to receive compensation allowance from the shareholders
	Shenghong Ligend Power Technology (Jiangsu) Co., Ltd.	Chairman	November 2022		No
	Shanghai Shenghong Private Fund Management Co., Ltd.	Executive director	February 2023		No
	HONWELL (Hong Kong) Holding Group Co., Ltd.	Director			No
Yang Xiaowei	Jiangsu Wujiang Silk Group Co., Ltd.	Chairman and general manager	July 2022		No
Jing Daoquan	Jiangsu Shengbang New Materials Co., Ltd.	Director	April 2022		No
	Shenghong Ligend New Energy Storage Technology Research Institute (Suzhou) Co., Ltd.	Supervisor	February 2024		No
	Shenghong Ligend Power Technology (Jiangsu) Co., Ltd.	Supervisor	November 2022		No
	Shenghong Ligend Power Technology (Taizhou) Co., Ltd.	Supervisor	November 2022		No
	Shenghong Ligend Power Technology (Suzhou) Co., Ltd.	Supervisor	February 2023		No
	Shenghong Ligend Storage Technology (Beijing) Co., Ltd.	Supervisor	October 2023		No
	Ningbo Shengshan Equity Investment Co., Ltd.	Manager	April 2022		No
	Jiangsu Shenghong Ligend New Energy Investment Co., Ltd.	Supervisor	April 2024		No
Yang Fangbin	Jiangsu Shengbang Holding Group Co., Ltd.	Supervisor	March 2022		No
	Jiangsu Shengbang New Materials Co., Ltd.	Supervisor	April 2022		No
	Jiangsu Lvhe'an Technology Co., Ltd.	Supervisor	April 2022		No
	Jiangsu Shengchuang New Material Technology Co., Ltd.	Supervisor	May 2023		No
	Lianyungang Yunhong Housing Leasing Co., Ltd.	Supervisor	January 2024		No
Statement of the position held in shareholding entity	Except for Jiangsu Wujiang Silk Group Co., Ltd., the above-mentioned post-holding entities are all enterprises controlled by the actual controller of Company.				

Status of the position held in other entities

☒ Applicable ☐ Not Applicable

Name of in-service staff	Name of other entities	Position held in other entities	Starting date of tenure	Expiration date of tenure	Whether or not to receive compensation allowance from other units
Miao Han'gen	Wujiang Chamber of Commerce Real Estate Co., Ltd.	Director	March 2017		No
Ji Gaoxiong	Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Chairman	January 2021		No
Yang Xiaowei	Jiangsu Shengze Investment Co., Ltd.	Chairman and general manager	June 2022		Yes
	Wujiang Shengze Urban Old City Renovation Asset Operation Co., Ltd.	Executive director	July 2022		No
	Suzhou Shengze Comprehensive Development Co., Ltd.	Chairman and general manager	December 2023		No
Yuan Jianxin	Suzhou Institute of Building Science Group Co., Ltd.	Independent director	February 2021		Yes
	Suzhou Bearing Factory Co., Ltd.	Independent director	July 2021		Yes
Xu Jinye	Shanghai Medicilon Biopharmaceutical Co., Ltd.	Independent director	November 2018		Yes
	Fujian Fengzhu Textile Technology Co., Ltd.	Independent director	April 2019		Yes
Ni Genyuan	Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Director	January 2021		No
Jing Daoquan	Suzhou Minghong Investment Partnership (Limited Partnership)	Executive Partner	November 2022		No
Statement of the position held in other entities			None		

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

☒ Applicable ☐ Not Applicable

3. Remuneration of directors, supervisors and senior executives

Decision-making process, determination basis and actual payout of remuneration for directors, supervisors and senior executives

(1) Decision-making process for remuneration of directors, supervisors and senior executives

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

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

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

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

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

(3) Actual payout of remuneration for directors, supervisors and senior executives

During the reporting period, the total pre-tax remuneration of directors, supervisors and senior executives of the Company was RMB 10.7435 million. The Remuneration and Appraisal Committee of the Board of Directors of Company reviewed the remuneration of directors, supervisors and senior executives of the Company disclosed in the Company's 2023 annual report, and issued the following review opinions:

The directors, supervisors and senior executives of the Company have conscientiously performed their corresponding duties according to their respective division of labor, and have better completed their work objectives; The remuneration decision-making procedures and distribution standards of directors, supervisors and senior executives of the Company shall comply with the regulations; The remuneration of directors, supervisors and senior executives disclosed in the 2023 annual report of the Company is true and accurate, and consistent with the actual distribution.

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

Unit: RMB '0,000

Name	Sex	Age	Post	Position state	Total remuneration before tax from the Company	Whether get remuneration from related parties of the Company
Miao Han'gen	Male	58	Chairman and general manager	Current position	209.86	No
Ji Gaoxiong	Male	51	Vice chairman and executive deputy general manager	Current position	157.30	No
Qiu Hairong	Male	45	Chairman, deputy general manager and financial principal	Current position	182.12	No
Yang Xiaowei	Male	45	Director	Current position	0.00	Yes
Yuan Jianxin	Male	58	Independent director	Current position	15.00	No
Xu Jinye	Male	55	Independent director	Current position	15.00	No
Ren Zhigang	Male	48	Independent director	Current position	13.75	No
Ni	Male	55	Chairman of the	Current position	235.37	No

Name	Sex	Age	Post	Position state	Total remuneration before tax from the Company	Whether get remuneration from related parties of the Company
Genyuan			board of supervisors, employee supervisor			
Yang Fangbin	Male	51	Supervisor	Current position	0.00	Yes
Jing Daoquan	Male	44	Supervisor	Current position	0.00	Yes
Zhou Xuefeng	Female	44	Supervisor	Current position	0.00	No
Gu Shaohua	Male	32	Employee supervisor	Current position	77.63	No
Wang Jun	Male	52	Deputy general manager and secretary of the board of directors	Current position	130.88	No
Luo Yukun	Male	53	Director	Resigned	0.00	Yes
Zhang Xiangjian	Male	48	Independent director	Resigned	2.50	No
Pang Quanfang	Female	47	Employee supervisor	Resigned	34.94	No
Chen Jian	Female	44	Supervisor	Resigned	0.00	Yes
Total	--	--	--	--	1,074.35	--

Notes to other circumstances

☒Applicable ☐ Not Applicable**VI. Directors' performance of duties during the reporting period****1. Information on the board of directors during the reporting period**

Session	Convening date	Disclosure date	Resolutions made at the meeting
62th Meeting of the 8th Board of Directors	January 12, 2023	January 13, 2023	Deliberated and approved: 1. Proposal on Providing Guarantee for Bank Loans for Shenghong Chemical New Material Project (Phase I) of Jiangsu Hongjing New Materials Co., Ltd.; 2. Proposal on Providing Guarantee for Bank Loans for POSM and Polyol Projects of Jiangsu Hongwei Chemical Co., Ltd.; 3. Proposal on Convening the First Extraordinary General Meeting in 2023.
The 63rd Meeting of the 8th Board of Directors	January 18, 2023	January 19, 2023	Deliberated and approved: 1. Proposal on Election of Non-independent Directors of the 9th Board of Directors; 2. Proposal on Election of Independent Directors of the 9th Board of Directors; 3. Proposal on Changing the Registered Capital of Company and Revising the Articles of Association; 4. Proposal on Expected Daily Related Transactions in 2023; 5. Proposal on Estimated Mutual Guarantee Quota in 2023; 6. Proposal on Convening the Second Extraordinary General Meeting in 2023

Session	Convening date	Disclosure date	Resolutions made at the meeting
The 1st Meeting of the 9th Board of Directors	February 10, 2023	February 11, 2023	Deliberated and approved: 1. Proposal on the Election of the Chairman of the Board of Directors of the Company; 2. Proposal on the Election of the Deputy Chairman of the Board of Directors of the Company; 3. Proposal on the Election of Members of Special Committees of the Board of Directors; 4. Proposal on the Appointment of the General Manager of the Company; 5. Proposal on the Appointment of the Executive Deputy General Manager of the Company; 6. Proposal on the Appointment of Deputy General Manager and Chief Financial Officer of the Company; 7. Proposal on the Appointment of Deputy General Manager and Secretary of the Board of Directors of the Company; 8. Proposal on the Appointment of Securities Affairs Representative of the Company; 9. Proposal on the Appointment of the Head of the Internal Audit Department of the Company; 10. Proposal on Amending the Rules of Procedure of the Strategy Committee of the Board of Directors; 11. Proposal on Amending the Rules of Procedure of the Audit Committee of the Board of Directors; 12. Proposal on Amending the Rules of Procedure of the Nomination Committee of the Board of Directors; 13. Proposal on Amending the Rules of Procedure of the Remuneration and Appraisal Committee of the Board of Directors; 14. Proposal on Revising the Internal Control System for <Provision for Asset Impairment and Loss Treatment>.
The 2nd Meeting of the 9th Board of Directors	April 16, 2023	April 18, 2023	Deliberated and approved: 1. 2022 General Manager Work Report of the Company; 2. 2022 Annual Work Report of the Board of Directors of the Company; 3. Proposal on the Provision for Asset Impairment in 2022; 4. Report on the Financial Final Accounts of the Company in 2022; 5. 2022 Plan on Annual Profit Distribution and Conversion of Capital Reserve to Share Capital of the Company; 6. Summary Report on Performance of Duties by the Audit Committee of the Board of Directors and 2022 Annual Audit Work; 7. 2022 Internal Control Evaluation Report of the Company; 8. 2022 Special Report on the Deposit and Use of the Raised Funds of the Company; 9. 2022 Annual Social Responsibility Report of the Company; 10. 2022 Proposal on the Remuneration of the Senior Executives of the Company; 11. Full Text and Summary of 2022 Annual Report of the Company; 12. 2023 Proposal on the Proposed Appointment of the Company's Financial Auditor and Internal Control Auditor; 13. Proposal on Using Temporarily Idle Own Funds to Purchase Financial Products; 14. Proposal on Changes in Accounting Policies; 15. Proposal on Carrying out Commodity Hedging Business; 16. Proposal on Conducting Foreign Exchange and Interest Rate Derivatives Trading Business; 17. Proposal on the Achievement of Performance Commitments in 2022 for Issuing Shares and Paying Cash to Purchase Assets in 2021; 18. Proposal on Convening the 2022 Annual General Meeting of Shareholders.
The 3rd Meeting of the 9th Board of Directors	April 20, 2023	April 21, 2023	Deliberated and approved: 1. Proposal on Provision for Asset Impairment in the First Quarter of 2023; 2. Report of the Company in the First Quarter of 2023.
The 4th Meeting of the 9th Board of Directors	June 14, 2023	June 15, 2023	Deliberated and approved: 1. Proposal on <Phase IV Employee Stock Ownership Plan (Draft) > and Summary; 2. Proposal on Management Measures for <Phase IV Employee Stock Ownership Plan>; 3. Proposal on Submitting the General Meeting of Shareholders to Authorize the Board of Directors to Handle Matters

Session	Convening date	Disclosure date	Resolutions made at the meeting
			Related to the Employee Stock Ownership Plan.
The 5th Meeting of the 9th Board of Directors	July 14, 2023	July 15, 2023	Deliberated and approved: Proposal on Convening the Third Extraordinary General Meeting of Shareholders in 2023.
The 6th Meeting of the 9th Board of Directors	August 9, 2023	August 11, 2023	Deliberated and approved: 1. Proposal on the Provision for Asset Impairment in the Semi-annual Year of 2023; 2. Full Text and Summary of 2023 Semi-annual Report of the Company; 3. Special Report on the Deposit and Use of Raised Funds in the Semi-annual Period of 2023.
The 7th Meeting of the 9th Board of Directors	August 18, 2023	August 19, 2023	Deliberated and approved: 1. Proposal on Proposed Signing of the Trust Contract for the Phase IV Employee Shareholding Collective Fund Trust Plan 2. Proposal on Adjusting Members of Special Committees of the Board of Directors.
The 8th Meeting of the 9th Board of Directors	September 27, 2023	September 28, 2023	Deliberated and approved: 1. Proposal on the Acquisition of Equities by Wholly-owned Subsidiary Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. and Related-party Transactions; 2. Proposal on Convening the Fourth Extraordinary General Meeting in 2023.
The 9th Meeting of the 9th Board of Directors	October 27, 2023	October 28, 2023	Deliberated and approved: Proposal on the Provision for Asset Impairment in the First Three Quarters of 2023; 2. Report of the Company in the Third Quarter in 2023.
The 10th Meeting of the 9th Board of Directors	November 7, 2023	November 8, 2023	Deliberated and approved: 1. Proposal on Not Revising Downward the Equity Conversion Price of Shenghong Convertible Bonds; 2. Proposal on Revising the <Investor Relations Management System>.
The 11th Meeting of the 9th Board of Directors	November 29, 2023	November 30, 2023	Deliberated and approved: 1. Proposal on Adjusting the Estimated Amount of Daily Related Transactions of the Company in 2023; 2. Proposal on Formulating <Rules of Procedure for Special Meetings of Independent Directors>.

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

Attendance of directors at meetings of the Board of Directors and the General Meeting							
Name of director	Number of meetings of the Board of Directors during the reporting period	Times of attendance of on-site meeting	Times of attendance of the Board of Directors by telecommunication	Times of entrusted attendance of the Board of Directors	Number of Absences from the Board of Directors	Whether not to personally attend meetings of the Board of Directors for two consecutive times	Times of attendance in the general meeting
Miao Han'gen	13	2	11	0	0	No	2

Ji Gaoxiong	13	2	11	0	0	No	5
Qiu Hairong	13	2	11	0	0	No	5
Yang Xiaowei	11	1	10	0	0	No	1
Yuan Jianxin	13	2	11	0	0	No	5
Xu Jinye	13	1	12	0	0	No	3
Ren Zhigang	11	1	10	0	0	No	3
Luo Yukun	2	1	1	0	0	No	1
Zhang Xiangjian	2	1	1	0	0	No	1

3. Objections from directors against related issues of the Company

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

☐ Yes ☒ No

During the reporting period, the directors did not raise any objection to the relevant matters of the Company.

4. Other descriptions of directors' performance of duties

Whether the director's relevant suggestions on the Company are adopted

☒ Yes ☐ No

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

None

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

Committee name	Member status	Number of meetings held	Convening date	Meeting content	Important comments and suggestions raised	Other performance of duties	Specifics of objections
Strategy Committee	Miao Han'gen, Ji Gaoxiong, Ren Zhigang, Yang Xiaowei	2	February 10, 2023	Proposal on Formulating the Management System for Social Responsibility of the Company	Deliberation and approval of meeting matters	None	None
			April 16, 2023	Company 2022 Annual Social Responsibility Report and Company Development Strategy	Deliberation and approval of meeting matters	None	None
Audit Committee	Xu Jinye, Zhang Xiangjian, Yuan Jianxin, Qiu Hairong	9	January 18, 2023	Proposal on Expected Daily Related-party Transactions in 2023	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Qiu Hairong		February 10, 2023	Review Opinions on Recommending the Person in Charge of the Internal Audit Department of Company	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Qiu Hairong		February 10, 2023	Review Opinions on Reviewing the Financial Accounting Statements Preliminarily Prepared by Company, and the First Letter of Urging Accounting Firm to Submit the Audit Report within the Agreed Time Limit	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Qiu Hairong		April 3, 2023	Audit Opinions on Reviewing the Financial Statements on which the Accounting Firm Gives Preliminary Audit Opinions, and the Second Supervision Letter on Requiring the Accounting Firm to Submit the Audit Report within the Agreed Time Limit	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Qiu Hairong		April 16, 2023	Relevant Resolutions on the Audit Work of Company in 2022 and Summary Report on the Performance of the Audit Committee of the Board of Directors and the Audit Work in 2022	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Qiu		April 20, 2023	Proposal on Provision for Asset Impairment in the First quarter of 2023 and Financial Statements of Company	Deliberation and approval of	None	None

Committee name	Member status	Number of meetings held	Convening date	Meeting content	Important comments and suggestions raised	Other performance of duties	Specifics of objections
	Hairong			in the First Quarter of 2023	meeting matters		
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Qiu Hairong		August 9, 2023	Proposal on Provision for Asset Impairment in 2023 Semi-annual Period, Financial and Accounting Statements of the Company in 2023 Semi-annual Period, Special Report on Deposit and Use of Funds Raised in 2023 Semi-annual Period	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		September 27, 2023	Proposal on Acquisition of Equity and Related-party Transactions by Wholly-owned Subsidiary Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		October 27, 2023	Proposal on Provision for Asset Impairment in the Third Quarter of 2023 and Financial Statements of the Company in the Third Quarter of 2023	Deliberation and approval of meeting matters	None	None
Remuneration and Assessment Committee	Zhang Xiangjian, Xu Jinye, Yuan Jianxin	2	January 13, 2023	Proposal on the Remuneration Plan for Senior Executives of the Company in 2022, Proposal on the Remuneration of Senior Executives of the Company in 2022, and Proposal on the Remuneration of Key Management Personnel of the Company in 2022	Deliberation and approval of meeting matters	None	None
	Ren Zhigang, Xu Jinye, Yuan Jianxin, Ji Gaoxiong		April 16, 2023	Review Opinions on Remuneration of Directors, Supervisors and Senior Executives in the 2022 Annual Report	Deliberation and approval of meeting matters	None	None
Nomination Committee	Yuan Jianxin, Xu Jinye, Miao Han'gen	2	January 18, 2023	Review Opinions on the Nomination of Directors and Independent Directors of the Company	Deliberation and approval of meeting matters	None	None
	Yuan Jianxin, Xu Jinye, Ren Zhigang, Miao Han'gen		February 10, 2023	Review Opinions on the Nomination of Senior Executives, Representatives of the Company and Heads of Internal Audit Departments	Deliberation and approval of meeting matters	None	None

VIII. Report on the Work of the Board of Supervisors

Whether the board of supervisors found any risks in the Company during the supervision activities during the reporting period

☐ Yes ☒ No

The Board of Supervisors has no objection to the supervision matters during the reporting period.

IX. Employees of the Company**1. Number of employees, professional composition and education level**

Number of in-service employees of the parent company at the end of the reporting period (person)	488
Number of in-service employees of main subsidiaries at the end of the reporting period (person)	30,416
Total number of in-service employees at the end of the reporting period (person)	30,904
Total number of salaried employees in the current period (person)	30,904
Number of retired employees required to be paid by the parent company and its major subsidiaries	0
Professional composition	
Category of professional composition	Number of professional composition staff
Production staff	19,501
Sales staff	527
Technical staff	6,113
Financial staff	368
Administrative staff	1,676
Other staff	2,719
Total	30,904
Education background	
Education level	Number (person)
Doctor/post-doctor	34
Postgraduate	242
Undergraduate	7,615
Junior college	9,942
High school and below	13,071
Total	30,904

2. Remuneration policies

According to the different positions and positions, the remuneration structure system is established, and the employees' work objectives are consistent with the enterprise objectives, so as to achieve the synchronization of employees' objectives and the Company's objectives. The Company has conducted in-depth research and continuously optimized the performance appraisal system of each subsidiary, formulated the remuneration management system, gradually formed a personalized performance appraisal system that fully reflects the

operating characteristics of the subsidiary, and ensured the reasonableness and compliance of the remuneration payment.

3. Training plan

The Company has established and improved the employee training and development system, so that each employee can clearly understand the direction of development and realize self-worth. The Company formulates an annual training plan, refines and deepens talent training, focuses on cultivating potential and leadership, from basic talent to grass-roots cadres, middle-level cadres to senior-level leadership, to create a talent training system covering all levels and all levels, and enhance the endogenous power of employees, encourage professional and management talents in the field to output knowledge, and build a scientific and professional development and promotion path for employees.

4. Labor outsourcing

☒ Applicable ☐ Not Applicable

X. Profit distribution and the conversion of capital reserves to share capital

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

☒ Applicable ☐ Not Applicable

During the reporting period, the Company formulated the profit distribution plan for 2022 in the form of cash dividends. The plan has been approved by the 2022 annual general meeting held by Company on May 10, 2023, and was implemented on May 22, 2023, which is in line with the provisions of the articles of association of Company and the requirements of the resolution of the general meeting of shareholders. The Announcement on the Implementation of Dividends and Dividends in 2022 was disclosed on May 16, 2023.

Special description of cash dividend policy	
Whether it complies with the provisions of the Articles of Association or the requirements of the resolutions of the general meeting:	Yes
Whether the dividend standard and proportion are clear and definite:	Yes
Whether relevant decision-making procedures and mechanisms are complete:	Yes
Whether the independent directors have performed their duties and played their due roles:	Yes
If the Company does not pay cash dividends, it shall disclose the specific reasons and the next steps it plans to take to enhance the level of investor returns:	Not Applicable
Whether minority shareholders have the opportunity to fully express their opinions and demands, and whether their legitimate rights and interests are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Not Applicable

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

☒ Applicable ☐ Not Applicable

Profit distribution and the conversion of capital reserves to share capital in the reporting period

☒ Applicable ☐ Not Applicable

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (including tax)	1.00
Equity base of distribution plan (shares)	Total share capital on the equity record date when the distribution plan is implemented in the future

Amount of cash dividends (RMB) (including tax)	661,121,427.80
Amount of cash dividends distributed in other ways (such as share repurchase) (RMB)	0.00
Total cash dividends (including other methods) (RMB)	The total share capital on the equity registration date when the distribution plan is implemented in the future is taken as the distribution base, and the distribution proportion remains unchanged
Allocable profits (RMB)	1,795,470,625.46
Proportion of total cash dividends (including other methods) in total profit distribution	100%
Cash dividends at this time	
Others	
Detailed description of profit distribution or capital reserve conversion plan	
<p>According to the audit of BDO CHINA Shu Lun Pan Certified Public Accountants LLP, the net profit attributable to shareholders of the listed company in 2023 was RMB 717,031,594.87. As of December 31, 2023, the Company's distributable profits at the end of the period (calculated on the basis of the company) were RMB 1,795,470,625.46.</p> <p>After comprehensively considering the reasonable return of shareholders and the long-term development of the Company, and on the premise of ensuring the funds required for the production and operation of the Company, it is proposed to distribute a cash dividend of RMB1.00 (including tax) for every 10 shares to all shareholders in 2023, and to distribute 0 bonus shares based on the total share capital on the equity registration date when the distribution plan is implemented in the future, and not to increase the share capital by converting the reserve fund.</p> <p>As of March 31, 2024, the total equity of the Company was 6,611,214,278 shares. According to this calculation, the cash dividend to be distributed was RMB 661,121,427.80 (including tax). If the total equity of the Company changes before the equity registration date of the implementation of this distribution plan, the Company will maintain the same distribution ratio per share and adjust the total distribution accordingly.</p> <p>The profit distribution plan complies with relevant laws and regulations and the provisions of the Articles of Association and the Company's Shareholder Return Plan for the Next Three Years (2022-2024), which can ensure reasonable returns for shareholders and take into account the sustainable development of the Company.</p>	

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

☒Applicable ☐ Not Applicable

1. Equity incentive

None

Equity incentives received by directors and senior executives of the Company

☒Applicable ☐ Not Applicable

Evaluation mechanism and incentive of senior executives

Not Applicable

2. Implementation of employee stock ownership plan

☒Applicable ☐ Not applicable

Information on all active employee stock ownership plans during the reporting period

Scope of employees	Number of employees		Total number of shares held (shares)	Changes	Proportion in the total share capital of the listed company	Source of funds for implementing plans
Middle-level and above employees of the Company and its holding subsidiaries as approved by the Board of Directors of the Company, and other personnel as determined by the Board of Directors	Phase I	142	0	12,699,612 shares sold during the current period	0.00%	Self-financing by employees, funds from financial institutions
	Phase II	2,011	116,630,870	0 share purchased during the current period	1.76%	Employees' legal remuneration, self-financing, loans from controlling shareholder Shenghong Technology and other means permitted by laws and regulations
	Phase III	452	87,268,859	34,243,681 share purchased during the current period	1.32%	
	Phase IV	169	41,278,435	41,278,435 share purchased during the current period	0.62%	

3. Other employee incentive measures

☐ Applicable ☒ Not applicable

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

1. Construction and implementation of internal control

The Company has established and continuously improved its internal control system, which integrates compliance requirements and awareness throughout the entire process of system construction, covering all aspects of business processes. Meanwhile, it continues to strengthen the study, publicity and implementation of the system, and ensures business compliance through the implementation of the system. The Company actively plays the role of internal audit supervision, strengthens the prevention and control of integrity risks, improves the accountability mechanism, supervises the management responsibilities in place, and educates the staff in place, continuously optimizes the operation of the compliance system, and ensures the sustainable and high-quality development of the Company.

2. Details of major defects in internal control found during the reporting period

☐ Yes ☒ No

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

The Company has established and continuously improved the modern enterprise system, and effectively manages its subsidiaries through the board of shareholders, the board of directors and the board of supervisors. The Company has formed a perfect management system covering the main business, and realized the institutionalization of management. The management system of Company is also distributed to the subsidiaries, and the subsidiaries formulate their own management systems with reference to it.

XIV. Evaluation report or audit report on internal control

1. Internal Control Evaluation Report

Date of disclosure of the full text of the internal control evaluation report	April 26, 2024
Index of disclosure of the full text of the internal control evaluation	CNINFO: 2023 Internal Control

report		Evaluation Report
Proportion of total assets of units included in the scope of evaluation to total assets stated in the Company's consolidated financial statements		99.45%
Proportion of revenues of units included in the scope of evaluation to the revenues stated in the Company's consolidated financial statements		100.00%
Deficiency identification criteria		
Category	Financial Statements	Non-financial Statements
Qualitative criteria	<p>1. Significant deficiencies: the deficiencies that may, alone or together with other deficiencies, result in the failure to prevent or detect and correct material misstatements in financial reporting in a timely manner. A deficiency is considered to be a significant deficiency if: (1) the control environment is ineffective; (2) fraudulent practices by directors, supervisors and senior executives; (3) the external audit found a material misstatement in the current financial report while the Company failed to detect such misstatement in the course of operation; (4) a significant deficiency that has been identified and reported to the management is not corrected within 30 days; (5) ineffective supervision of internal control by the audit committee of the board of directors and internal audit department; (6) other deficiencies that may affect the correct judgment of statement users.</p> <p>2. Important deficiencies: the deficiencies that may, alone or together with other deficiencies, result in the failure to prevent or detect and correct misstatements in financial reporting in a timely manner that do not meet or exceed the important level but should still be brought to the attention of management.</p> <p>3. General deficiency: other internal control deficiencies that do not constitute a significant deficiency or an important deficiency.</p>	<p>The following circumstances are identified as significant deficiencies, and other circumstances are identified as important deficiencies or general deficiencies, respectively, according to the degree of their impact. (1) Violating national laws, regulations or normative documents, being punished by relevant authorities, resulting in greater social impact; (2) absence or failure of control of important business systems involving the Company's production and operation, affecting major decisions; (3) failure of internal control over information disclosure, resulting in the Company being publicly condemned by regulatory authorities; (4) significant or important deficiencies that cannot be rectified; (5) other circumstances that have a significant impact on the Company.</p>
Quantitative criteria	<p>1. Significant deficiency: potential omission in total profit: $5\% \text{ of total profit} \leq \text{omission}$; potential omission in revenue: $0.5\% \text{ of revenue} \leq \text{omission}$; potential omission in total assets: $0.5\% \text{ of total assets} \leq \text{omission}$.</p> <p>2. Important deficiency: potential omission in total profit: $2\% \text{ of total profit} \leq \text{omission} < 5\% \text{ of total profit}$; potential omission in revenue: $0.1\% \text{ of revenue} \leq \text{omission} < 0.5\% \text{ of revenue}$; potential omission in total assets: $0.1\% \text{ of total assets} \leq \text{omission} < 0.5\% \text{ of total assets}$.</p> <p>3. General deficiency: potential omission in total profit: $\text{omission} < 2\% \text{ of total profit}$; potential omission in revenue: $\text{omission} < 0.1\% \text{ of revenue}$; potential omission in total assets: $\text{omission} < 0.1\% \text{ of total assets}$.</p>	<p>1. Significant deficiency: direct property loss amounting to RMB 50 million or more.</p> <p>2. Important deficiency: direct property losses amounting to RMB 10 million (inclusive) - RMB 50 million.</p> <p>3. General deficiency: direct property damage amounting to less than RMB 10 million.</p>
Number of significant deficiencies related to the financial report (pcs)		0

Number of significant deficiencies not related to the financial report (pcs)	0
Number of important deficiencies related to the financial report (pcs)	0
Number of important deficiencies not related to the financial report (pcs)	0

2. Internal control audit report

☒ Applicable ☐ Not Applicable

Review comments in the internal control audit report	
In our opinion, the Company, according to the Basic Standards for Enterprise Internal Control and relevant provisions, maintains effective internal control over financial reports in all material aspects as at December 31, 2023.	
Disclosure of internal control audit report	Disclosure
Date of disclosure of the full text of the internal control audit report	April 26, 2024
Index of disclosure of the full text of the internal control audit report	CNINFO: Internal Control Audit Report (Xin Kuai Shi Bao Zi [2024] No. ZA11989)
Opinion type of internal control audit report	Unqualified opinion
Whether there are significant deficiencies in non-financial reports	No

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

☐ Yes ☒ No

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

☒ Yes ☐ No

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

Not Applicable

Section V Environment and social responsibility

I. Major environmental issues

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

☒Yes ☐No

Environmental protection-related policies and industry standards

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

Environmental protection related administrative licensing

1. The existing pollution discharge permit for Shenghong Refining & Chemical's main plant was received on July 29, 2022 and will be valid until July 28, 2027; and the existing pollution discharge permit for the outer tank area was received on December 16, 2022 and will be valid until December 15, 2027.
2. The existing pollution discharge permit of Sierbang Petrochemical was received on August 31, 2023 and will be valid until August 30, 2028; the existing radiation safety permit was received on June 12, 2023 and will be valid until November 29, 2025.
3. The existing pollution discharge permit of Honggang Petrochemical was received on September 20, 2022 and will be valid until September 19, 2027.
4. The existing pollution discharge permit of Guowang High-Tech was received on December 31, 2023 and will be valid until December 30, 2028.
5. The existing pollution discharge permit of Shenghong Fibers was received on October 21, 2022 and will be valid until October 20, 2027.
6. The existing pollution discharge permit of Zhonglu Technology was received on July 4, 2022 and will be valid until July 3, 2027.
7. The existing pollution discharge permit of Tangnan Sewage was received on August 14, 2022 and will be valid until August 13, 2027.
8. The existing pollution discharge permit of Ganghong Fiber was received on April 24, 2023 and will be valid until April 23, 2028.
9. The existing pollution discharge permit of Reborn Technology was received on August 20, 2021 and will be valid until August 19, 2026.
10. The existing pollution discharge permit of Guowang (Suqian) was received on September 22, 2023 and will be valid until September 21, 2028.
11. The existing pollution discharge permit of Shengze Thermal Power Plant was received on September 30, 2021 and will be valid until September 29, 2026.
12. The existing pollution discharge permit of Jiangsu Shengze Combustion Engine Cogeneration was received on February 7, 2023 and will be valid until February 6, 2028.

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

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
Shenghong Refining & Chemical	Exhaust gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct emission after treatment	79 (including 12 emergency emission outlets)	Located at the main device area of the plant area	Exhaust gas treatment facilities: particulate matter ≤ 20 mg/m ³ ; Sulfur dioxide ≤ 50 mg/m ³ ; Nitrogen oxides ≤ 100 mg/m ³ ; Volatile organic compounds ≤ 80 mg/m ³ Exhaust gas outlet of waste liquid incinerator: particulate matter ≤ 30 mg/m ³ ; Sulfur dioxide ≤ 100 mg/m ³ ; Nitrogen oxides ≤ 300 mg/m ³ ; Volatile organic compounds ≤ 80 mg/m ³	Emission Standard of Odor Pollutants (GB14554-93), Emission Standard of Pollutants for Petroleum Refining Industry (GB 31570-2015), Emission Standard of pollutants for Petrochemical Industry (GB 31571-2015), Emission Standard of Volatile Organic Compounds for Chemical Industry (DB32/3151-2016), Integrated Emission Standard of Air	Particulate matter: 7.77t; sulfur dioxide: 64.67t; nitrogen oxides: 976.38t; volatile organic compounds: 79.16t	Particulate matter: 291.17t; sulfur dioxide: 470.35t; nitrogen oxides: 1,259.25t; volatile organic compounds: 1,845.1761t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
							Pollutants (DB32/4041-2021), Pollution Control Standard for Hazardous Waste Incineration (GB 18484-2020), Standard for Control of Fugitive Emission of Volatile Organic Compounds (GB37822-2019)			
Shenghong Refining & Chemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Treatment Project for Chemical High Salt Wastewater Discharged to the Donggang Sewage Treatment Plant and	3	Located at the final monitoring tank of each sewage treatment station	Takeover standard of Donggang Sewage Treatment Plant: chemical oxygen demand ≤ 500 mg/L; Ammonia nitrogen ≤ 35 mg/L; Total nitrogen ≤ 45 mg/L; Total phosphorus ≤ 5 mg/L.	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Industrial	Chemical oxygen demand: 189.59t; □ ammonia nitrogen: 23.20t; total nitrogen: 37.11t; total phosphorus:	Chemical oxygen demand: 1205.31 tons; Ammonia nitrogen: 101.40 tons; Total nitrogen: 141.29 tons; Total phosphorus: 11.79 tons	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
			Petrochemical Base in the Park after Pre-treatment by Sewage Treatment Station (Phase I); Discharge of regenerated concentrated water to Fangyang Outlet after treatment			Takeover standard of chemical high-salt wastewater treatment project (Phase I) in petrochemical base: chemical oxygen demand ≤ 200 mg/L; Ammonia nitrogen ≤ 15 mg/L; Total nitrogen ≤ 35 mg/L; Total phosphorus ≤ 2 mg/L Discharge standard at sea outlet: chemical oxygen demand ≤ 50 mg/L; Ammonia nitrogen ≤ 5 mg/L; Total nitrogen ≤ 15 mg/L	Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Water Pollutants in the Chemical Industry (DB32/929-2020), and pipeline connection standards for the sewage treatment plants in the Park	1.31t		
Sierbang Petrochemical	Exhaust gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct emission after treatment	68	Located at the each device area of the plant area	Exhaust gas treatment facilities: particulate matter ≤ 20 mg/m ³ ; Sulfur dioxide ≤ 50 mg/m ³ ; Nitrogen oxides ≤ 100 mg/m ³ ; Volatile organic compounds ≤ 80 mg/m ³ Wastewater incineration facilities:	Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015), Standards for the Discharge of Volatile	Particulate matter: 19.854t; sulfur dioxide: 21.427t; nitrogen oxides: 268.352t; volatile organic	Particulate matter: 147.85t; sulfur dioxide: 250.171t; nitrogen oxides: 1269.758t; volatile organic compounds: 611.60677t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
						particulate matter ≤ 30 mg/m ³ ; Sulfur dioxide ≤ 100 mg/m ³ ; Nitrogen oxides ≤ 300 mg/m ³ ; Volatile organic compounds ≤ 80 mg/m ³ EVA and SAP devices: volatile organic compounds ≤ 60 mg/m ³	Organic Compounds in the Chemical Industry (DB32_3151-2016), Standard for the Control of Pollution from the Burning of Dangerous Waste (GB18484-2020), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015)	compounds: 54.105t		
Sierbang Petrochemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total	Discharged to the chemical high salt wastewater treatment plant in the park after pre-treatment by	1	Located at the final observation tank of the sewage treatment station	Chemical oxygen demand: ≤ 200 mg/L; ammonia nitrogen: ≤ 15 mg/L; total nitrogen ≤ 35 mg/L; total phosphorus ≤ 2 mg/L	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015) and pipeline	Chemical oxygen demand: 192.93t; □ ammonia nitrogen: 2.17t; total nitrogen:	Chemical oxygen demand: 479.49t; □ Ammonia nitrogen: 49.46t; total nitrogen: 70.6t; total phosphorus: 2.58t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
		phosphorus	the sewage treatment station				connection standards for the sewage treatment plants in the Park	14.45t; total phosphorus: 1.67t		
Honggang Petrochemical	Exhaust gas	Dust, p-xylene, hydrogen bromide, volatile organic compounds	Direct emission after treatment	29 (including the backup facility outlets)	Located at the main device area and finished product silo within the plant area	Dust: ≤ 20 mg/m ³ ; p-xylene: ≤ 20 mg/m ³ ; bromomethane: ≤ 20 mg/m ³	Integrated Emission Standard of Air Pollutants (GB16297-1996), Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015), and Standard for the Discharge of Air Pollutants from Boilers (GB13271-2014)	Sulfur dioxide: 0.416271t; nitrogen oxides: 0.93378; particulate matter: 0.5t; volatile organic compounds: 53.36t	Sulfur dioxide: 6.75t; nitrogen oxides: 16.82; particulate matter: 11.12t; volatile organic compounds: 206.07	None
Honggang Petrochemical	Process waste water	Chemical oxygen demand,	Discharged to the Donggang Sewage	2	Located at the main discharge	Chemical oxygen demand: ≤ 500 mg/L; ammonia nitrogen: \leq	Standards for the Discharge of	Chemical oxygen demand:	Chemical oxygen demand: 2230.36t; □ Ammonia nitrogen:	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
		ammonia nitrogen, total nitrogen, total phosphorus	Treatment Plant in the Park after treatment by the sewage pre-treatment station		outlet of the final monitoring tank of the sewage treatment station	35mg/L; total nitrogen \leq 45mg/L; total phosphorus \leq 5mg/L	Petrochemical Industrial Pollutants (GB 31571-2015) and pipeline connection standards for the sewage treatment plants in the Park	429.59t; □ ammonia nitrogen: 0.8861t; total nitrogen: 40.28t; total phosphorus: 3.7013t	63.155t; total nitrogen: 62.943t; total phosphorus: 23.718t	
Guowang High-Tech	Exhaust gas	Nitrogen oxides, non-methane total hydrocarbon, sulfur dioxide, particulate matter	Direct emission after treatment	4	Located at the main device area of the plant area	Nitrogen oxides: \leq 50 mg/Nm ³ ; Non-methane total hydrocarbon: \leq 60 mg/Nm ³ ; Sulfur dioxide: \leq 35 mg/Nm ³ ; Particulate matter: \leq 10 mg/Nm ³	Standard for the Discharge of Air Pollutants from Boilers (DB32/4385-2022), Integrated Emission Standard of Air Pollutants (DB32/4041-2021), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins	Nitrogen oxides: 15.9113t; non methane total hydrocarbons: 1.7073t	Nitrogen oxides: 83.0143t; non methane total hydrocarbons: 6.39t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
							(GB31572-2015)			
Guowang High-Tech	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to Tangnan Wastewater Treatment Plant after pretreatment by the wastewater treatment station	1	Located at the sewage pre-treatment station in the plant area	chemical oxygen demand: $\leq 500\text{mg/L}$; ammonia nitrogen: $\leq 40\text{mg/L}$; total nitrogen $\leq 40\text{mg/L}$; total phosphorus $\leq 8\text{mg/L}$	Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015) and pipeline connection standards for the sewage treatment plants	Chemical oxygen demand: 23.902527t; □ ammonia nitrogen: 0.250737t; total nitrogen: 4.101316t; total phosphorus: 0.015521t	Chemical oxygen demand: 340.9064t; □ ammonia nitrogen: 15.022t; total nitrogen: 18.603t; total phosphorus: 2.4699t	None
Shenghong Fiber	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the Centralized Industrial Sewage Treatment Plant after the pre-treatment by the sewage treatment station	1	Located at the sewage pre-treatment station in the plant area	chemical oxygen demand: $\leq 500\text{mg/L}$; ammonia nitrogen: $\leq 45\text{mg/L}$; total nitrogen $\leq 70\text{mg/L}$; total phosphorus $\leq 8\text{mg/L}$	Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015) and pipeline connection standards for the sewage	Chemical oxygen demand: 2.3197t; □ ammonia nitrogen: 0.03532t; total nitrogen: 0.33677t; total phosphorus: 0.03875t	Chemical oxygen demand: 348.91t; □ Ammonia nitrogen: 15.8335t; total nitrogen: 19.063t; total phosphorus: 2.31163t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
							treatment plants			
Ganghong Fiber	Exhaust gas	Nitrogen oxides, non-methane total hydrocarbon, sulfur dioxide, particulate matter	Organized discharge	1	Located at the main device area of the plant area	Nitrogen oxides: ≤ 50 mg/Nm ³ ; Non-methane total hydrocarbon: ≤ 60 mg/Nm ³ ; Sulfur dioxide: ≤ 35 mg/Nm ³ ; Particulate matter: ≤ 10 mg/Nm ³	Standard for the Discharge of Air Pollutants from Boilers (DB32/4385-2022), Integrated Emission Standard of Air Pollutants (DB32/4041-2021), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015)	Nitrogen oxides: 14.92t; non methane total hydrocarbons: 0.70774t	Nitrogen oxides: 24.36t; non methane total hydrocarbons: 8.53t	None
Ganghong Fiber	Waste water	Chemical oxygen demand, ammonia nitrogen, total	Discharged to Tangnan Wastewater Treatment Plant after pretreatment	1	Located at the sewage pre-treatment station in the plant	chemical oxygen demand: ≤ 500 mg/L; ammonia nitrogen: ≤ 40 mg/L; total nitrogen ≤ 40 mg/L; total phosphorus ≤ 8 mg/L	Standard for the Discharge of Industrial Pollutants in the Production of Synthetic	Chemical oxygen demand: 2.469353t; □ ammonia nitrogen:	Chemical oxygen demand: 12.06t; □ ammonia nitrogen: 1.51t; total nitrogen: 1.58t; total phosphorus: 0.201t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
		nitrogen, total phosphorus	by the wastewater treatment station		area		Resins (GB31572-2015) and pipeline connection standards for the sewage treatment plants	0.023726t; total nitrogen: 0.454025t; total phosphorus: 0.001708t		
Tangnan Sewage	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Directly enter the water environment such as rivers, lakes and reservoirs	1	Located at the sewage treatment station in the plant area	chemical oxygen demand: $\leq 60\text{mg/L}$; ammonia nitrogen: $\leq 8\text{mg/L}$; total nitrogen $\leq 40\text{mg/L}$; total phosphorus $\leq 1\text{mg/L}$	Emission Standard of Pollutants for Synthetic Resin Industry (GB31572-2015)	Chemical oxygen demand: 11.3188t; \square ammonia nitrogen: 0.05t; total nitrogen: 5.108t; total phosphorus: 0.01t	Chemical oxygen demand: 82.13t; \square ammonia nitrogen: 6.84t; total nitrogen: 20.53t; total phosphorus: 0.68t	None
Reborn Technology	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	After pretreatment by the sewage treatment station, it is discharged into the sewage treatment plant of	1	Located at the south side of sewage pre-treatment station in the plant area	Chemical oxygen demand: $\leq 400\text{mg/L}$; ammonia nitrogen: $\leq 25\text{mg/L}$; total nitrogen $\leq 35\text{mg/L}$; total phosphorus $\leq 4.5\text{mg/L}$	Water Quality Standard for Wastewater Discharged into Urban Sewer (GB/ton 31962-2015), Integrated Wastewater Discharge	Chemical oxygen demand: 0.035 tons; Ammonia nitrogen: 0.00065 tons; Total phosphorus: 0.0034 tons	Chemical oxygen demand: 58.336 tons; Ammonia nitrogen: 1.936 tons; Total phosphorus: 0.197 tons	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
			Siyang County Wood Industry Park				Standard (GB8978-1996) and standard for taking over of wastewater treatment plant in the park			
Guowang (Suqian)	Exhaust gas	Nitrogen oxides, volatile organic compound, sulfur dioxide, particulate matter,	Organized discharge	1	Arranged in the main device area of the plant	Sulfur dioxide: ≤ 25 mg/m ³ ; Oxides: ≤ 30 mg/m ³ ; Particulate matter: ≤ 5 mg/m ³ ; Volatile organic compounds ≤ 4.8 mg/m ³	"Green Benchmarking" Demonstration Enterprises in Suqian City Requiring Implementation of Emission Limits, Comprehensive Emission Standard of Air Pollutants (DB32/4041-2021)	Sulfur dioxide: 7.5t; nitrogen oxides: 22.04t; particulate matter: 2.85t; volatile organic compounds: 2.3836t	Sulfur dioxide: 72.66t; nitrogen oxides: 90.74t; particulate matter: 17.08t; volatile organic compounds: 93.465t	None
Shengze Thermal Power Plant	Exhaust gas	Smoke dust, sulfur dioxide, nitrogen oxides	Direct emission after treatment	3	Main chimney discharge outlet is arranged on the north side of the	Smoke dust: ≤ 10 mg/Nm ³ ; sulfur dioxide: ≤ 35 mg/Nm ³ ; nitrogen oxide: ≤ 50 mg/Nm ³	Standard for the Discharge of Air Pollutants from Thermal Power Plants (GB13223-	Smoke dust: 4.8t; sulfur dioxide: 41.68t; nitrogen oxides: 126.23t	Smoke dust: 34.05t; sulfur dioxide: 302.92t; nitrogen oxides: 427.07t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
					plant area		2011)			
Shengze Combustion Engine Cogeneration	Exhaust gas	Smoke dust, sulfur dioxide, nitrogen oxides	Direct emission after treatment	2	The waste heat boiler stack is arranged on the south side of the plant area	Smoke dust: $\leq 10\text{mg}/\text{Nm}^3$; sulfur dioxide: $\leq 35\text{mg}/\text{Nm}^3$; nitrogen oxide: $\leq 30\text{mg}/\text{Nm}^3$	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011); The concentration requirements for nitrogen oxide emissions shall meet the Emission Standard for Air Pollutants for Stationary Gas Turbines (DB32/3967-2021)	Smoke dust: 0.11t; sulfur dioxide: 0.94t; nitrogen oxides: 11.34t	Smoke dust: 23.1t; sulfur dioxide: 14.79t; nitrogen oxides: 198.08t	None

Treatment of contaminants

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

Emergency proposal for environmental accident

The above units prepare and continuously revise the *Emergency Plan for Environmental Emergencies*, in which:

1. Shenghong Refining & Chemical has filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone, with the filing numbers of 320741-2022-024-H (main plant area) and 320741-2022-016-H (outer tank area).
2. Sierbang Petrochemical has filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone, with the filing number of 320741-2023-022-H.
3. Honggang Petrochemical has filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone, with the filing number: 320741-2023-018-H.
4. Guowang High-Tech has filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the filing number of 320509-2023-153-H.
5. Shenghong Fibers has been filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the record number of 320509-2022-005-H.
6. Tangnan Sewage has been filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the record number of 320509-2023-154-L.
7. Ganghong Fiber has been filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the record number of 320509-2023-082-H.
8. Zhonglu Technology has filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the filing number of 320509-2021-284-H.
9. Reborn Technology has filed with Siyang Ecological Environment Bureau of Suqian City, with the filing number of 321323-2022-055-L.
10. Guowang (Suqian) has filed with Siyang Ecological Environment Bureau of Suqian City, with the filing No.: 321323-2023-001-M.
11. Shengze Thermal Power Plant has been filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the filing No.: 320509-2023-117-M.
12. Jiangsu Shengze Combustion Engine Cogeneration has been filed with Ecological Environment Bureau of Wujiang District, Suzhou City, with the filing No.: 320509-2023-133-M.

Self-monitoring scheme for environment

The above-mentioned units shall prepare their own environmental monitoring plans according to the monitoring contents of the pollutant discharge permit, entrust qualified units to conduct regular monitoring, and regularly report environmental monitoring data.

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

In accordance with the relevant requirements of the national and local governments, each subordinate subsidiary of the Company has completed various monitoring and environmental governance work. In 2023, the Company invested a total of RMB 766.553mn in environmental protection-related investment, equipment construction and technical transformation. In 2023, the Company actually paid RMB 9.51mn in environmental protection tax.

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

☒ Applicable ☐ Not Applicable

The Company has integrated the "carbon peaking and carbon neutrality" strategic goal into the enterprise development plan, fully implemented the concept of green and low-carbon development, vigorously developed green manufacturing, and built a green production system to promote sustainable and green development. The measures and effects taken to reduce carbon emissions during the reporting period are detailed in the 2023 *Environmental, Social and Governance Report* disclosed by Company on the CNINFO on April 26, 2024.

Administrative penalties due to environmental issues during the reporting period

None

Other environmental information to be disclosed

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

Other environmental protection related information

None

Environmental accidents of listed companies

None

II. Social responsibility

The 14th meeting of the 9th Board of Directors of the Company reviewed and approved the 2023 Sustainability Report, which recorded in detail the Company's performance of social responsibility during the reporting period. The full report was disclosed on the CNINFO on April 26, 2024.

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

None

Section VI Significant matters

I. Fulfillment of commitments

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

☒Applicable ☐Not applicable

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Other commitments	They ensure that the consideration shares will be used for fulfilling the performance compensation commitment on a priority basis, and they will not escape from the compensation obligation by pledging shares and other ways; when pledging the consideration shares in the future, they will notify the pledgee in writing of the potential performance commitment compensation obligations of the above shares according to the performance compensation agreement, and make clear agreement with the pledgee in the pledge agreement regarding the use of the relevant shares for payment of performance compensation, etc. During the performance commitment period, no pledge of the consideration shares obtained in this transaction will be made to ensure that the consideration shares obtained by the Company can be fully used to fulfill the performance compensation commitment. If the Company breaches the above commitment, it will bear the corresponding legal responsibility in accordance with the law.	January 27, 2022	To April 30, 2024	Commitments fulfilled
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Performance commitments and compensation arrangement	Sierbang Petrochemical's net profit attributable to the company after deducting non-recurring profit or loss was not less than RMB 1,783,800,400, RMB 1,508,653,300 and RMB 1,842,529,000 for 2021, 2022 and 2023 respectively. If the restructuring fails to complete the delivery of the target company before December 31, 2021 (inclusive), the compensation obligor agrees and undertakes that the target company's net profit attributable to the company after deducting non-recurring profit or loss for 2022, 2023 and 2024 shall not be less than RMB 1,508,653,300, RMB 1,842,529,000 and RMB 1,779,481,700, respectively. If the actual audited net profit of the target company in the performance commitment year is higher than the committed net profit in the performance commitment year, the excess amount may be cumulated with the actual audited net profit of the target company in the subsequent years, and such cumulative amount shall be deemed to be the actual net profit achieved by the target company in the corresponding subsequent years.	January 27, 2022	To April 30, 2024	Commitments fulfilled
Commitments	Lianyungang	Commitment	1. The newly issued shares of the Listed Company acquired by the	January 27,	To January	In the process

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
made during asset restructuring	Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	on share restrictions	Company as a result of this restructuring shall not be transferred in any way or entrusted to others for management within 36 months from the date of closing of the issuance of such shares, and shall be subject to the relevant laws and regulations and the relevant requirements of the China Securities Regulatory Commission and the stock exchange after the expiration of the said 36 months. If the Company's profit compensation obligations under the <i>Profit Forecast Compensation Agreement</i> have not yet been fulfilled, the aforesaid lock-up period shall be extended to the date when the compensation obligor has fulfilled them. 2. Within 6 months after the Company acquires the shares of the Listed Company, if the closing price of the shares of the Listed Company is lower than the issuance price for 20 consecutive trading days, or if the closing price of the shares of the Listed Company is lower than the issuance price at the end of the period of 6 months after the Company acquires the shares of the Listed Company, the lock-up period of the said shares shall be automatically extended for at least 6 months. During the lock-up period of the above-mentioned shares, the shares increased due to bonus shares or capital increase of the Listed Company shall also comply with the above agreement. 3. If the aforementioned commitment on the lock-up period of the shares of the Listed Company acquired in this restructuring is not in line with the latest regulatory opinions of securities regulatory authorities such as the China Securities Regulatory Commission or Shenzhen Stock Exchange, the Company will make corresponding adjustments in accordance with the relevant regulatory opinions. 4. In case of violation of the above statements and commitments, the Company is willing to bear the corresponding legal responsibilities.	2022	26, 2025	of fulfillment
Commitments made during asset restructuring	Jiangsu Shenghong Technology Co., Ltd.; Shenghong (Suzhou) Group Co., Ltd.; Zhu	Commitment on share reduction	1. The shares of the Listed Company held by the Company/myself before this restructuring shall not be transferred within 18 months from the date of acquisition of the shares of the Listed Company by the counterparty to this restructuring, except for the transfer of the shares of the Listed Company to other entities controlled by the actual controller of the Company/me. 2. After the expiration of the lock-up period, the transfer and trading of such shares shall be conducted in accordance with the laws and regulations in force at that time, as well	January 27, 2022	To July 26, 2023	Commitments fulfilled

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
	Hongjuan; Zhu Hongmei; Zhu Minjuan		as the regulations and rules of the China Securities Regulatory Commission and Shenzhen Stock Exchange. After the completion of this transaction, the increased shares of the Listed Company held by the Company/me based on the shares held prior to this transaction due to share bonus or capital increase of the Listed Company shall also comply with the aforesaid lock-up commitment. If the above-mentioned arrangement for the lock-up period is not in line with the latest regulatory opinion of the securities regulators, it will be adjusted accordingly in accordance with the relevant regulatory opinions.			
Commitments made during asset restructuring	Jiangsu Shenghong Technology Co., Ltd.	Other commitments	1. The Company has transferred the above 14 trademarks to Suzhou Shenghong Fibers Co., Ltd., and the relevant transfer procedures are currently being processed. The application for the transfer of the above-mentioned trademarks with serial numbers 1-12 has been submitted to the Trademark Office of the State Administration for Industry and Commerce, and the owner change procedures would be completed by the end of June 2018. The application for the transfer of trademarks with serial numbers 13-14 has been filed with the relevant departments in Taiwan and the International Registration Office of the Trademark Office, and the procedures for changing the owner are currently being carried out normally. Due to the complexity of overseas trademark transfer procedures, it is estimated that such procedures will take a long time, and the Company will complete the ownership change procedures as soon as possible. 2. The Company applied for a trademark to the Pakistani trademark authority in October 2013, and obtained a trademark certificate with the registration number "348483" in December 2017. On January 8, 2018, the Company signed an agreement on the transfer of such trademark with Suzhou Shenghong Fibers Co., Ltd., and entrusted a trademark agency to handle the transfer procedures. Due to the complexity of overseas trademark transfer procedures, it is estimated that such procedures will take a long time, and the Company will complete the ownership change procedures as soon as possible. The above-mentioned trademarks do not have rights restrictions such as pledge, nor do they have any ownership disputes or potential ownership disputes. Before the above-mentioned trademark transfer procedures are completed, the Company agrees and	January 31, 2018	Effective in the long term	Except for the Pakistan trademark, the transfer and change procedures for other trademarks are completed

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
			confirms that Suzhou Shenghong Fibers Co., Ltd. has the right to use such trademarks for free until the transfer procedures are completed. If the transfer of the above trademarks fails, the Company will be responsible for all the losses caused to Suzhou Shenghong Fibers Co., Ltd.			
Commitments made during asset restructuring	Zhu Hongmei	Other commitments	I sold 300,000 shares of the Listed Company on November 9, 2016, and bought 234,000 shares of the Listed Company in total from November 18, 2016 to December 12, 2016. Regarding the above-mentioned trades, I made an explanation: "I have traded in the shares of the Listed Company within 6 months before the suspension of the Listed Company for major asset restructuring. In response to this matter, I make the following statement: "During the above-mentioned period of trading the shares of the Listed Company, I was not aware of matters related to the major asset restructuring of the Listed Company, and the behavior of trading shares of the Listed Company was an investment decision made by me based on market information and independent personal judgment. There are no other cases of stock trading by obtaining insider information on the securities of the Listed Company. At the same time, I commit that all the proceeds obtained from the disposal of the shares of the Listed Company purchased within 6 months before the suspension of the Listed Company for major asset restructuring would be vested in the Listed Company."	August 18, 2017	Effective in the long term	As of the end of 2023, no shares were sold
Commitments made at IPO or refinancing	22 shareholders including Caitong Fund Management Co., Ltd. that participated in the Company's private placement	Commitment on share restrictions	<p>Within 6 months from the date when Jiangsu Eastern Shenghong Co., Ltd.'s private placement is completed and relevant shares are listed, the above-mentioned shares subscribed by these subscribers shall not be transferred.</p> <p>After the lock-up period expires, the reduction of the above shares subscribed by these subscribers is subject to the <i>Company Law</i>, <i>Securities Law</i>, <i>Listing Rules of Shenzhen Stock Exchange</i> and other laws, regulations, rules, normative documents, the relevant rules of the Shenzhen Stock Exchange and the relevant provisions of the <i>Articles of Association</i>.</p>	July 20, 2022	To January 19, 2023	Commitments fulfilled
Commitments	Jiangsu	Other	They will comply with Article 38 of the <i>Provisions on the Supervision</i>	December	To	In the process

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
made at IPO or refinancing	Shenghong Technology Co., Ltd.; Jiangsu Shenghong New Material Group Co., Ltd.	commitments	<i>and Administration of Depository Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges</i> , which stipulates that "the depository receipts subscribed by the controlling shareholders or actual controllers of domestic listed companies and enterprises controlled by them shall not be transferred within 36 months from the listing date".	28, 2022	December 27, 2025	of fulfillment
Other commitments made to small and medium shareholders of the Company	Jiangsu Wujiang Silk Group Co., Ltd.	Other commitments	It is waiting for the regulatory departments and regulatory regulations to clarify the business format of the bulk commodity electronic trading market at the level of the legal framework; and within two years in which Suzhou Shengze China Oriental Market Textile Electronic Exchange Co., Ltd.'s return on net assets after non-recurring profit or loss for two consecutive years is higher than 6%, Silk Group will unconditionally sell its 51% equity interest in the Exchange to the listed Company at a fair market price if the Listed Company intends to purchase it.	February 14, 2014	Effective in the long term	As of the end of 2023, the commitment performance conditions have not been met
Whether the commitments are fulfilled on time				Yes		
If the commitments are overdue and not fulfilled, the specific reasons for the failure of fulfillment and the next work plan shall be explained in detail.				N/A		

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

☒Applicable ☐Not applicable

Unit: RMB '0,000

Asset or item with profit forecast	Start date of forecast	End date of forecast	Accumulated Performance Commitment Amount as of December 31, 2023.	Accumulated Actual Performance Amount as of December 31, 2023.	Original forecast disclosure date	Original forecast disclosure index
Net profit attributable to owners of the company under the consolidated statement after deducting non-recurring profit or loss of Sierbang Petrochemical	January 1, 2021	December 31, 2023	513,498.27	566,223.21	January 4, 2022	CNINFO, <i>Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related Transactions</i>

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

☒Applicable ☐Not applicable

In July 2021, the Company and Shenghong Petrochemical and Bohong Industrial signed the conditional *Supplemental Agreement on the Compensation Agreement on Profit Forecast for the Issue of Shares and Payment of Cash to Purchase Assets*, in which Shenghong Petrochemical and Bohong Industrial undertook that the net profit attributable to the company of Sierbang Petrochemical for the years 2021, 2022 and 2023 after deduction of non-recurring profit or loss shall not be less than RMB 1,783,800,400, RMB 1,508,653,300, and RMB 1,842,529,000. If the actual audited net profit of the target company in the performance commitment year is higher than the committed net profit in the performance commitment year, the excess amount may be cumulated with the actual audited net profit of the target company in the subsequent years, and such cumulative amount shall be deemed to be the actual net profit achieved by the target company in the corresponding subsequent years.

Completion of performance commitments and its impact on goodwill impairment test

1. Fulfillment of performance commitments and impairment test

According to the *Assurance Report on the Realization of 2023 Annual Performance Commitments on the Issue of Shares and Payment of Cash to Purchase Assets in 2021* issued by Ernst & Young Hua Ming (Special General Partnership) (Ernst & Young Hua Ming (2024) ZZ No.70066663_B01), Sierbang Petrochemical's net profit attributable to the owner of the company under the consolidated statement as of December 31, 2023 after deducting non-recurring profit or loss has reached the cumulative net profit of the performance commitment. Based on the provisions of the "Profit Forecast Compensation Agreement" and its "Supplementary Agreement", no compensation is required for the company. As of December 31, 2023, Sierbang Petrochemical has fulfilled its performance commitments within the agreed performance commitment period.

According to the special review report on impairment testing issued by BDO CHINA Shu Lun Pan Certified Public Accountants LLP (Xin Kuai Shi Bao Zi [2024] No. ZA11985), as of December 31, 2023, there was no impairment of the assessed value of all shareholders' equity of Sierbang Petrochemical, considering the impact of profit distribution during the compensation period, compared to the transaction price of the significant asset reorganization subject.

2. Impact of goodwill impairment test

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

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

☐ Applicable ☒ Not applicable

The Company had no non-operational appropriation of funds by the controlling shareholder and other related parties to the listed company during the reporting period.

III. Violation of external guarantees

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Please refer to "33. Significant changes in accounting policies and estimates" under "V. Significant accounting policies and estimates" in Section X for changes in accounting policies.

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

☒ Applicable ☐ Not applicable

In the reporting period, 5 companies were newly added to the scope of consolidation in current period, including Lianyungang Guanghong Industrial Co., Ltd., Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd. and its subsidiaries, Lianyungang Rongtai Chemical Warehousing Co., Ltd., Lianyungang Xinrongtai Terminal Co., Ltd. and Lianyungang Hongyang Port Storage and Transportation Co., Ltd.; 4 companies were excluded, including Suzhou Shengze Real Estate Leasing Co., Ltd., Suzhou Shengze Warehousing Management Co., Ltd., Lianyungang Shengtai New Materials Co., Ltd. and Siyang Yiyang Environmental Protection Technology Co., Ltd. The Company included 50 companies in the scope of consolidated statements by the end of 2023

VIII. Appointment and dismissal of accounting firm

Current accounting firm

Name of domestic accounting firm	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Domestic accounting firm remuneration (RMB'0,000)	340
Consecutive years of audit services provided by domestic accounting firm	6
The names of the certified public accountants of the domestic accounting firm	Zhu Ying and Tang Yi
Consecutive years of audit services provided by certified	Zhu Ying has provided audit service for 1 year, and

public accountants of domestic accounting firm	Tang Yi has provided audit service for 4 consecutive years.
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Whether to change the accounting firm in the current period

☐ Yes ☒ No

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

☒ Applicable ☐ Not applicable

The Company has engaged BDO CHINA Shu Lun Pan Certified Public Accountants LLP as the Company's internal control audit firm in 2023, and the internal control audit remuneration is RMB 600,000.

IX. Delisting after annual report disclosure

☐ Applicable ☒ Not applicable

X. Matters related to bankruptcy and reorganization

☐ Applicable ☒ Not applicable

At the end of the reporting period, the Company did not have any bankruptcy and reorganization related matters.

XI. Significant litigation and arbitration

☐ Applicable ☒ Not applicable

The Company did not have any significant litigation or arbitration issues during the reporting period.

XII. Punishment and rectification

☐ Applicable ☒ Not applicable

There was no punishment and rectification during the reporting period.

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

☐ Applicable ☒ Not applicable

XIV. Major related transactions

1. Related transactions related to daily operations

☒ Applicable ☐ Not applicable

Related party	Relationship	Type of related transactions	Content of related transaction	Pricing principle of related transactions	Amount of related transaction (RMB'0,000)	Proportion in the amount of similar transactions	Approved transaction quota (RMB'0,000)	Is the approved transaction quota exceeded	Settlement method of related transactions
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related relationship	Purchase of fuel and power from related parties	Steam etc.	Steam deals priced based on government guidance	545,616.28	99.82%	652,398.04	No	Billed monthly
Total	--	--	--	--	545,616.28	--	652,398.04	--	--
Date of disclosure				January 19, 2023, and November 30, 2023					
Disclosure index				CNINFO, <i>Announcement on Estimating Daily Related Transactions in 2023</i> (Announcement No.: 2023-014) and the <i>Announcement on Adjusting the Expected Limit of the Company's Daily Related Transactions in 2023</i> (Announcement No.: 2023-107)					

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

☒ Applicable ☐ Not applicable

Related party	Relationship	Type of related transactions	Content of related transactions	Pricing principle of related transactions	Book value of transferred assets (RMB'0,000)	Appraisal value of transferred assets (RMB'0,000)	Transfer price (RMB'0,000)	Settlement method of related transactions
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller	Equity acquisition	Acquisition of 100% equity of Petrochemical Port Storage	Determination of the transaction price through negotiation, using the appraisal results of the appraisal organization as the basis for pricing	131,943.12	164,843.13	164,843.13	Cash consideration
			Acquisition of 100% equity of Guanghong Industrial		47,340.04	59,477.46	59,477.46	Cash consideration
Reasons for the large difference between the transfer price and the book value or the appraisal value				N/A				
The impact on the Company's operating results and financial position				This acquisition is conducive to further improving the supporting public works of the Company's petrochemical business segment, reducing related transactions, reducing operating costs, and improving profitability				
Performance fulfillment during the reporting period where the relevant transaction involves the performance agreements				N/A				
Date of disclosure				September 28, 2023				
Disclosure index				CNINFO, <i>Announcement on Acquisition of Equity by Wholly-owned Subsidiary Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. under the Related Transaction</i> (Announcement No.: 2023-089)				

3. Related transactions involving joint foreign investment

☐ Applicable ☒ Not applicable

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

4. Related claims and debts

☒ Applicable ☐ Not applicable

Whether there are non-operating related claims and debts

☒ Yes ☐ No

Claims receivable from related parties

Related party	Relationship	Forming reason	Whether there is non-operational appropriation of funds	Balance as at January 1, 2023 (RMB'0,000)	Increases in 2023 (RMB'0,000)	Recovery in 2023 (RMB'0,000)	Balance as at December 31, 2023 (RMB'0,000)
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller	(Remark)	N/A	953.00	0.00	953.00	0.00
The impact of related claims on the Company's operating results and financial position					No impact		

Remark: During the current period, the company underwent a acquisition with entities under common control, which resulted from transactions between the company and entities under common control that occurred before the acquisition date. These transactions were settled before the acquisition date.

Claims payable to related parties

Related party	Relationship	Forming reason	Balance as at January 1, 2023	Increases in 2023 (RMB'0,000)	Refund in 2023 (RMB'0,000)	Interest rate	Interest in 2023 (RMB'0,000)	Balance as at December 31, 2023
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			(RMB'0,000)					(RMB'0,000)
Jiangsu Shenghong Technology Co., Ltd.	Controlling shareholder of the Company	lending	0.00	53,000.00	53,000.00		55.70	0.00
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller	lending (Remark)	157,648.68	29,250.00	156,222.36		0.00	30,676.32
Hongwei (Lianyungang) Fine Chemicals Co., Ltd.	Other related relationship	lending (Remark)	5,076.68	0.00	953.00		0.00	4,123.68
The impact of related debts on the Company's operating results and financial position		No significant impact						

Remark: During the current period, the company underwent a acquisition with entities under common control, which resulted from transactions between the company and entities under common control that occurred before the acquisition date.

5. Dealing with related financial companies

☐ Applicable ☒ Not applicable

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

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

☐ Applicable ☒ Not applicable

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

7. Other significant related transactions

☒ Applicable ☐ Not applicable

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

Related inquiries on temporary report disclosure website for significant related transactions

Temporary announcement	Temporary announcement disclosure date	Temporary announcement disclosure website
<i>Announcement on Estimating Daily Related Transactions in 2023</i> (Announcement No.: 2023-014)	January 19, 2023	CNINFO
<i>Announcement on Adjusting the Expected Limit of the Company's Daily Related Transactions in 2023</i> (Announcement No.: 2023-107)	November 30, 2023	CNINFO

XV. Major contracts and performance thereof

1. Major guarantee

☒ Applicable ☐ Not applicable

Unit: RMB '0,000

External guarantees of the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Total amount of external guarantees approved during the reporting period (A1)			0.00	Total actual amount of external guarantees during the reporting period (A2)			0.00	
Total amount of external guarantee approved at the end of the reporting period (A3)			0.00	Total actual balance of external guarantees at the end of the reporting period (A4)			0.00	
Guarantees provided by the Company to its subsidiaries								
Guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual guaranteed amount	Guarantee type	Guaranty period	Whether the guarantee has been discharged	Whether to be guaranteed by the related party
Gas Turbine Thermal Power	March 13, 2018	80,000.00	September 10, 2019	54,400.00	Joint liability guarantee	2037/9/10	No	No
Honggang Petrochemical	August 31, 2019	270,000.00	September 20, 2019	228,514.81	Joint liability guarantee	2032/9/20	No	No
Shenghong Refining & Chemical	July 4, 2020	4,150,000.00	November 13, 2020	3,947,409.11	Joint liability guarantee	2038/11/12	No	No
Guowang (Suqian)	July 17, 2021	275,000.00	August 23, 2021	249,615.00	Joint liability guarantee	2031/3/1	No	No
Reborn Technology	December 16, 2021	250,000.00	December 21, 2021	71,000.00	Joint liability guarantee	2031/12/20	No	No
Reborn Technology	December 16, 2021		January 20, 2022	72,864.74	Joint liability guarantee	2032/1/20	No	No
Hongjing New Materials	January 13, 2023	840,000.00	March 24, 2023	431,000.00	Joint liability guarantee	2041/3/23	No	No
Hongwei Chemical	January 13, 2023	400,000.00	February 6, 2023	124,581.84	Joint liability guarantee	2037/3/23	No	No

Zhonglu Technology	January 19, 2023		August 6, 2021	8,333.33	Joint liability guarantee	2027/8/11	No	No
Guowang High-Tech	January 19, 2023	(Remark)	January 5, 2023	102,421.89	Joint liability guarantee	2027/12/20	No	No
Guowang High-Tech	January 19, 2023		July 24, 2023	30,000.00	Joint liability guarantee	2027/4/23	No	No
Guowang High-Tech	January 19, 2023		February 22, 2023	20,000.00	Joint liability guarantee	2027/4/27	No	No
Guowang High-Tech	January 19, 2023		December 2, 2022	94,898.25	Joint liability guarantee	2027/7/19	No	No
Guowang High-Tech	January 19, 2023		January 26, 2022	15,000.00	Joint liability guarantee	2027/1/28	No	No
Guowang High-Tech	January 19, 2023		October 29, 2022	9,900.00	Joint liability guarantee	2027/4/11	No	No
Guowang High-Tech	January 19, 2023		March 6, 2023	30,000.00	Joint liability guarantee	2027/4/20	No	No
Guowang High-Tech	January 19, 2023		May 12, 2022	35,000.00	Joint liability guarantee	2029/5/16	No	No
Guowang High-Tech	January 19, 2023		October 17, 2022	24,000.00	Joint liability guarantee	2027/11/4	No	No
Guowang High-Tech	January 19, 2023		October 27, 2022	9,846.64	Joint liability guarantee	2027/12/19	No	No
Guowang High-Tech	January 19, 2023		November 29, 2022	60,000.00	Joint liability guarantee	2027/11/28	No	No
Guowang High-Tech	January 19, 2023		December 26, 2022	40,000.00	Joint liability guarantee	2027/9/18	No	No
Guowang High-Tech	January 19, 2023		September 13, 2023	42,973.00	Joint liability guarantee	2027/11/22	No	No
Reborn Technology	January 19, 2023		March 24, 2022	100,155.74	Joint liability guarantee	2033/3/24	No	No

Reborn Technology	January 19, 2023		June 1, 2022	39,343.09	Joint liability guarantee	2028/5/31	No	No
Guowang (Suqian)	January 19, 2023		December 7, 2022	13,136.43	Joint liability guarantee	Two years from the maturity date of main debt performance	No	No
Shenghong Refining & Chemical	January 19, 2023		June 30, 2022	344,000.00	Joint liability guarantee	2036/6/29	No	No
Shenghong Refining & Chemical	January 19, 2023		December 16, 2022	117,211.77	Joint liability guarantee	2027/5/17	No	No
Shenghong Refining & Chemical	January 19, 2023		July 14, 2023	99,854.70	Joint liability guarantee	2027/3/11	No	No
Shenghong Refining & Chemical	January 19, 2023		July 26, 2022	150,000.00	Joint liability guarantee	2027/7/30	No	No
Shenghong Refining & Chemical	January 19, 2023		September 26, 2023	150,000.00	Joint liability guarantee	2028/9/25	No	No
Shenghong Refining & Chemical	January 19, 2023		April 10, 2023	93,772.26	Joint liability guarantee	2027/6/25	No	No
Shenghong Refining & Chemical	January 19, 2023		May 20, 2022	73,504.73	Joint liability guarantee	2027/12/9	No	No
Shenghong Refining & Chemical	January 19, 2023		February 10, 2023	60,000.00	Joint liability guarantee	2027/8/14	No	No
Shenghong	January 19, 2023		April 29, 2022	200,000.00	Joint liability	2027/8/13	No	No

Refining & Chemical					guarantee			
Shenghong Refining & Chemical	January 19, 2023		November 16, 2022	32,000.00	Joint liability guarantee	2027/11/8	No	No
Shenghong Refining & Chemical	January 19, 2023		January 4, 2023	109,000.00	Joint liability guarantee	2027/4/13	No	No
Shenghong Refining & Chemical	January 19, 2023		August 22, 2022	170,806.61	Joint liability guarantee	2027/12/5	No	No
Shenghong Refining & Chemical	January 19, 2023		April 7, 2023	30,000.00	Joint liability guarantee	2027/8/13	No	No
Shenghong Refining & Chemical	January 19, 2023		April 26, 2023	296,923.42	Joint liability guarantee	2027/6/3	No	No
Shenghong Refining & Chemical	January 19, 2023		May 29, 2023	129,627.23	Joint liability guarantee	2027/2/28	No	No
Shenghong Refining & Chemical	January 19, 2023		October 7, 2023	37,500.00	Joint liability guarantee	2027/4/10	No	No
Shenghong Refining & Chemical	January 19, 2023		October 7, 2023	48,116.41	Joint liability guarantee	2027/2/23	No	No
Shenghong Refining & Chemical	January 19, 2023		September 15, 2023	43,367.89	Joint liability guarantee	2027/3/26	No	No
Shenghong Refining & Chemical	January 19, 2023		November 10, 2023	140,560.51	Joint liability guarantee	2027/5/25	No	No

Shenghong Refining & Chemical	January 19, 2023		December 8, 2023	102,855.14	Joint liability guarantee	2027/1/29	No	No
Shenghong Refining & Chemical	January 19, 2023		December 1, 2023	66,611.00	Joint liability guarantee	2026/3/4	No	No
Petrochemical (Singapore)	January 19, 2023		July 13, 2023	300,000.00	Joint liability guarantee	2027/6/24	No	No
Petrochemical (Singapore)	January 19, 2023		October 20, 2023	20,000.00	Joint liability guarantee	2027/12/31	No	No
Petrochemical (Singapore)	January 19, 2023		September 11, 2023	50,000.00	Joint liability guarantee	2027/9/11	No	No
Petrochemical (Singapore)	January 19, 2023		June 12, 2023		Joint liability guarantee	No maturity date	No	No
Petrochemical (Singapore)	January 19, 2023		July 19, 2023	113,668.42	Joint liability guarantee	2024/12/31	No	No
Sierbang Petrochemical	January 19, 2023		March 17, 2022	20,000.00	Joint liability guarantee	2026/12/21	No	No
Sierbang Petrochemical	January 19, 2023		June 28, 2023	60,000.00	Joint liability guarantee	2028/8/22	No	No
Sierbang Petrochemical	January 19, 2023		February 24, 2022	42,268.63	Joint liability guarantee	2027/2/12	No	No
Sierbang Petrochemical	January 19, 2023		April 20, 2022	14,997.51	Joint liability guarantee	2026/12/28	No	No
Sierbang Petrochemical	January 19, 2023		June 26, 2023	20,000.00	Joint liability guarantee	2027/6/8	No	No
Sierbang Petrochemical	January 19, 2023		December 27, 2022	69,026.92	Joint liability guarantee	2027/12/31	No	No
Sierbang Petrochemical	January 19, 2023		January 29, 2023	41,250.00	Joint liability guarantee	2029/1/15	No	No

Sierbang Petrochemical	January 19, 2023		April 25, 2023	63,633.33	Joint liability guarantee	2027/4/24	No	No
Sierbang Petrochemical	January 19, 2023		June 25, 2023	13,000.00	Joint liability guarantee	2031/6/25	No	No
Sierbang Petrochemical	January 19, 2023		November 22, 2023		Joint liability guarantee	2027/11/27	No	No
Sierbang Petrochemical	January 19, 2023		November 22, 2023		Joint liability guarantee	2027/9/25	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (B1)		(Remark)		Total actual amount of guarantees for subsidiaries during the reporting period (B2)		2,519,229.81		
Total amount of guarantees for subsidiaries approved at the end of the reporting period (B3)		(Remark)		Total actual balance of guarantees for subsidiaries at the end of the reporting period (B4)		9,177,950.34		
Guarantees by subsidiaries to subsidiaries								
Guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual guaranteed amount	Guarantee type	Guaranty period	Whether the guarantee has been discharged	Whether to be guaranteed by the related party
Ganghong Fiber	January 19, 2023	(Remark)	January 30, 2018	21,600.00	Joint liability guarantee	2028/12/25	No	No
Ganghong Fiber	January 19, 2023		January 7, 2019	21,400.67	Joint liability guarantee	2027/1/8	No	No
Ganghong Fiber	January 19, 2023		June 28, 2021	51,755.00	Joint liability guarantee	2031/7/6	No	No
Ganghong Fiber	January 19, 2023		February 28, 2023	20,000.00	Joint liability guarantee	2027/3/13	No	No
Ganghong Fiber	January 19, 2023		November 9, 2023	5,000.00	Joint liability guarantee	2027/11/8	No	No

Ganghong Fiber	January 19, 2023		October 26, 2023	30,000.00	Joint liability guarantee	2027/10/25	No	No
Ganghong Fiber	January 19, 2023		December 27, 2022	60,000.00	Joint liability guarantee	2026/12/27	No	No
Shenghong Fibers	January 19, 2023		December 27, 2022	29,553.00	Joint liability guarantee	2027/6/21	No	No
Shenghong Fibers	January 19, 2023		January 5, 2023	25,850.47	Joint liability guarantee	2027/12/13	No	No
Shenghong Fibers	January 19, 2023		February 27, 2023	38,500.00	Joint liability guarantee	2027/8/27	No	No
Shenghong Fibers	January 19, 2023		November 9, 2023	10,000.00	Joint liability guarantee	2027/12/14	No	No
Zhonglu Technology	January 19, 2023		December 8, 2022	20,982.20	Joint liability guarantee	2028/1/16	No	No
Zhonglu Technology	January 19, 2023		December 29, 2022	20,000.00	Joint liability guarantee	2027/11/20	No	No
Zhonglu Technology	January 19, 2023		June 28, 2023	10,000.00	Joint liability guarantee	2027/11/1	No	No
Suzhen Bioengineering	January 19, 2023		March 16, 2023	5,000.00	Joint liability guarantee	2027/3/15	No	No
Reborn Technology	January 19, 2023		June 8, 2023	8,435.70	Joint liability guarantee	2024/6/8	No	No
Petrochemical Industry	January 19, 2023		September 6, 2023	30,000.00	Joint liability guarantee	2027/12/3	No	No
Shenghong Refining & Chemical	January 19, 2023		September 22, 2023	3,947,409.11	Joint liability guarantee	2038/11/12	No	No
Petrochemical (Singapore)	January 19, 2023		February 28, 2023	70,000.00	Joint liability guarantee	2027/5/24	No	No
Petrochemical	January 19, 2023		April 15, 2023		Joint liability	2025/4/15	No	No

(Singapore)					guarantee			
Rongtai Chemical Warehousing	January 19, 2023		June 25, 2019	37,000.00	Joint liability guarantee	2029/6/19	No	No
The Company	January 13, 2023		February 25, 2022	120,000.00	Joint liability guarantee	2027/11/29	No	No
The Company	January 16, 2021		January 1, 2022	127,200.00	Joint liability guarantee	2029/12/28	No	No
The Company	January 19, 2023		February 28, 2022	16,800.00	Joint liability guarantee	2029/12/28	No	No
The Company	January 19, 2023		March 29, 2022	16,000.00	Joint liability guarantee	2029/12/28	No	No
The Company	January 19, 2023		April 15, 2022	64,000.00	Joint liability guarantee	2029/12/28	No	No
The Company	January 19, 2023		December 8, 2023	120,000.00	Joint liability guarantee	2028/12/1	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (C1)			(Remark)	Total actual amount of guarantees for subsidiaries during the reporting period (C2)		561,530.41		
Total amount of guarantees for subsidiaries approved at the end of the reporting period (C3)		(Remark)	Total actual balance of guarantees for subsidiaries at the end of the reporting period (C4)		4,926,486.15			
The total amount of the Company's guarantees (that is, the total of the first three items)								
Total approved amount of guarantees during the reporting period (A1+B1+C1)		10,460,000.00		Total actual amount of guarantees during the reporting period (A2+B2+C2)		3,080,760.22		
Total approved amount of guarantees at the end of the reporting period (A3+B3+C3)		16,725,000.00		Total actual balance of guarantee at the end of the reporting period (A4+B4+C4)		14,104,436.49		
Ratio of the total actual guarantee amount (i.e. A4+B4+C4) to the Company's net assets						397.86%		
Including:								

Balance of guarantees provided for shareholders, actual controllers and their related parties (D)	0.00
Balance of debt guarantees provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70% (E)	8,098,037.27
Excess of total guarantees over 50% of net assets (F)	12,331,881.83
Total of the above three guarantees (D+E+F)	20,429,919.10

Remark: The 63rd meeting of the 8th Board of Directors held by the Company on January 18, 2023 deliberated and adopted the *Proposal on the Expected Amount of Mutual Guarantee in 2023*. The amount of mutual guarantee between the Company and its subsidiaries in 2023 will not exceed the equivalent of RMB 104.6 billion, and the guarantee period will end on the date of the Company's 2023 annual general meeting. After the approval of this guarantee, the total amount of guarantees approved by the Company and its subsidiaries will not exceed the equivalent of RMB 167.25 billion. This proposal was deliberated and adopted at the 2nd extraordinary general meeting of the Company for 2023 on February 10, 2023.

2. Entrusted cash asset management**(1) Entrusted wealth management**

☐ Applicable ☒ Not applicable

There was no entrusted wealth management of the Company in the reporting period.

(2) Entrusted loans

☐ Applicable ☒ Not applicable

The Company had no entrusted loan in the reporting period.

3. Other significant contracts

☐ Applicable ☒ Not applicable

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

XVI. Explanation of other important matters

☒ Applicable ☐ Not applicable

1. Issuance and duration of GDR

According to the *Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151) issued by the China Securities Regulatory Commission, the Company issued 39,794,000 GDRs on December 28, 2022 (Swiss time) and was listed on the SIX Swiss Exchange, corresponding to 397,940,000 underlying shares of the Company's A Shares.

The controlling shareholder of the Company, Shenghong Technology, and its person acting in concert, Shenghong New Material, participated in the Company's issuance. Shenghong Technology holds 5,540,000 GDRs (representing 55,400,000 A shares of the Company) through overseas securities investment products of the Qualified Domestic Institutional Investor (QDII), and holds the right to yields on 2,770,000 GDRs (representing 27,700,000 A shares of the Company) in the form of income swaps through the income swap contract. Shenghong New Material holds 19,390,000 GDRs (representing 193,900,000 A shares of the Company) through overseas securities investment products of the QDII. Shenghong Technology and Shenghong New Material have complied with the provision, reading that the depositary receipts subscribed by the controlling shareholders or actual controllers and enterprises controlled by them shall not be transferred within 36 months from the listing date set forth in the *Provisions on the Supervision and Administration of Depositary Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges*.

The redemption restriction period for the Company's GDRs will expire on April 26, 2023 (Swiss time). The number of GDRs at the expiration of the redemption restriction period is 39,794,000, corresponding to 397,940,000 A shares of the Company. Upon the expiration of the redemption restriction period, the number of GDRs of the Company will be reduced as a result of the redemption of the GDRs, while the redemption of the GDRs will result that the number of A shares of the Company held by the depositary, Citibank, National Association, as the nominal holder, will be corresponding reduced in accordance with the GDR cancellation order and such shares will be circulated and traded in the domestic market.

As at December 31, 2023, the number of the Company's A shares held by the depositary of GDRs, Citibank, National Association, as the nominal holder, was 277,000,000, accounting for 69.61% of underlying A shares corresponding to the GDRs actually issued by the Company approved by the CSRC.

Related inquiries on temporary report disclosure website for major events

Summary of major events	Date of disclosure	Inquiry index of temporary report disclosure website
Issuance and duration of GDR	December 29, 2022	CNINFO, <i>Announcement on the Issuance of GDRs and Listing and Trading on the SIX Swiss Exchange</i> (Announcement No. 2022-157) and <i>Announcement on the Increase in Shareholdings by Controlling Shareholders and Their Persons Acting in Concert</i> (Announcement No. 2022-159)
	April 19, 2023	CNINFO, <i>Announcement on the Imminent Expiry of the Restriction Period for GDR Redemption</i> (Announcement No.: 2023-046)
	April 21, 2023	CNINFO, <i>First Prompt Announcement on the Redeemability of GDRs</i> (Announcement No.: 2023-051)
	April 22, 2023	CNINFO, <i>Second Prompt Announcement on the Redeemability of GDRs</i> (Announcement No.: 2023-052)
	April 25, 2023	CNINFO, <i>Third Prompt Announcement on the Redeemability of GDRs</i> (Announcement No.: 2023-053)

XVII. Significant matters of the Company's subsidiaries

☐ Applicable ☒ Not applicable

Section VII Changes in shares and shareholders' information

I. Changes in shares

1. Changes in shares

Unit: share

	Before this change		Changes in this period ("+", "-")					After this change	
	Quantity	Proportion	New shares issued	Bonus shares	Conversion of capital reserves into share capital	Others	Sub-total	Quantity	Proportion
I. Shares with restrictive conditions for sales	1,378,246,185	20.85%				-264,043,287	-264,043,287	1,114,202,898	16.85%
1. State-owned shares									
2. Shares held by state-owned legal person	29,810,827	0.45%				-29,810,827	-29,810,827	0	0.00%
3. Shares held by other domestic capital	1,319,123,552	19.95%				-204,920,654	-204,920,654	1,114,202,898	16.85%
Including: shares held by domestic legal persons	1,277,175,903	19.32%				-165,647,577	-165,647,577	1,111,528,326	16.81%
Shares held by domestic natural person	41,947,649	0.63%				-39,273,077	-39,273,077	2,674,572	0.04%
4. Foreign shareholding	29,311,806	0.44%				-29,311,806	-29,311,806	0	0.00%
Overseas legal person	29,311,806	0.44%				-29,311,806	-29,311,806	0	0.00%
Including: shares held by overseas legal persons									
II. Shares without restrictive conditions for sales	5,232,943,047	79.15%				264,067,733	264,067,733	5,497,010,780	83.15%
1. RMB common shares	5,232,943,047	79.15%				264,067,733	264,067,733	5,497,010,780	83.15%
2. Foreign shares listed domestically									
3. Foreign shares listed overseas									
4. Others									
III. Total shares	6,611,189,232	100.00%				24,446	24,446	6,611,213,678	100.00%

Reasons for share changes

☒Applicable
 ☐Not applicable

On March 22, 2021, the Company publicly offered convertible corporate bonds ("Shenghong Convertible Bond", under bond code "127030"), which were listed and traded on the Shenzhen Stock Exchange as of April 21, 2021, with a tenor of 6 years. "Shenghong Convertible Bond" can be converted into shares of the Company from September 27, 2022. During the reporting period, due to the conversion of some "Shenghong Convertible Bond" into ordinary A shares of the Company, the total share capital of the Company increased by 24,446 shares.

Approval of changes in shares

☐ Applicable ☒ Not applicable

Transfer of changes in shares

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

Due to the impact of conversion of corporate convertible bonds into shares, the shares increased by 24,446 in 2023. The basic earnings per fully diluted share in 2023 was RMB 0.11 per share, and the net asset attributable to shareholders of the Listed Company was RMB 5.36 per share.

Other contents that the Company deems necessary or are required by securities regulators to make disclosure

☐ Applicable ☒ Not applicable

2. Changes in restricted shares

☒ Applicable ☐ Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in the current period	Number of shares lifted from sales restrictions in the current period	Number of restricted shares at the end of the period	Reason for restriction	Release date
Shenghong Petrochemical Group Co., Ltd.	1,052,404,479	0	0	1,052,404,479	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in January 2022	January 26, 2025
Lianyungang Bohong Industrial Co., Ltd.	59,123,847	0	0	59,123,847		
22 shareholders including Jinan Jiangshan Investment Partnership (Limited Partnership)	266,714,109	0	266,714,109	0	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in January 2022	January 20, 2023
Ji Gaoxiong	0	802,500	0	802,500	Shares locked for	Release of

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in the current period	Number of shares lifted from sales restrictions in the current period	Number of restricted shares at the end of the period	Reason for restriction	Release date
Ni Genyuan	0	734,997	0	734,997	senior executive	restricted sale by installments in accordance with relevant regulations
Qiu Hairong	0	554,625	0	554,625		
Wang Jun	0	582,450	0	582,450		
Feng Qin	3,750	0	3,750	0	Purchase of shares after departure of supervisor	Release of restricted sales in accordance with relevant regulations
Total	1,378,246,185	2,674,572	266,717,859	1,114,202,898	--	--

II. Issuance and listing of securities

1. Issuance of securities (excluding preferred shares) during the reporting period

☐ Applicable ☒ Not applicable

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

☒ Applicable ☐ Not applicable

During the reporting period, the Company's shares were increased by the conversion of the Company's convertible bonds ("Shenghong Convertible Bond" under the bond code "127030") into shares.

3. Existing internal employee shares

☐ Applicable ☒ Not applicable

III. Shareholders and actual controller

1. Number of shareholders of the Company and their shareholdings

Unit: share

Total of common shareholders at the end of the reporting period	113,523	Total of common shareholders at the end of the previous month before the annual report disclosure date	103,295	Total of preferred shareholders holding resumed voting rights at the end of the reporting period	0	Total of preferred shareholders holding resumed voting rights at the end of the previous month before the annual report disclosure date	0
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Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders(excluding shares lent through refinancing)							
Shareholder's name	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the reporting period	Changes during the reporting period	Number of shares with restricted conditions	Number of shares subject to no restrictions	Pledging, marking or freezing
Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	41.87%	2,768,225,540	0	0	2,768,225,540	0
Shenghong Petrochemical Group Co., Ltd.	Domestic non-state-owned legal person	15.92%	1,052,404,479	0	1,052,404,479	0	0
Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	5.06%	334,821,428	0	0	334,821,428	0
Citibank, National Association	Overseas legal person	4.19%	277,000,000	-120,940,000	0	277,000,000	0
Jiangsu Wujiang Silk Group Co., Ltd.	State-owned legal person	1.86%	122,662,170	1,000,000	0	122,662,170	0
Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.	State-owned legal person	1.46%	96,596,800	84,000,000	0	96,596,800	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.36%	89,809,775	-30,957,551	0	89,809,775	0
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	Others	1.25%	82,522,600	0	0	82,522,600	0
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	Others	0.99%	65,657,432	8,368,100	0	65,657,432	0
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Bao No.19 Private Securities Investment Fund	Others	0.96%	63,756,084	0	0	63,756,084	0
Strategic investors or general corporations becoming top 10		N/A					

shareholders as a result of placing new shares			
Description of the above shareholders' affiliation or concerted action	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd. and Shenghong (Suzhou) Group Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.		
Explanation of the above-mentioned shareholders entrusting others to vote or entrusted to vote on behalf of others and waiving voting rights	N/A		
Special note on the existence of repurchase special accounts among the top 10 shareholders	N/A		
Shareholding of top 10 shareholders not subject to restricted conditions for sales			
Shareholder's name	Number of unlimited shares held at the end of the reporting period	Type of shares	
		Type of shares	Quantity
Jiangsu Shenghong Technology Co., Ltd.	2,768,225,540	RMB common share	2,768,225,540
Shenghong (Suzhou) Group Co., Ltd.	334,821,428	RMB common share	334,821,428
Citibank, National Association	277,000,000	RMB common share	277,000,000
Jiangsu Wujiang Silk Group Co., Ltd.	122,662,170	RMB common share	122,662,170
Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.	96,596,800	RMB common share	96,596,800
Hong Kong Securities Clearing Company Ltd.	89,809,775	RMB common share	89,809,775
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	82,522,600	RMB common share	82,522,600
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	65,657,432	RMB common share	65,657,432
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	63,756,084	RMB common share	63,756,084
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase III Employee Shareholding Collective Fund Trust Plan	58,935,155	RMB common share	58,935,155
Explanation on the associated relationship or concerted action among the top 10 holders of shares not subject to sales restrictions, and	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd. and Shenghong (Suzhou) Group Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders,		

between the top 10 holders of shares not subject to sales restrictions and the top 10 holders of shares	nor is it aware of their concerted actions.
Description of the participation of top 10 common shareholders in securities margin trading	Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund, holds 0 share of the Company through an ordinary securities account, holds 63,756,084 shares of the Company through a credit securities account, and actually holds a total of 63,756,084 shares of the Company.

Participation of top 10 shareholders in lending of shares through refinancing

☒Applicable ☐Not applicable

Unit: share

Participation of top 10 shareholders in lending of shares through refinancing								
Shareholder's name (full name)	Shareholding by general and credit accounts at the beginning of the period		Shares lent through refinancing and not yet returned at the beginning of the period		Shareholding by general and credit accounts at the end of the period		Shares lent through refinancing and not yet returned at the end of the period	
	Total	Proportion in the total share capital	Total	Proportion in the total share capital	Total	Proportion in the total share capital	Total	Proportion in the total share capital
Jiangsu Wujiang Silk Group Co., Ltd.	121,662,170	1.84%	1,000,000	0.02%	122,662,170	1.86%	0	0.00%
Suzhou Wujiang Dongfang State-owned Capital Investment and Management Co., Ltd.	12,596,800	0.19%	84,000,000	1.27%	96,596,800	1.46%	0	0.00%

Changes in the top 10 shareholders from the previous period

☒Applicable ☐Not applicable

Unit: share

Changes in the top 10 shareholders from the end of the previous period					
Shareholder's name (full name)	Additions/withdrawals during the reporting period	Number of shares lent through refinancing and not yet returned at the end of the period		Number of shares by general and credit accounts of shareholders and number of shares lent through refinancing and not yet returned at the end of the period	
		Total	Proportion in the total share capital	Total	Proportion in the total share capital
Suzhou Wujiang Dongfang State-owned	Additions	0	0.00%	96,596,800	1.46%

Capital Investment and Management Co., Ltd.					
Lianyungang Bohong Industrial Co., Ltd.	Withdrawal	0	0.00%	59,123,847	0.89%

Remark: Lianyungang Bohong Industrial Co., Ltd. did not participate in refinancing.

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

☐ Yes ☒ No

None

2. Information about the controlling shareholder of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: legal person

Name of controlling shareholder	Legal representative/person in charge of entity	Date of establishment	Organization code	Main operating business
Jiangsu Shenghong Technology Co., Ltd.	Miao Han'gen	December 31, 2002	91320000744810452Y	<p>Research and development of printing and dyeing technologies; wholesale, commission agency (except auction) and import and export business of machinery and equipment; industrial investment; equity investment; business management consulting; sale of textile raw materials and textile. (Operating activities subject to approval according to law shall be carried out only after obtaining the approval of relevant departments)</p> <p>Licensed items: operation of hazardous chemicals (Operating activities subject to approval according to law shall be carried out only after obtaining the approval of relevant departments and specific business items are subject to the approval)</p> <p>General items: sales of petroleum products (excluding hazardous chemicals); sales of lubricants; sales of special chemical products (excluding hazardous chemicals); sales of plastic products; sales of chemical products (excluding chemical products subject to licensing); wholesale of refined oil (excluding hazardous chemicals); sales of rubber products; sales of synthetic materials; sales of metal materials; sales of metal products;</p>

				sales of building materials; sales of coal and products (except for the items that need to be approved according to law, it shall independently carry out business activities according to law with its business license)
Equities of other domestic and overseas listed companies held by controlling shareholders during the reporting period			None	

Change in controlling shareholder during the reporting period

☐ Applicable ☒ Not applicable

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

3. The actual controller and his person acting in concert

Nature of the actual controller: domestic natural person

Type of actual controller: natural person

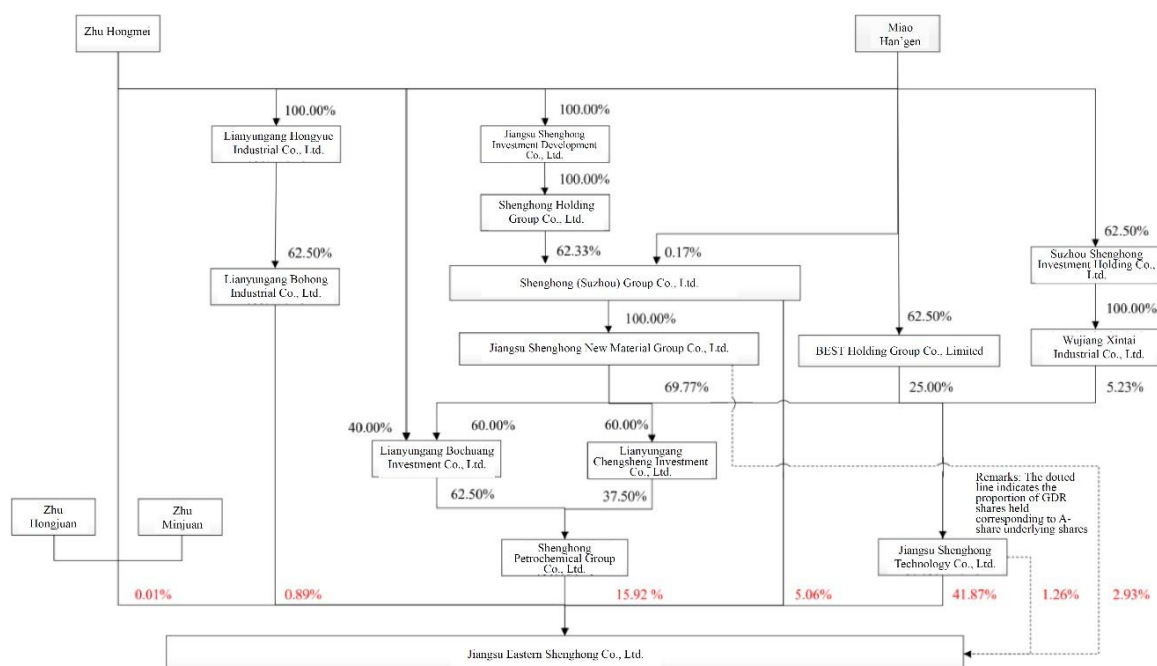
Name of the actual controller	Relationship with the actual controller	Nationality	Whether to obtain the right of abode in other countries or regions
Miao Han'gen	Per se	China	No
Zhu Hongmei	Per se	China	No
Main occupation and position	Mr. Miao Han'gen is the chairman and general manager of the Listed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

Change in the actual controller during the reporting period

☐ Applicable ☒ Not applicable

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

Chart for the property and controlling relationships between the Company and the actual controllers



Remark: The controlling shareholder of the Company, Jiangsu Shenghong Technology Co., Ltd., held 43.13% of the Company's shares (includes the share of GDRs issued by the Company).

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

☐ Applicable ☒ Not applicable

4. The number of shares pledged by the controlling shareholder or the largest shareholder of the Company and its persons acting in concert accounted for 80% of the number of the Company's shares held by them in aggregate

☐ Applicable ☒ Not applicable

5. Other legal person shareholders holding more than 10% of shares

☒ Applicable ☐ Not applicable

Legal person shareholder's name	Legal representative/person in charge of entity	Date of establishment	Registered capital	Main operating business or management activity
Shenghong Petrochemical Group Co., Ltd.	Miao Han'gen	April 27, 2013	RMB 5.5 billion	R&D of petrochemical products, coal chemical products, basic chemical raw materials, fine chemicals, and new chemical materials; sales of chemical products (excluding hazardous chemicals); industrial investment; self-management and agency of import and export business of various commodities and technologies, except for those commodities and technologies that are restricted for operation or prohibited from being imported or exported by the state; and operation of hazardous chemicals (operation of the items approved by <i>Hazardous Chemicals Operation License</i>). (Operating activities subject to approval according to law shall be carried out only after obtaining the approval of relevant departments)

Remark: Shenghong Petrochemical Group Co., Ltd. And the controlling shareholder of the company, Jiangsu Shenghong Technology Co., Ltd., are persons acting in concert.

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

☐ Applicable ☒ Not applicable

IV. Specific implementation of share repurchase in the reporting period

Progress of share repurchase

☐ Applicable ☒ Not applicable

Progress in the reduction of repurchased shares by centralized bidding transactions

☐ Applicable ☒ Not applicable

Section VIII Preferred shares

☐ Applicable ☒ Not applicable

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

Section IX Bond related information

☒Applicable ☐Not applicable

I. Enterprise bonds

☐Applicable ☒Not applicable

The Company had no enterprise bonds during the reporting period.

II. Corporate bonds

☐Applicable ☒Not applicable

The Company had no corporate bonds during the reporting period.

III. Non-financial corporate debt financing instruments

☐Applicable ☒Not applicable

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

IV. Convertible corporate bonds

☒Applicable ☐Not applicable

1. Successive adjustments of the conversion price

As approved by the China Securities Regulatory Commission regarding the *Approval of the Public Offering of Convertible Bonds by Jiangsu Eastern Shenghong Co., Ltd.* (ZJXK [2021] No.512), the Company publicly issued 50 million convertible bonds with the face value of RMB100 each on March 22, 2021, with a total issue amount of RMB 5 billion and a term of 6 years. The convertible bonds have been listed for trading on the Shenzhen Stock Exchange since April 21, 2021, with an abbreviation "Shenghong Convertible Bond" and code "127030". The initial conversion price of "Shenghong Convertible Bond" is RMB14.20 per share.

According to the resolution of the Company's 2020 annual general meeting, the Company would implement the 2020 annual dividend distribution plan in June 2021. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.2 per share to RMB14.10 per share, and the effective date of the conversion price adjustment was June 18, 2021.

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (JZXX [2021] No. 4179) issued by the CSRC, the Company issued 1,111,528,326 RMB ordinary shares in a non-public offering manner to purchase assets in January 2022. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

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

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (JZXX [2021] No. 4179) issued by the CSRC, the Company issued 266,714,109 RMB ordinary shares in a non-public offering manner to raise supporting funds in July 2022. After the listing of the new shares, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

According to the *Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151) issued by the China Securities Regulatory Commission, in December 2022, the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company, and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. After the listing of the new shares, the conversion price of "Shenghong

Convertible Bond" was adjusted from RMB13.46/share to RMB13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

According to the resolution of the Company's 2022 annual general meeting, the Company would implement the 2022 annual dividend distribution plan in May 2023. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.41/share to RMB13.31/share, and the effective date of the conversion price adjustment was May 22, 2023.

The *Announcement on Adjusting the Conversion Price of Convertible Bonds* (Announcement No.2021-075, 2022-020, 2022-084, 2022-099, 2022-155 and 2023-059) was published on June 10, 2021, January 24, 2022, May 20, 2022, July 15, 2022, December 28, 2022, and May 16, 2023 respectively, on the Company's designated information disclosure media such as CNINFO.

2. Cumulative conversion status

☒Applicable ☐Not applicable

Abbreviation	Start and end date of share conversion	Total number issued	Total amount of issue (RMB)	Cumulative amount of conversion (RMB)	Cumulative number of shares converted <input type="checkbox"/> (shares)	Proportion of the number of shares to be converted to the total issued shares of the Company before the start date of share conversion	Amount not yet converted into shares (RMB)	Proportion of the amount not converted to shares in the total amount of issue
Shenghong Convertible Bond	September 27, 2021 to March 21, 2027	50,000,000	5,000,000,000.00	2,319,500.00	167,377	0.00%	4,997,680,500.00	99.95%

3. Top 10 holders of convertible bonds

No.	Name of holder of convertible bonds	Nature of holder of convertible bonds	Quantity of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	26,226,008	2,622,600,800.00	52.48%
2	Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	3,462,389	346,238,900.00	6.93%
3	Bank of China Limited - Efunds Stable Return Bond Securities Investment Fund	Others	1,475,167	147,516,700.00	2.95%
4	China Minsheng Banking Corporation Limited - Everbright Baodexin Credit Enhancement Bond Securities Investment Fund	Others	1,195,720	119,572,000.00	2.39%

5	Industrial Bank Co., Ltd. - Guangfa Jiyu Bond Securities Investment Fund	Others	580,000	58,000,000.00	1.16%
6	ICBC Ruixin Tianfeng Fixed Income Pension Product - Bank of China Limited	Others	501,394	50,139,400.00	1.00%
7	Dajia Assets - CITIC Bank - Dajia Assets Houkun No.40 Collective Asset Management Product	Others	482,928	48,292,800.00	0.97%
8	Agricultural Bank of China Limited - Penghua Convertible Bond Securities Investment Fund	Others	416,011	41,601,100.00	0.83%
9	Industrial and Commercial Bank of China Limited - Jinying Yuanfeng Bond Securities Investment Fund	Others	403,897	40,389,700.00	0.81%
10	Efunds Stable Return Fixed Income Pension Product - Industrial and Commercial Bank of China Limited	Others	362,326	36,232,600.00	0.72%

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

☐ Applicable ☒ Not applicable

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

In June 2023, China Lianhe Credit Rating Co., Ltd. issued the *Credit Rating Announcement* (LH [2023] No.3619), which, through tracking analysis and evaluation of the credit status of the Company and its related bonds, determines that the long-term credit rating of the Company was AA+; the credit rating of "Shenghong Convertible Bond" was AA+ and the rating outlook was stable.

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

☐ Applicable ☒ Not applicable

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

☐ Applicable ☒ Not applicable

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

☐ Yes ☒ No

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

Unit: RMB '0,000

Item	As at December 31, 2023	As at December 31, 2022	YoY increase or decrease
Current ratio	43.11%	59.69%	-27.78%
Asset-liability ratio	81.34%	78.72%	2.62%
Quick ratio	19.17%	28.77%	-33.37%
EBITDA	877,224.49	516,907.45	69.71%
	Year 2023	Year 2022	YoY increase or decrease
Net profits after deducting non-recurring profit or loss	21,709.35	8,506.94	155.20%
EBITDA all debt ratio	6.71%	4.58%	2.13%
Interest coverage multiple	0.7718	0.5666	36.22%
Cash interest coverage multiple	2.9043	1.5122	92.06%
EBITDA interest coverage multiple	1.7366	1.1075	56.80%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

Section X Financial reports

I. Auditor's Report

Audit opinion type	Standard unqualified opinion
Signing date of auditor's report (English Translation for Reference Only)	April 24, 2024
Name of auditor	BDO CHINA Shu Lun Pan Certified Public Accountants LLP
Audit report document No.	Xin Kuai Shi Bao Zi [2024] No. ZA11986
Name of the certified public accountant	Zhu Ying, Tang Yi

Auditor's Report

(I) Opinion

We have audited the accompanying financial statements of Jiangsu Eastern Shenghong Co., Ltd. (the "Company"), which comprise the consolidated and company's balance sheets as at December 31, 2023, the consolidated and company's income statements, the consolidated and company's statements of cash flows, and the consolidated and company's statements of changes in owners' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company's financial position as at December 31, 2023 and the consolidated and company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

(II) Basis for Opinion

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

(III) Key Audit Matters

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

We identified the following key audit matters in our audit:

Key Audit Matters	How these matters were addressed in the audit
(I) Book value of fixed assets and construction in progress	
As stated in the Notes VII (13) and VII (14) to the financial statements, as at December 31, 2023, the book value of fixed assets and constructions in progress in the consolidated financial statements of the Company was RMB141,667.5484 million, accounting for 74.48% of the Company's total assets. The following judgments made by the management of the Company (the "Management") could affect the book value of fixed assets and constructions in progress and the depreciation policy for fixed assets, including: (1) determining the expenditures eligible for capitalization; (2) determining the time of	The audit procedures we performed on the book value of fixed assets and constructions in progress mainly included: (1) evaluating the design and operational effectiveness of key internal controls related to the completeness, existence and accuracy of fixed assets and constructions in progress, including the estimated useful life and salvage value; (2) checking capitalized expenditures against contracts, payment documents, approval processes and other relevant supporting documents to examine the capitalized expenditures incurred in the current year; (3) recalculating the

<p>transferring constructions in progress to fixed assets and accruing depreciation; and (3) estimating the useful life of the corresponding fixed assets. The determination of the book value of fixed assets and constructions in progress involves significant accounting estimates by the Management and is material to the consolidated financial statements, so that recognition of book value of fixed assets and constructions in progress is determined as a key audit matter.</p>	<p>interest capitalization rate and evaluating the calculation of capitalized interest on construction in progress based on the capitalized expenditures and interest rate of the loan contracts; and (4) review the acceptance report or project supervision report to evaluate the accuracy of the time of transferring constructions in progress to fixed assets.</p>
<p>(II) Goodwill impairment</p>	
<p>As shown in Note VII (17) to the financial statements, the book value of goodwill in the consolidated financial statements of the Company as of December 31, 2023 was RMB692 million. According to the Accounting Standards for Business Enterprises, the Management is required to test goodwill impairment annually to determine whether an impairment loss needs to be recognized. The Management tests the goodwill impairment by comparing the recoverable amount of the relevant asset group to which the goodwill has been allocated with the book value of that asset group and goodwill. The recoverable amount of an asset group is determined as the higher of the present value of the estimated future cash flows of the asset group or the fair value of the asset less the disposal costs. We identified the goodwill impairment as a key audit matter due to the significant amount of goodwill and the significant judgment required from the Management.</p>	<p>The audit procedures we performed on the testing and measurement of goodwill impairment include: (1) evaluating the Management's determination of the asset group or combination of asset groups to which goodwill is allocated; (2) understanding the historical performance and development plans of each asset group or combination of asset groups, as well as the macroeconomic and the industry trends to which they belong; (3) evaluating the valuation method for goodwill impairment testing; (4) evaluating the appropriateness of key assumptions for goodwill impairment testing; (5) evaluating the reasonableness of the parameters cited for testing; and (6) evaluating the impact of goodwill impairment testing.</p>
<p>(III) Revenue recognition</p>	
<p>As shown in Note VII (44) to the financial statements, the Company's revenues of RMB 140,439.7381 million for 2023 in the consolidated financial statements were mainly the revenues generated from domestic sales. The Company recognizes revenue when the principal risks and rewards of control over the merchandise are transferred, and the specific revenue recognition policies for each major type of revenue are detailed in Note V (26). We identified revenue recognition as a key audit matter because the amount of revenue is significant and is one of the key performance indicators and there is a risk that management may manipulate revenue recognition to meet specific objectives or expectations.</p>	<p>The audit procedures we performed on revenue recognition included: □ (1) understanding and testing the design and implementation of the Company's internal control system and financial accounting system related to sales and revenue collection; □ (2) examining major sales contracts, identifying contractual terms and conditions related to the transfer of control of goods, and evaluating whether the revenue recognition policy complies with the Accounting Standards for Business Enterprises; □ (3) performing detail tests, examining external evidence such as contracts, invoices and revenue recognition documents on a sample basis, checking collection records and checking the authenticity and completeness of sales revenue; □ (4) implementing correspondence procedures with major customers to confirm the amount of sales and the balance of transactions for the current period; (5) performing cut-off tests on revenues recognized before and after the balance sheet date to confirm whether revenues are recorded in the correct accounting period; (6) checking the adequacy and appropriateness of the presentation and disclosure of information related to revenue recognition in the financial statements.</p>

(IV) Other Information

Management is responsible for the other information. The other information comprises all of the information included in the 2023 annual report of the Company, other than the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

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

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

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

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

(6) Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

II. Financial Statements

Monetary unit of the financial statements in the notes: RMB yuan

1. Consolidated Balance Sheet

As at December 31, 2023

Prepared by: Jiangsu Eastern Shenghong Co., Ltd.

Unit: RMB

	As at December 31, 2023	As at January 1, 2023
Current assets:		
Monetary funds	10,009,739,723.82	12,407,600,792.98
Balances with clearing companies		
Loans to banks and other financial institutions		
Financial assets held for trading	84,874,411.43	83,769,328.71
Derivative financial assets		
Notes receivable	307,173,337.74	91,597,634.56
Accounts receivable	1,479,324,780.27	702,110,023.32
Receivables financing	319,225,113.32	121,440,859.60
Advances to suppliers	876,561,675.19	419,621,707.51
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	717,755,781.89	830,692,512.79
Including: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		

	As at December 31, 2023	As at January 1, 2023
Inventories	18,208,194,467.86	17,540,721,603.25
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	785,720,099.56	1,662,527,128.69
Total current assets	32,788,569,391.08	33,860,081,591.41
Non-current assets:		
Loans and advances to customers		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	82,851,688.61	116,553,615.70
Other equity instrument investments	582,098,160.00	580,780,040.00
Other non-current financial assets		
Investment properties	664,441,821.84	703,380,396.54
Fixed assets	123,427,551,751.16	43,198,531,414.56
Construction in progress	18,239,996,647.89	80,925,965,812.07
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,434,510,942.63	1,200,624,774.45
Intangible assets	4,895,367,970.64	4,509,798,413.32
Development expenses		
Goodwill	692,058,513.24	692,058,513.24
Long-term deferred expenses	1,412,795.02	4,386,809.81
Deferred income tax assets	1,014,389,576.29	928,208,775.74
Other non-current assets	6,391,552,903.42	4,057,789,028.86
Total non-current assets	157,426,232,770.74	136,918,077,594.29
Total assets	190,214,802,161.82	170,778,159,185.70
Current liabilities:		
Short-term borrowings	41,697,704,548.37	26,175,371,883.87
Borrowings from central bank		
Loans from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	390,550,672.86	2,365,619,399.89

	As at December 31, 2023	As at January 1, 2023
Accounts payable	15,950,655,293.64	13,684,361,905.93
Advances from customers	32,600,721.32	31,031,697.74
Contract liabilities	2,272,577,360.44	1,401,399,566.68
Funds from sales of financial assets under repurchase agreement		
Absorption of deposits and interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee compensation payable	547,649,768.35	552,746,961.70
Taxes and surcharges payable	959,386,816.49	432,903,551.32
Other payables	961,911,125.99	2,048,384,000.47
Including: interest payable		
Dividends payable	40,000,000.00	
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	12,950,018,664.51	9,854,186,981.95
Other current liabilities	291,632,121.40	177,910,912.45
Total current liabilities	76,054,687,093.37	56,723,916,862.00
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	68,744,980,218.23	67,768,444,625.55
Bonds payable	4,367,874,125.48	4,143,110,281.98
Including: preferred stock		
Perpetual bonds		
Lease liabilities	1,372,014,804.91	1,080,136,333.80
Long-term payables	1,226,180,083.70	1,383,990,471.34
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,427,897,284.22	2,325,795,976.92
Deferred income tax liabilities	509,757,384.74	982,693,269.15
Other non-current liabilities	19,230,096.19	24,984,480.48
Total non-current liabilities	78,667,933,997.47	77,709,155,439.22

	As at December 31, 2023	As at January 1, 2023
Total liabilities	154,722,621,090.84	134,433,072,301.22
Owners' equity:		
Share capital	9,599,613,386.16	9,599,588,940.16
Other equity instruments	906,756,613.34	906,691,995.86
Including: preferred stock		
Perpetual bonds		
Capital reserves	17,742,094,557.74	18,689,793,170.31
Less: treasury stock		
Other comprehensive income	75,609,098.36	74,539,490.29
Special reserves	95,610,435.57	16,781,579.41
Surplus reserves	609,412,557.95	603,991,295.17
General risk reserves		
Undistributed profits	6,421,996,498.50	6,411,507,406.61
Total equity attributable to owners of the company	35,451,093,147.62	36,302,893,877.81
Minority equity	41,087,923.36	42,193,006.67
Total owners' equity	35,492,181,070.98	36,345,086,884.48
Total liabilities and owner's equity	190,214,802,161.82	170,778,159,185.70

Legal Representative: Miao Han'gen Accounting Principal: Qiu Hairong Head of the Accounting Department: Hu Guiyang

2. Company's Balance Sheet

Unit: RMB

Item	As at December 31, 2023	As at January 1, 2023
Current assets:		
Monetary funds	635,794,685.09	5,723,798,761.84
Financial assets held for trading	73,750,917.76	83,147,068.34
Derivative financial assets		
Notes receivable		3,467,278.00
Accounts receivable	133,564,347.86	104,708,347.83
Receivables financing		
Advances to suppliers	8,299,679.40	1,562,123.96
Other receivables	2,694,026,900.58	892,626,224.88
Including: interest receivable		
Dividends receivable		
Inventories	21,380,447.55	32,277,660.22
Contract assets		
Assets held for sale		

Item	As at December 31, 2023	As at January 1, 2023
Non-current assets maturing within one year		
Other current assets	19,715,568.19	16,410,136.63
Total current assets	3,586,532,546.43	6,857,997,601.70
Non-current assets:		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	53,448,075,149.28	53,558,561,894.73
Other equity instrument investments	582,098,160.00	580,780,040.00
Other non-current financial assets		
Investment properties	285,381,436.95	302,298,147.89
Fixed assets	346,579,501.45	357,857,430.66
Construction in progress		2,351,210.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	70,263,326.92	68,086,449.38
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		16,461,851.14
Other non-current assets	675,024.90	955,828.00
Total non-current assets	54,733,072,599.50	54,887,352,852.37
Total assets	58,319,605,145.93	61,745,350,454.07
Current liabilities:		
Short-term borrowings	2,978,156,689.45	2,342,696,894.48
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	107,000,000.00	207,000,000.00
Accounts payable	1,573,210,158.86	1,868,972,248.83
Advances from customers	32,600,721.32	31,031,697.74
Contract liabilities	2,981,030,622.15	2,637,522,189.17
Employee compensation payable	20,753,610.79	19,893,689.67
Taxes and surcharges payable	4,473,127.79	6,105,738.50
Other payables	598,973,676.00	3,837,265,391.21
Including: interest payable		

Item	As at December 31, 2023	As at January 1, 2023
Dividends payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	2,233,202,167.73	1,589,328,002.58
Other current liabilities	386,527,659.18	342,264,314.20
Total current liabilities	10,915,928,433.27	12,882,080,166.38
Non-current liabilities:		
Long-term borrowings	3,090,000,000.00	4,404,000,000.00
Bonds payable	4,367,874,125.48	4,143,110,281.98
Including: preferred stock		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	97,646,462.02	256,864,919.68
Other non-current liabilities	19,230,096.19	24,984,480.48
Total non-current liabilities	7,574,750,683.69	8,828,959,682.14
Total liabilities	18,490,679,116.96	21,711,039,848.52
Owners' equity:		
Share capital	6,611,213,678.00	6,611,189,232.00
Other equity instruments	906,756,613.34	906,691,995.86
Including: preferred stock		
Perpetual bonds		
Capital reserves	29,749,958,232.81	29,749,769,769.71
Less: treasury stock		
Other comprehensive income	67,198,620.00	66,210,030.00
Special reserves		
Surplus reserves	698,328,259.36	652,896,900.49
Undistributed profits	1,795,470,625.46	2,047,552,677.49
Total owners' equity	39,828,926,028.97	40,034,310,605.55
Total liabilities and owner's equity	58,319,605,145.93	61,745,350,454.07

3. Consolidated Income Statement

Unit: RMB

Item	Year 2023	Year 2022
I. Total operating revenue	140,439,738,058.63	63,872,900,064.79
Including: operating revenue	140,439,738,058.63	63,872,900,064.79
Interest income		
Premiums earned		
Revenue from handling charges and commissions		
II. Total operating costs	138,637,079,389.23	62,930,516,382.31
Including: operating costs	124,613,404,201.31	58,864,403,011.43
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net amount of compensation payout		
Net amount withdrawn for insurance liability reserves		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	8,659,867,481.86	707,466,480.10
Selling and distribution expenses	334,162,820.96	191,226,522.38
General and administrative expenses	864,410,563.34	676,164,714.00
Research and development expenses	671,302,694.89	502,995,207.21
Financial expenses	3,493,931,626.87	1,988,260,447.19
Including: interest expenses	3,587,807,476.21	2,112,467,772.89
Interest income	162,432,850.20	200,587,875.40
Plus: other income	593,658,304.83	119,573,237.59
Investment income ("-" for losses)	-43,147,112.00	-30,028,255.54
Including: income from investment in associates and joint ventures	-26,185,529.82	-15,887,426.82
Gains from derecognition of financial assets measured at amortized cost		
Gains from foreign exchange ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	1,568,194.25	-2,814,626.02
Losses from credit impairment ("-" for losses)	-14,812,224.53	-11,080,779.16

Item	Year 2023	Year 2022
Losses from asset impairment ("-" for losses)	-2,210,198,657.58	-1,000,663,116.79
Gains from disposal of assets ("-" for losses)	114,136,383.46	483,515,873.85
III. Operating profits ("-" for losses)	243,863,557.83	500,886,016.41
Plus: non-operating revenue	104,361,753.13	61,326,127.70
Less: non-operating expenses	37,254,595.85	30,418,377.49
IV. Total profits ("-" for total losses)	310,970,715.11	531,793,766.62
Less: income tax expenses	-400,223,038.96	-67,798,375.61
V. Net profit ("-" for net loss)	711,193,754.07	599,592,142.23
(I) Classified by operating sustainability		
1. Net profit from continued operation ("-" for net loss)	711,193,754.07	599,592,142.23
2. Net profit from discontinued operation (- for net loss)		
(II) Classified by ownership		
1. Net profits attributable to shareholders of the company	717,031,594.87	611,000,794.98
2. Minority interest income	-5,837,840.80	-11,408,652.75
VI. Other comprehensive income, net of tax	1,069,608.07	12,927,222.95
Other comprehensive income, net of tax attributable to owners of the company	1,069,608.07	12,929,014.73
(I) Other comprehensive income that cannot be reclassified into profit or loss	988,590.00	-1,961,835.00
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	988,590.00	-1,961,835.00
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss	81,018.07	14,890,849.73
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investment		
3. Amount of financial assets reclassified		

Item	Year 2023	Year 2022
into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedging reserve		
6. Translation differences of foreign currency financial statements	81,018.07	14,890,849.73
7. Others		
Other comprehensive income, net of tax attributable to minority shareholders		-1,791.78
VII. Total comprehensive income	712,263,362.14	612,519,365.18
Total comprehensive income attributable to owners of the company	718,101,202.94	623,929,809.71
Total comprehensive income attributable to minority shareholders	-5,837,840.80	-11,410,444.53
VIII. earnings per share:		
(I) Basic earnings per share	0.11	0.10
(II) Diluted earnings per share	0.11	0.09

In case of business combination under common control, net profit realized by the combine before the combination in the period was RMB 59,468,688.71; net profit realized by the combine in the previous period was RMB 60,773,197.93.

Legal Representative: Miao Han'gen Accounting Principal: Qiu Hairong Head of the Accounting Department: Hu Guiyang

4. Company's Income Statement

Unit: RMB

Item	Year 2023	Year 2022
I. Operating revenue	7,284,371,179.78	6,757,349,507.99
Less: operating costs	6,983,575,052.75	6,537,015,948.76
Taxes and surcharges	21,056,530.17	32,520,649.63
Selling and distribution expenses	579,157.78	296,224.72
General and administrative expenses	89,405,414.77	64,317,228.14
R&D expenses		
Financial expenses	774,343,675.68	811,336,466.03
Including: interest expenses	751,644,921.72	831,847,702.18
Interest income	49,879,678.16	49,899,462.46
Plus: other income	6,691,343.82	6,208,475.24
Investment income ("-" for losses)	885,107,018.46	8,588,214.48
Including: income from investment in associates and joint ventures	2,315,262.06	2,817,533.81
Gains from derecognition of financial assets measured at amortized cost ("-" for		

Item	Year 2023	Year 2022
losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	-9,396,150.58	-3,191,145.48
Losses from credit impairment ("-" for losses)	-97,717.10	1,504,118.34
Losses from asset impairment ("-" for losses)		
Gains from disposal of assets ("-" for losses)	2,950.89	141,485,053.96
II. Operating profits ("-" for losses)	297,718,794.12	-533,542,292.75
Plus: non-operating revenue	14,940,115.82	498,710.81
Less: non-operating expenses	1,274,499.42	420,022.13
III. Total profits ("-" for total losses)	311,384,410.52	-533,463,604.07
Less: income tax expenses	-143,086,136.52	-162,832,811.74
IV. Net profit ("-" for net loss)	454,470,547.04	-370,630,792.33
(I) Net profit from continued operation ("-" for net loss)	454,470,547.04	-370,630,792.33
(II) Net profit from discontinued operation ("-" for net loss)		
V. Other comprehensive income, net of tax	988,590.00	-1,961,835.00
(I) Other comprehensive income that cannot be reclassified into profit or loss	988,590.00	-1,961,835.00
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments	988,590.00	-1,961,835.00
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investments		
3. Amount of financial assets reclassified and included in other comprehensive		

Item	Year 2023	Year 2022
income		
4. Provision for credit impairment of other creditor's right investments		
5. Cash flow hedging reserve		
6. Differences arising from translation of foreign-currency financial statements		
7. Others		
VI. Total comprehensive income	455,459,137.04	-372,592,627.33
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

Unit: RMB

Item	Year 2023	Year 2022
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	155,578,948,937.98	68,980,259,777.24
Net increase in deposits from customers and deposits with banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Cash received from receiving insurance premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net capital increase in repurchase business		
Net cash received from vicariously traded securities		
Refunds of taxes and surcharges	2,022,920,455.20	7,793,625,084.71
Cash received from other operating activities	9,754,976,711.05	8,227,895,910.32
Sub-total of cash inflows from operating	167,356,846,104.23	85,001,780,772.27

Item	Year 2023	Year 2022
activities		
Cash paid for goods purchased and services received	133,670,343,531.08	71,136,937,722.95
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	3,775,080,384.22	2,752,750,525.05
Various taxes and surcharges paid	9,672,261,661.28	1,453,548,870.79
Cash paid for other operating activities	11,896,220,221.48	7,916,807,572.60
Sub-total of cash outflows from operating activities	159,013,905,798.06	83,260,044,691.39
Net cash flows from operating activities	8,342,940,306.17	1,741,736,080.88
II. Cash flows from investing activities:		
Cash received from disposal of investments	336,934,793.46	99,935,409.81
Cash received from investment income	12,106,973.11	48,377,318.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,113,122,577.85	261,752,481.35
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	1,150,523,642.80	4,745,632,385.75
Sub-total of cash inflows from investing activities	2,612,687,987.22	5,155,697,595.89
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	23,767,512,460.05	32,480,133,382.86
Cash paid for investments	361,584,088.31	2,184,693,784.38
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	529,564,086.98	3,760,426,713.19
Sub-total of cash outflows from investing activities	24,658,660,635.34	38,425,253,880.43

Item	Year 2023	Year 2022
Net cash flows from investing activities	-22,045,972,648.12	-33,269,556,284.54
III. Cash flows from financing activities:		
Cash from absorption of investments	1,300,000,000.00	9,350,424,338.67
Including: cash received by subsidiaries from investments by minority shareholders		34,000,000.00
Cash received from borrowings	69,852,204,801.94	59,747,657,707.28
Cash received from other financing activities	1,785,837,245.60	4,689,045,400.00
Sub-total of cash inflows from financing activities	72,938,042,047.54	73,787,127,445.95
Cash paid for debts repayments	51,785,412,769.06	28,723,213,929.01
Cash paid for distribution of dividends and profits or payment of interest	5,200,799,519.23	5,097,640,944.74
Including: dividends or profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	5,968,503,935.80	8,305,425,871.94
Sub-total of cash outflows from financing activities	62,954,716,224.09	42,126,280,745.69
Net cash flows from financing activities	9,983,325,823.45	31,660,846,700.26
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-59,988,559.70	95,081,893.98
V. Net increase in cash and cash equivalents	-3,779,695,078.20	228,108,390.58
Plus: beginning balance of cash and cash equivalents	10,166,052,126.87	9,937,943,736.29
VI. Ending balance of cash and cash equivalents	6,386,357,048.67	10,166,052,126.87

6. Company's Statement of Cash Flows

Unit: RMB

Item	Year 2023	Year 2022
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	19,762,579,394.96	18,097,944,416.38
Refunds of taxes and surcharges	1,550,016.67	10,114,484.72
Cash received from other operating activities	12,886,035,234.53	26,799,795,323.12
Sub-total of cash inflows from operating activities	32,650,164,646.16	44,907,854,224.22
Cash paid for purchase of goods and receipt of services	17,225,739,913.22	12,978,330,446.10

Item	Year 2023	Year 2022
Cash paid to and on behalf of employees	108,959,721.68	107,959,983.16
Various taxes and surcharges paid	35,160,197.64	64,196,377.29
Cash paid for other operating activities	15,038,934,009.07	30,411,447,354.01
Sub-total of cash outflows from operating activities	32,408,793,841.61	43,561,934,160.56
Net cash flows from operating activities	241,370,804.55	1,345,920,063.66
II. Cash flows from investing activities:		
Cash received from disposal of investments	305,802,007.51	1,245,005,224.33
Cash from investment income	889,791,756.40	209,070,970.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	205,284,607.66	62,691,670.91
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Sub-total of cash inflows from investing activities	1,400,878,371.57	1,516,767,866.10
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	32,201,830.50	55,437,029.10
Cash paid for investments	202,993,519.91	9,350,727,200.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	235,195,350.41	9,406,164,229.10
Net cash flows from investing activities	1,165,683,021.16	-7,889,396,363.00
III. Cash flows from financing activities:		
Cash from absorption of investments		9,062,424,338.67
Cash received from borrowings	6,001,100,000.00	10,778,000,000.00
Cash received from other financing activities	2,020,000,000.00	7,629,337,805.36
Sub-total of cash inflows from financing activities	8,021,100,000.00	27,469,762,144.03
Cash paid for debts repayments	8,092,659,923.46	9,293,275,500.00
Cash paid for distribution of dividends and profits or payment of interest	1,113,688,474.69	1,471,337,884.63
Cash paid for other financing activities	5,308,828,362.50	4,892,122,822.05
Sub-total of cash outflows from financing activities	14,515,176,760.65	15,656,736,206.68

Item	Year 2023	Year 2022
Net cash flows from financing activities	-6,494,076,760.65	11,813,025,937.35
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-63,038,759.17	-2,503,344.08
V. Net increase in cash and cash equivalents	-5,150,061,694.11	5,267,046,293.93
Plus: beginning balance of cash and cash equivalents	5,471,756,379.20	204,710,085.27
VI. Ending balance of cash and cash equivalents	321,694,685.09	5,471,756,379.20

7. Consolidated Statement of Changes in Owners' Equity

Year 2023

Unit: RMB

Item	Year 2023														
	Equity attributable to owners of the company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
Preferred stock		Perpetual bonds	Others												
I. Balance as at December 31, 2022	9,599,588,940.16			906,691,995.86	18,209,793,170.31		74,539,490.29	7,838,677.20	603,991,295.17		6,298,390,031.62		35,700,833,600.61	-3,307,763.67	35,697,525,836.94
Plus: changes in accounting policies															
Correction of accounting errors in prior period															
Business combination under common control					480,000,000.00			8,942,902.21			113,117,374.99		602,060,277.20	45,500,770.34	647,561,047.54
II. Balance as at January 1, 2023	9,599,588,940.16			906,691,995.86	18,689,793,170.31		74,539,490.29	16,781,579.41	603,991,295.17		6,411,507,406.61		36,302,893,877.81	42,193,006.67	36,345,086,884.48
III. Increases/ decreases in 2023 ("-" for decreases)	24,446.00			64,617.48	-947,698,612.57		1,069,608.07	78,828,856.16	5,421,262.78		10,489,091.89		-851,800,730.19	-1,105,083.31	-852,905,813.50
(I) Total comprehensive income							1,069,608.07				717,031,594.87		718,101,202.94	-5,837,840.80	712,263,362.14
(II) Capital contributed or reduced by owners	24,446.00			64,617.48	188,463.10								277,526.58		277,526.58
1. Common stock contributed by															

Item	Year 2023														
	Equity attributable to owners of the company												Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others			Sub-total
		Preferred stock	Perpetual bonds	Others											
owners															
2. Capital contributed by the holders of other equity instruments	24,446.00			64,617.48	188,463.10								277,526.58		277,526.58
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution									5,421,262.78		-706,542,502.98		-701,121,240.20		-701,121,240.20
1. Withdrawal of surplus reserves									5,421,262.78		-5,421,262.78				
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)											-701,121,240.20		-701,121,240.20		-701,121,240.20
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus															

Item	Year 2023														
	Equity attributable to owners of the company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
		Preferred stock	Perpetual bonds	Others											
reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves								78,828,856.16					78,828,856.16		78,828,856.16
1. Amount withdrawn in 2023								327,007,249.80					327,007,249.80	309,479.29	327,316,729.09
2. Amount used in 2023								248,178,393.64					248,178,393.64	309,479.29	248,487,872.93
(VI) Others					-947,887,075.67								-947,887,075.67	4,732,757.49	-943,154,318.18
IV. Balance as at December 31, 2023	9,599,613,386.16			906,756,613.34	17,742,094,557.74		75,609,098.36	95,610,435.57	609,412,557.95		6,421,996,498.50		35,451,093,147.62	41,087,923.36	35,492,181,070.98

Year 2022

Unit: RMB

Item	Year 2022														
	Equity attributable to owners of the company														Minority equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		Total owners' equity
		Preferred stock	Perpetual bond	Others											
I. Balance as at December 31, 2021	8,934,888,229.16			1,218,368,686.59	10,161,654,344.13		61,610,475.56	20,965,757.18	601,569,763.59		6,615,477,283.13		27,614,534,539.34	1,793,494,538.72	29,408,029,078.06
Plus: changes in accounting policies											40,763,117.46		40,763,117.46		40,763,117.46
Correction of accounting errors in prior period															
Business combination under common control					487,788,873.29			7,585,367.54			40,875,237.93		536,249,478.76	17,443,974.20	553,693,452.96
II. Balance as at January 1, 2022	8,934,888,229.16			1,218,368,686.59	10,649,443,217.42		61,610,475.56	28,551,124.72	601,569,763.59		6,697,115,638.52		28,191,547,135.56	1,810,938,512.92	30,002,485,648.48
III. Increases/ decreases in 2022 ("-" for decreases)	664,700,711.00			-311,676,690.73	8,040,349,952.89		12,929,014.73	-11,769,545.31	2,421,531.58		-285,608,231.91		8,111,346,742.25	-	6,342,601,236.00
(I) Total comprehensive income							12,929,014.73				611,000,794.98		623,929,809.71	-11,410,444.53	612,519,365.18
(II) Capital contributed or reduced by owners	664,700,711.00			-153,775.60	8,355,026,051.08								9,019,572,986.48	-	6,936,753,893.27
1. Common stock contributed by owners	664,654,109.00				8,354,412,302.90								9,019,066,411.90	-	6,936,247,318.69
2. Capital contributed by the holders of other equity instruments	46,602.00			-153,775.60	613,748.18								506,574.58		506,574.58
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution									2,421,531.58		-894,397,900.18		-891,976,368.60		-891,976,368.60
1. Withdrawal of surplus reserves									2,421,531.58		-2,421,531.58				
2. Withdrawal of general risk reserves															
3. Profit distributed to											-891,976,368.60		-891,976,368.60		-891,976,368.60

Item	Year 2022														
	Equity attributable to owners of the company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
Preferred stock		Perpetual bond	Others												
owners (or shareholders)															
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves								-11,769,545.31					-11,769,545.31		-11,769,545.31
1. Amount withdrawn in 2022								93,862,550.29					93,862,550.29		93,862,550.29
2. Amount used in 2022								105,632,095.60					105,632,095.60		105,632,095.60
(VI) Others				-311,522,915.13	-314,676,098.19						-2,211,126.71		-628,410,140.03	325,484,031.49	-302,926,108.54
IV. Balance as at December 31, 2022	9,599,588,940.16			906,691,995.86	18,689,793,170.31		74,539,490.29	16,781,579.41	603,991,295.17		6,411,507,406.61		36,302,893,877.81	42,193,006.67	36,345,086,884.48

8. Company's Statement of Changes in Owners' Equity

Year 2023

Unit: RMB

Item	Year 2023											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bond	Others								
I. Balance as at December 31, 2022	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55
Plus: changes in accounting policies												
Correction of accounting errors in prior period												
Others												
II. Balance as at January 1, 2023	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55
III. Increases/decreases in 2023 ("-" for decreases)	24,446.00			64,617.48	188,463.10		988,590.00		45,431,358.87	-252,082,052.03		-205,384,576.58
(I) Total comprehensive income							988,590.00			454,470,547.04		455,459,137.04
(II) Capital contributed or reduced by owners	24,446.00			64,617.48	188,463.10							277,526.58
1. Common stock contributed by owners												
2. Capital contributed by the	24,446.00			64,617.48	188,463.10							277,526.58

Item	Year 2023											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bond	Others								
holders of other equity instruments												
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution									45,431,358.87	-706,552,599.07		-661,121,240.20
1. Withdrawal of surplus reserves									45,431,358.87	-45,431,358.87		
2. Profit distributed to owners (or shareholders)										-661,121,240.20		-661,121,240.20
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the												

Item	Year 2023											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bond	Others								
defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in 2023												
2. Amount used in 2023												
(VI) Others												
IV. Balance as at December 31, 2023	6,611,213,678.00			906,756,613.34	29,749,958,232.81		67,198,620.00		698,328,259.36	1,795,470,625.46		39,828,926,028.97

Year 2022

Unit: RMB

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bond	Others								
I. Balance as at December 31, 2021	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13
Plus: changes in accounting policies												
Correction of accounting errors in prior period												
Others												
II. Balance as at January 1, 2022	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13
III. Increases/decreases in 2022 ("-" for decreases)	664,700,711.00			-311,676,690.73	8,355,026,051.08		-1,961,835.00			1,262,607,160.93	-	7,443,481,075.42
(I) Total comprehensive income							-1,961,835.00			-370,630,792.33		-372,592,627.33
(II) Capital contributed or reduced by owners	664,700,711.00			-153,775.60	8,355,026,051.08							9,019,572,986.48
1. Common stock contributed by owners	664,654,109.00				8,354,412,302.90							9,019,066,411.90
2. Capital contributed by the holders of other equity instruments	46,602.00			-153,775.60	613,748.18							506,574.58

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bond	Others								
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution										-891,976,368.60		-891,976,368.60
1. Withdrawal of surplus reserves												
2. Profit distributed to owners (or shareholders)										-891,976,368.60		-891,976,368.60
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained												

Item	Year 2022											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred stock	Perpetual bond	Others								
earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in 2022												
2. Amount used in 2022												
(VI) Others				-311,522,915.13								-311,522,915.13
IV. Balance as at December 31, 2022	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55

III. Company profile

1. Company overview

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

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

As at December 31, 2023, the Company has a total issued share capital of 6,611.2137 million shares and a registered capital of RMB 6,611.2137 million, with registered office at No.73, East Market Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province and office address at West R&D Building, National Advanced Functional Fiber Innovation Center, No. 289, Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.

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

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

The financial statements have been approved by the Board of Directors of the Company on April 24, 2024 for disclosure.

(II) Scope of consolidated financial statements

As at December 31, 2023, companies within the scope of the consolidated financial statements of the Company are as follows:

Company
Jiangsu Guowang High-tech Fibre Co., Ltd.
Suzhou Shenghong Fiber Co., Ltd.
Jiangsu Zhonglu Technology Development Co., Ltd.
Jiangsu Shenghong Fiber Testing Co., Ltd.

Jiangsu Ganghong Fiber Co., Ltd.
Jiangsu Shenghong Technology and Trade Co., Ltd.
Lantean Holding Group Co., Limited
Suzhou Tangnan Sewage Treatment Co., Ltd.
Suzhou Suzhen Biological Engineering Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Suzhou Shenghong Data Cloud Technology Co., Ltd.
Suzhou Shengze Real Estate Leasing Co., Ltd. [Remark 1]
Suzhou Shengze Warehousing Management Co., Ltd. [Remark 1]
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.
Jiangsu Honggang Petrochemical Co., Ltd.
Lianyungang Guanhong Trading Co., Ltd.
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
Shenghong Refining & Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Shenghong Oils Sales Co., Ltd.
Shenghong (Lianyungang) Oils Sales Co., Ltd.
Shenghong Petrochemical (Singapore) International Co., Ltd.
Shenghong Shipping (Singapore) International Co., Ltd.
Lianyungang Shengtai New Materials Co., Ltd. [Remark 1]
Shenghong (Shanghai) Polyester Material Co., Ltd.
Jiangsu Shengjing New Materials Co., Ltd.
Lianyungang Guanghong Industrial Co., Ltd. [Remark 2]
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd. [Remark 2]
Lianyungang Rongtai Chemical Warehousing Co., Ltd. [Remark 2]
Lianyungang Xinrongtai Terminal Co., Ltd. [Remark 2]
Lianyungang Hongyang Port Storage and Transportation Co., Ltd. [Remark 2]
Shenghong New Materials (Suqian) Co., Ltd.
Jiangsu Reborn Eco-tech Co., Ltd.
Guowang High-tech Fibre (Suqian) Co., Ltd.
Siyang Yiyang Environmental Protection Technology Co., Ltd. [Remark 1]
Honghai New Materials (Suqian) Co., Ltd.
Hongbang New Materials (Suqian) Co., Ltd.
Siyang Yiyang Environmental Energy Co., Ltd.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Jiangsu Hongjing New Materials Co., Ltd.

Jiangsu Hongwei Chemical Co., Ltd.
Lianyungang Hongke New Materials Co., Ltd.
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.
Shenghong (Shanghai) New Material Technology Co., Ltd.
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.
Shenghong New Energy (Suzhou) Co., Ltd.
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.
Hubei Hongrui New Materials Co., Ltd.
Hubei Haiges New Energy Co., Ltd.
Suzhou Dongneng Innovation Technology Co., Ltd.

Remark 1: Suzhou Shengze Real Estate Leasing Co., Ltd. and Suzhou Shengze Warehousing Management Co., Ltd. were liquidated and completed tax write-off in December 2023, and were canceled on January 2, 2024 for business purposes. Lianyungang Shengtai New Materials Co., Ltd. has completed its cancellation in December 2023. Siyang Yiyang Environmental Protection Technology Co., Ltd. has completed its cancellation in September 2023.

Remark 2: Lianyungang Guanghong Industrial Co., Ltd., Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., Lianyungang Rongtai Chemical Warehousing Co., Ltd., Lianyungang Xinrongtai Terminal Co., Ltd. and Lianyungang Hongyang Port Storage and Transportation Co., Ltd. were merged through the combination under common control in October 2023 by way of a cash acquisition.

See the Note "IX. Changes in the scope of consolidation" for changes in the scope of consolidation during the reporting period.

See the Note "X. Equity in other entities" for relevant information on subsidiaries of the Company.

IV. Basis for preparation of the financial statements

1. Preparation Basis

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

2. Going concern

The financial statements are prepared based on going concern.

V. Principal accounting policies and accounting estimates

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and company's financial position of the Company as at December 31, 2023, and the consolidated and company's financial performance and cash flows for the year then ended.

2. Accounting period

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

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

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

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

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

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

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

6. Judgment criteria for control and preparation method of consolidated financial statements**Criteria for judging control**

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

Procedures for consolidation

The Company takes the enterprise group as a whole accounting entity, and prepares the consolidated financial statements according to uniform accounting policies to reflect the overall financial position, operating results and cash flows of the enterprise group. The impact of internal transactions between the Company, its subsidiaries or between subsidiaries shall be offset. If the internal transaction indicates that the impairment loss of related assets occurs, the loss shall be fully recognized. If the accounting policies or accounting periods of a subsidiary are different from those of the Company, the consolidated financial statements of the subsidiary, upon preparation, will be adjusted according to the accounting policies and accounting periods of the Company.

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

(1) Increase of subsidiaries or business

During the reporting period, if the Company acquired subsidiary or business from the business combination under common control, the operating results and cash flows of the subsidiary or business combination from the beginning of the current period to the end of the reporting period are included in the consolidated financial statements. At the same time, the beginning amounts of the consolidated financial statements and relevant items of the comparative statement are adjusted, and it is deemed that, after the combination, the reporting entity has been in existence since the point when the ultimate controlling party began to control.

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

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

If the control can be exercised over the investee not under common control as a result of additional investments and other reasons, the equity of the acquiree held before the acquisition date will be remeasured at the fair value of such equity on the acquisition date, and the difference between the fair value and book value of such equity will be included in the current investment income. Where equity of the acquiree held before the acquisition date involves in other comprehensive income that can be reclassified into profit or loss and other changes in owners' equity accounted for under the equity method shall be transferred to the investment income in the year which the acquisition date falls in.

(2) Disposal of subsidiaries

① General treatment methods

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

② Disposal of subsidiaries by stages

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

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

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

When these transactions belong to a package of transactions, before the control loses, the partial disposal of equity investments in subsidiaries without losing control shall be subject to the accounting treatments; at the loss of the control, accounting treatment shall be made according to general treatment methods for disposal of subsidiaries.

(3) Purchase of minority interest of subsidiaries

The share premium of the capital reserves under the consolidated balance sheet shall be adjusted by the balance between long-term equity investment obtained for purchase of minority interest, and the share in the net assets calculated continuously since the acquisition date or the combination date in the subsidiaries according to new shareholding ratios. Where the equity premium in the capital reserve is insufficient, the retained earnings shall be adjusted.

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

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

7. Classification of joint venture arrangements and accounting treatment of joint operations

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

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

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

- (1) Assets peculiar to the Company and assets jointly owned by the Company based on shares held;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Revenues from sale of output enjoyed by it from the joint operations;
- (4) Revenues from sale of output from the joint operation by the Company's share
- (5) Separate costs and costs for the joint operation based on its percentage.

The Company accounts for investments in joint ventures by the equity method, and see the Note "V (14) Long-term equity investments" for details.

8. Recognition criteria of cash and cash equivalents

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

9. Foreign currency transactions and translation of foreign currency statements

Foreign currency transaction

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

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

Translation of foreign currency financial statements

In the balance sheet, items of assets and liabilities are translated at the spot exchange rates on balance sheet date; and items of owners' equity, except for items of "undistributed profit", are translated at the spot exchange rates on the dates when the transactions occur. Revenue and expenses in the income statement are translated at the spot exchange rate (or other exchange rates similar to the spot exchange rate on the transaction date and determined in

accordance with the systematic and reasonable method. Note: Where such method is adopted, such method and relevant standard should be specified).

Where the Company disposes of an overseas business, it shall transfer the exchange difference relating to the business disposed of from the owners' equity to the current profit or loss.

10. Financial instruments

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

Classification of financial instruments

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

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

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

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

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

At the initial recognition, the Company irrevocably designates the non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through other comprehensive income. The designation is made based on a single investment and the relevant investment is in line with the definition of the equity instrument from the issuer's perspective.

Except for the financial assets measured at amortized cost and the financial assets measured at fair value through other comprehensive income, the Company classifies other financial assets as financial assets measured at fair value through the current profit or loss. At the initial recognition, in order to eliminate or significantly reduce accounting mismatches, the Company may irrevocably designate the financial assets that should have been classified as the financial assets measured at amortized cost or those measured at fair value through other comprehensive income as the financial assets measured at fair value through the current profit or loss.

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

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

- 1) This designation can eliminate or significantly reduce the accounting mismatch.
- 2) According to the enterprise risk management or investment strategies specified in formal written documents, the management and performance evaluation of financial liability portfolios or portfolios of financial assets and financial liabilities is carried out based on fair value, and the report to key officer in the enterprise has been made based on such management and performance evaluation.
- 3) The financial liabilities contain the embedded derivative which needs to be separated.

Recognition basis and measurement method of financial instruments

- (1) Financial assets measured at amortized cost

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

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

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

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

Financial assets (debt instruments) measured at fair value through other comprehensive income include receivables financing and other creditor's right investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The interest, impairment losses or gains and exchange gains or losses calculated by the effective interest method will be included in the current profit or loss, and other gains or losses will be included in other comprehensive income.

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

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

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

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

(4) Financial assets measured at fair value through the current profit or loss

Financial assets measured at fair value through the current profit or loss include trading financial assets, derivative financial assets and other non-current financial assets, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial assets is made at fair value, and changes in fair value are included in the current profit or loss.

(5) Financial liabilities measured at fair value through the current profit or loss

Financial liabilities measured at fair value through the current profit or loss include the financial liabilities held for trading and derivative financial liabilities, of which initial measurement is made at fair value, and relevant transaction costs are included in the current profit or loss. The subsequent measurement of such financial liabilities is made at fair value, and changes in fair value are included in the current profit or loss.

At derecognition, the difference between the book value and the consideration paid of such financial liabilities is included in the current profit or loss.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at the amortized cost include short-term borrowings, notes payable and accounts payable, other payables, long-term borrowings, bonds payable and long-term payables, of which initial measurement is made at fair value, and related transaction costs are included in the initially recognized amount.

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

At derecognition, the difference between the consideration paid and the book value of such financial liabilities is included in the current profit or loss.

Recognition basis and measurement method for the derecognition and transfer of financial assets

Where one of the following conditions is met, the Company should derecognize financial assets:

- The contractual right of collecting cash flows of financial assets is terminated;
- The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;
- The financial assets have been transferred, and the Company does not retain the control over the financial assets, though it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

Where the Company and its counterparty revise a contract or make a new contract, constituting the material contract modification, the original financial assets should be derecognized, and the new financial assets should be recognized according to the modified contract terms.

At the transfer of financial assets, where nearly all of the risks and rewards related to the ownership of the financial assets have been retained, such financial assets should not be derecognized.

In determining whether the transfer of a financial asset meets the above derecognition conditions of financial assets, the principle of substance over form will be adopted.

The Company divides the transfer of financial assets into overall transfer and partial transfer. Where the entire transfer of financial assets meets the derecognition conditions, the difference of the following two amounts should be included in the current profit or loss:

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

Where the partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred should be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts should be included in the current profit or loss:

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

Where the transfer of financial assets does not meet the derecognition criteria, the financial assets should continue to be recognized, and the consideration received should be recognized as a financial liability.

Derecognition of financial liabilities

Where the present obligations of financial liabilities have been discharged in whole or in part, the financial liabilities or any part thereof should be derecognized; if the Company signs an agreement with creditors to replace the existing financial liabilities by undertaking new financial liabilities, and the new financial liabilities are substantially different from the existing ones in terms of contract terms, the existing financial liabilities should be derecognized, and at the same time, the new financial liabilities should be recognized.

Where substantive changes are made to the contract terms of existing financial liabilities in whole or in part, the existing financial liabilities should be derecognized in whole or in part, and the financial liabilities of which terms have been modified should be recognized as the new financial liabilities.

Where financial liabilities are derecognized in whole or in part, the difference between the book value of the financial liabilities derecognized and the consideration paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in current profit or loss.

Where the Company repurchases part of its financial liabilities, it should, on the repurchase date, allocate the entire book value of whole financial liabilities based on the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the book value allocated to the derecognized part

and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

Method of determining fair values of financial assets and financial liabilities

Where there is an active market for any financial instrument, the fair value of such financial instrument should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the asset or liability characteristics considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. And the unobservable input values can be used only when the observable input values are unable or impractical to be obtained.

Test method and accounting treatment for the impairment of financial instruments

(1) Measurement and accounting treatment for the impairment of financial assets

The Company estimates the expected credit loss of financial assets measured at the amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contract individually or in portfolio.

If there is obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the lifetime expected credit loss of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the future 12-month expected credit loss of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain.

If the credit risk of the financial instrument is low on the balance sheet date, the Company will immediately consider that there is no obvious increase in credit risk of such financial instrument following the initial recognition.

If there is objective evidence that any financial asset has had credit impairment, the Company will make the provision for impairment for such financial asset individually.

For receivables and contract assets arising from the transactions specified in the *Accounting Standards for Business Enterprises No. 14 - Revenue* (2017), whether or not they contain significant financing components, the Company always makes the provision for credit loss at the amount equivalent to the lifetime expected credit loss.

For lease receivables, the Company always makes the provision for credit loss at the amount equivalent to the lifetime expected credit loss.

If the Company no longer reasonably expects that the contractual cash flow of the financial asset can be fully or partially recovered, the book balance of the financial asset will be directly written down.

The Company estimates the expected credit risk and measures the expected credit loss based on the individual financial instrument or the financial instrument portfolio. When the Company does the above things based on the financial instrument portfolio, it may divide financial instruments into different portfolios based on the common risk characteristics.

After considering the credit risk characteristics of different customers, the Company estimates the expected credit losses of accounts receivable and other receivables based on the aging portfolio.

(2) Receivables with the measurement of expected credit loss made by portfolio (excluding accounts receivable)

Item	Basis for portfolio determination	Measurement method of expected credit loss
Credit risk characteristic	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of future

portfolio		economic position, the expected credit loss is calculated based on the default risk exposure and the 12-month or lifetime expected credit loss ratio.
Related-party portfolio	Related party	
Portfolio of receivables from the government	Non-operating receivables and tax rebate receivable of governmental agencies during the credit period	

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

① Portfolio and measurement method for expected credit loss

Item	Basis for portfolio determination	Measurement method of expected credit loss
Credit risk characteristic portfolio of accounts receivable	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, the expected credit loss is calculated based on the default risk exposure and the lifetime expected credit loss ratio.
Portfolio of related parties of accounts receivable	Related party	
Portfolio of those with high credit rating	Accounts receivable of central enterprise customers during the credit period	
Portfolio of trade payment of overseas companies	Nature	

② Accounts receivable -- Comparison table for the credit risk characteristic portfolio aging and the lifetime expected credit loss ratio

Credit risk characteristics (Aging)	Expected credit loss ratio of accounts receivable (%)
Within 1 year (including 1 year)	5.00
1 - 2 years (including 2 years)	20.00
2 - 3 years (including 3 years)	50.00
Over 3 years	100.00

11. Contract assets

Recognition method and criteria for contract assets

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) is presented as contract asset. Contract assets and contract liabilities under the same contract should be presented at net amount. The unconditional (only depending on the time lapses) right to the charge of consideration from the customer, possessed by the Company, is presented as receivables.

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

See Note "V. 10 Test method and accounting treatment for the impairment of financial instruments", for the determination method and accounting treatment for the expected credit loss of contract assets.

12. Inventories

Classification and cost of inventories

Inventories are classified as materials in transit, raw materials, goods in progress, stock commodities and goods in transit.

Inventories are initially measured at cost, and the inventory cost includes the purchase cost, processing cost and other expenses arising from making the inventory at their present location and condition.

Valuation methods for inventories dispatched

The inventories are measured by the weighted average method when dispatched.

Inventory system

Perpetual inventory system is adopted.

Amortization methods for low-cost consumables and packaging materials

- (1) One-off write-off method is adopted for low-cost consumables;
- (2) One-off write-off method is adopted for packaging materials.

Recognition criteria for and method for provision for inventory depreciation

On the balance sheet date, inventories should be measured at the cost or the net realizable value, whichever is lower. Where the inventory cost is higher than its realizable value, the provision for inventory depreciation should be made. During routine activities, net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

In the normal production and operation process, for merchandise inventories for direct sale, including finished goods, stock commodities and materials for sale, their net realizable values are recognized at the estimated selling prices minus the estimated selling expenses and the relevant taxes and surcharges; for material inventories required to be processed, their net realizable values are recognized at the estimated selling prices of finished goods minus estimated costs until completion, estimated selling expenses and relevant taxes and surcharges. For inventories held to under any sales contract or service contract, their net realizable values are calculated based on the contract price. If the quantity of inventories held by the Company is more than that ordered in sales contract, the net realizable value of the excess inventories will be calculated based on general selling price.

When the provision for inventory depreciation is made, where the previous factor rendering the write-down of the inventory value has been eliminated, for which the net realizable value of the inventory is higher than the book value of the same, the provision for inventory depreciation should be reversed from the amount of provision for inventory depreciation originally made, and the reversed amount should be included in the current profit or loss.

13. Assets held for sale and discontinued operation

Assets held for sale

Where the Company recovers the book value of any non-current asset or disposed asset portfolio mainly through selling (including the exchange of non-monetary assets with commercial essence) but not continuously using the same, such non-current asset or disposed asset portfolio shall be divided into assets held for sale.

The Company recognizes non-current assets or disposed asset portfolios meeting the following conditions at the same time as assets held for sale:

- (1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;
- (2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and has acquired the decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

For any non-current asset (excluding financial assets, deferred income tax assets and the assets arising from employee compensation) or disposed asset portfolio classified assets as held for sale, where its book value is higher than the net amount of its fair value less the selling expense, the book value shall be written down to the net amount of the fair value less the selling expense, and the amount written down shall be recognized as the

losses from asset impairment and included in the current profit or loss, while the provision for impairment of assets held for sale is made.

Discontinued operation

Discontinued operation refers to the component which meets one of the following conditions and can be separately distinguished, moreover such component has been disposed or classified as held for sale by the Company:

- (1) the component represents an independent major business or a sole major business area;
- (2) the component is a part of a related plan where an independent major business or a sole major business area will be disposed as planned; or
- (3) the component is a subsidiary acquired only for re-sale.

Profit or loss from continued operation and profit or loss from discontinued operation are presented in the income statement. The impairment loss from discontinued operation, reversed amount and other profit or loss from operation as well as profit or loss from disposal shall be presented as profit or loss from discontinued operation. For the discontinued operation presented in the current period, the information originally presented as the profit or loss from continued operation will be presented as profit or loss from discontinued operation once more in the comparable accounting period in the current financial statements.

14. Long-term equity investments

Judgment criteria for common control and significant influence

Common control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement should not be made before the party sharing the control right agrees the same. Where the Company exercises common control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee should be a joint venture of the Company.

Significant influence refers to the power to participate in making decisions on the financial and operating policies of the investee, but not the power to control or jointly control the formulation of such policies with other parties. Where the Company is able to exert significant influence on an investee, the investee should be the Company's associate.

Determination of initial investment cost

(1) Long-term equity investments acquired through business combination

The initial investment cost of the long-term equity investments in subsidiaries generating from the business combination under common control is determined at the share of book value of the combinee's owners' equity on the consolidated financial statements of the ultimate controller. The difference between the initial investment cost of long-term equity investments and the book value of consideration paid is used to adjust the share premium in capital reserves; and if the share premium in capital reserve is insufficient to be offset, retained earnings will be adjusted. If the Control can be exercised over the investee under common control as a result of additional investment and other reasons, the difference between the initial investment cost of long-term equity investments and the sum of the book value of long-term equity investments before the combination and the book value of consideration paid for further obtaining shares on the combination date, recognized in the above-mentioned principle, will be used to adjust the share premium. If the share premium is insufficient to be offset, retained earnings will be offset accordingly.

The initial investment cost of long-term equity investments in subsidiaries generating from the business combination not under common control is recognized at the combination cost determined on the acquisition date. If the control can be exercised over the investee not under the common control as a result of additional investment and other reasons, the sum of the book value of the equity investment previously held and the newly increased investment costs will be recognized as the initial investment cost.

(2) Long-term equity investments acquired by means other than business combination

For the long-term equity investment acquired from cash payment, the initial investment cost is the actually paid purchasing cost.

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

Subsequent measurement and recognition of profits or losses

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

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

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

Long-term equity investments of the Company in associates and joint ventures are accounted for by the equity method. If the initial investment cost is in excess of the share of fair value of the net identifiable assets in the investee when the investment is made, the difference will not be adjusted to the initial cost of long-term equity investment; if the initial investment cost is in short of the share of the fair value of the net identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, and will be adjusted to the initial cost of long-term equity investment.

The Company should, based on its attributable share of the net profit or loss and other comprehensive income realized by the investee, respectively recognize the investment income and other comprehensive income, and simultaneously adjust the book value of the long-term equity investment. The Company should, in the light of the profits or cash dividends that the investee declares to distribute, reduce the book value of the long-term equity investment correspondingly. As to other changes in owners' equity of the investee other than net profit or loss, other comprehensive income and profit distribution (hereinafter referred to as "Other Changes in Owners' Equity"), the Company should adjust the book value of the long-term equity investment and include such change in the owners' equity.

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

The Company calculates its attributable but not realized profit or loss from internal transactions between the Company and its associates or joint ventures based on its attributable percentage and offset such profit or loss, and recognizes the investment income on that basis; however, businesses formed by assets invested or sold are excluded. Unrealized losses from internal transactions between the Company and any investee should be recognized in full if they belong to the losses from asset impairment.

For net losses on joint ventures or associates, apart from the obligation of assuming the extra loss, the Company should write down such losses with the book value of long-term equity investments and the long-term equity where net investments in joint ventures or associates have been formed substantially; and the maximum of such losses should be the sum of the book value and long-term equity mentioned above. Where any joint venture or associate realize net profit in the future, the Company should recognize the income sharing amount when the unrecognized loss sharing amount is offset with the income sharing amount.

(3) Disposal of long-term equity investments

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

For long-term equity investments with partial disposal accounting by the equity method, where the remaining equity is still accounted for by the equity method, other comprehensive income recognized originally upon the accounting by the equity method should be carried forward at the corresponding proportion on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be carried forward to the current profit or loss in proportion.

Where the Company loses the common control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment

should be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity should be transferred to the current profit or loss in full.

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

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

15. Investment properties

The investment properties refer to the properties held for earning rentals or/and capital appreciation, including leased land use right, land use right held for transfer upon appreciation, and leased building (including self-built buildings or buildings developed for renting or buildings under construction or development for future renting).

Subsequent expenses related to investment properties, if the economic benefits associated with such assets are likely to flow in the Group and its cost can be measured reliably, should be recorded in the cost of investment property; otherwise, they should be recorded into the current profit or loss when occur.

The Company measures its existing investment properties by using the cost model. For investment properties measured using the cost method-a building used for rental is subject to Company's depreciation policy for fixed assets, and the land use right used for rental is subject to the amortization policy for intangible assets.

Category	Depreciation/amortization life (year)	Net residual value rate (%)	Annual depreciation (amortization) rate (%)
Buildings and constructions	10~50	4~5	1.90~9.60
Land use rights	31~50	0	2.00~3.23

16. Fixed assets

Recognition criteria

Fixed assets are tangible assets that are held for the purpose of producing goods, providing services, leasing or operating management, and having a useful life of more than one fiscal year. Fixed assets are recognized when they simultaneously meet the following conditions:

- (1) It is probable that the economic benefits relating to the fixed assets will flow into the Company; and
- (2) The costs of the fixed assets can be measured reliably.

Fixed assets shall be initially measured at cost with the consideration of the expected discard expenses.

The subsequent expenditures relating to fixed assets shall be included in the costs of fixed assets when the relevant economic interests are much likely to flow in the Company and their costs may be measured reliably; as for the party replaced, the book value shall be derecognized; all other subsequent expenditures shall be included in the current profit or loss when incurred.

Depreciation method

Category	Depreciation method	Depreciation life	Residual rate	Annual depreciation rate
Buildings and constructions	Straight-line method	20~50	3~5	1.90~4.85
Machinery equipment	Straight-line method	3~20	3~5	4.75~32.33
Transportation equipment	Straight-line depreciation	5~14	3~5	6.79~19.40
Office equipment and other equipment	Straight-line method	2~20	0, 3, 5, 65	4.75~50.00

Depreciation of the fixed assets is made on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For fixed assets where the provision for impairment has been made, the depreciation amount in the future will be determined at the book value of the fixed assets where the provision for impairment has been deducted, based on the remaining useful life. Where the fixed assets have the components with different useful lives or bring economic benefits for the enterprise in different ways, then the Company should choose different depreciation rates or methods to separately make the provision for depreciation.

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference of the income from disposal of fixed assets such as sales, transfer, scrapping or damage deducting their book value and related taxes should be included into current profit or loss.

17. Construction in progress

The construction in progress is measured at the actually incurred cost. The actual costs include building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures to make the construction in progress achieve the working condition for its intended use. When the construction in progress reaches the working condition for its intended use, it will be transferred to fixed assets, and the provision for depreciation of the construction in progress will be made in the next month.

18. Borrowing costs

Recognition criteria of the capitalization of borrowing costs

The borrowing costs incurred to the Company and directly attributable to the acquisition and construction or production of assets eligible for capitalization should be capitalized and recorded into relevant asset costs; other borrowing costs should be recognized as costs according to the amount incurred and be included into the current profit or loss.

Assets eligible for capitalization refer to fixed assets, investment properties, inventories and other assets which may reach the working condition for their intended use or sale only after long-time acquisition and construction or production activities.

Capitalization period of borrowing costs

Capitalization period refers to the period from the beginning of capitalization to the cease of capitalization, excluding the period of capitalization suspension of borrowing costs.

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

(1) Asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;

(2) Borrowing costs have already been incurred; and

(3) The acquisition and construction or production activities which are necessary for the assets to reach the working condition for their intended use or sale have been in progress.

Capitalization of borrowing costs should be ceased when the acquired and constructed or produced assets eligible for capitalization have reached the working condition for their intended use or sale.

Period of suspension for capitalization

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

Calculation method of capitalization rate and capitalization amount of borrowing costs

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

For general borrowings used for acquiring, constructing or producing assets eligible for capitalization, the amount of general borrowings to be capitalized should be calculated by multiplying the weighted average of asset disbursements of the part of accumulated asset disbursements exceeding special borrowings by the capitalization rate of used general borrowings. The capitalization rate is calculated by weighted average interest rate of general borrowings.

During the period for capitalization, the balance of exchange from the principal and interest of the special borrowings in foreign currency should be capitalized, and included in the cost of assets eligible for capitalization. The balance of exchange from the principal and interest of other borrowings in foreign currency than the special borrowings in foreign currency should be included in the current profit or loss.

19. Intangible assets

Measurement of intangible assets

(1) The Company initially measures intangible assets at cost on acquisition;

The costs of externally purchased intangible assets include purchase prices, relevant taxes and surcharges and other directly attributable expenses incurred to prepare the assets for their intended uses.

(2) Subsequent measurement

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

As for intangible assets with limited useful life, straight-line amortization method is adopted in the period when the intangible assets generate economic benefit for enterprise; if the period when the intangible assets generate economic benefit for enterprise cannot be forecasted, the intangible assets should be deemed as those with indefinite useful life and should not be amortized.

Estimate of the useful life of the intangible assets with definite useful lives

Item	Estimated useful life (year)	Basis
Land use right, maritime use right	36~50	Period indicated on the land certificate
Software	2~10	Benefit period

Patent use right	20	Benefit period
Others	10	Benefit period

Determination basis of intangible assets with indefinite useful lives and procedures for reexamining its useful lives

The emission rights and coal replacement volume indexes acquired by the Company have no definite permitted period of use and will be used for operation continuously, and the period to bring future economic benefits to the Company cannot be reliably estimated. Therefore, the Company recognizes the emission rights and coal replacement volume indicators without a permitted period of use as intangible assets with indefinite useful lives.

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

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

Consolidation scope of research and development expenses

The collection scope of research and development expenditures includes employee compensation, material costs, travel expenses, testing and laboratory processing fees, depreciation and amortization, fuel and power costs, etc.

Specific criteria for classifying research and development stages

The Company's expenses for its internal research and development projects are classified into research expenses and development expenses.

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

Development stage: development stage is the stage when the research achievements and other knowledge are applied to a plan or design, prior to the commercial production or use, so as to produce any new or substantially improved material, device or product.

Specific criteria for qualifying expenditure on the development phase for capitalization

Expenditures at the research stage will be included in the current profit or loss when they are incurred. Expenditures at the development stage will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in the current profit or loss if the following conditions are not satisfied:

- (1) In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The ways whereby the intangible asset is to generate economic benefits, including those whereby it is able prove that there is a potential market for the products manufactured by applying this intangible asset or that there is a potential market for the intangible asset itself; if the intangible asset will be used internally, its usefulness shall be proved;
- (4) With the support of sufficient technologies, financial resources and other resources, it is able to finish the development of the intangible asset, and it is able to use or sell the intangible asset; and
- (5) The expenditures attributable to the development of the intangible asset can be reliably measured.

If the research expenditure and development expenditure are indistinguishable, all research and development expenditures incurred will be included in the current profit or loss.

20. Long-term assets impairment

The Company will conduct the impairment test if the evidence shows that the long-term assets, such as the long-term equity investment, investment properties measured with the cost model, fixed assets, construction in progress, right-of-use assets, intangible assets with definite useful lives and oil and gas assets, are impaired on the balance sheet date. If the result of the impairment test shows that the recoverable amount of the asset is lower than its book value, the provision for impairment shall be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for asset impairment is made on individual asset basis. If it is difficult to

estimate the recoverable amount of the individual asset, the Company will estimate the recoverable amount of the asset portfolio where the individual asset belongs. The asset portfolio is the minimum asset group that can independently generate the cash inflow.

Goodwill from business combination, intangible assets with indefinite useful lives and intangible assets that have not reached the usable condition should be subject to the impairment test at least once at the end of each year, no matter whether they have any impairment indication.

The Company has conducted an impairment test of goodwill. The book value of goodwill arising from business combination is amortized to related asset groups by the reasonable method as of the purchase date; if it is difficult to do so, such value will be amortized to the relevant portfolio of asset groups. Relevant asset group or portfolio of asset groups refers to the asset group or portfolio of asset groups which is able to benefit from the synergistic effect of business combination.

At the time of making an impairment test on the relevant asset groups or portfolios of asset groups containing goodwill, if any indication shows that the goodwill-related asset group or portfolio of asset groups may have been impaired, the Company will firstly conduct an impairment test on the asset groups or portfolios of asset groups not containing goodwill, calculate the recoverable amount and compare it with the relevant book value, to recognize the corresponding impairment loss. Then, the Company shall test the impairment of the asset group or portfolio of asset groups with goodwill, and compare the book value thereof with said recoverable amount; if the said recoverable amount is lower than the book value thereof, the amount of impairment losses should be firstly used to deduct book value of goodwill allocated to the asset group or the portfolio of asset group, and then deduct book value of other assets according to the proportion of the book value of other assets other than the goodwill in the asset group or the portfolio of asset group. The losses from impairment of the above assets cannot be reversed in subsequent accounting periods once recognized.

21. Long-term deferred expenses

Long-term deferred expenses refer to various expenses which have been already incurred but will be borne in the reporting period and in the future with an amortization period of over one year.

Amortization method

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

Amortization period

Lease fees are amortized evenly over the beneficial period.

22. Contract liabilities

The Company presents contract assets or contract liabilities in the balance sheet based on the relationship between performance obligations and customer payments. The Company's obligations in transferring goods or rendering services to customers on the ground that it has received or will receive relevant considerations from these customers are presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

23. Employee compensation

Accounting treatment of short-term compensation

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

During the accounting period when employees serve the Company, the corresponding amount of employee compensation is calculated and determined according to the provision basis and provision proportion as stipulated in the provisions on the social insurance premiums and housing funds paid for employees by the Company, as well as trade union funds and employee education funds.

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

Accounting treatment of post-employment benefits

(1) Defined contribution plan

The basic endowment insurance premium and unemployment insurance premium paid by the Company for its employees in accordance with relevant provisions of the local government are recognized as liabilities and included to the current profit or loss or the relevant asset costs, with the payable amount calculated based on the local prescribed payment base and proportion, during the accounting period in which the employees provide services to the Company. In addition, the Company also participated in the enterprise annuity plan/supplementary pension insurance fund approved by relevant state departments. The Company makes payments to the annuity plans or local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

(2) Defined benefit plan

The Company attributes the benefit obligation under the defined benefit plan to the period during which employees provide service to the Company, based on the formula determined based on the estimated accumulated benefit unit method, and charges the same to the current profit or loss or relevant asset costs.

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising from the fair value of the assets under the defined benefit plan. For a surplus of defined benefit plan, the Company should measure the net asset of such defined benefit plan at the lower of the surplus of such defined benefit plans and the asset thereof.

The obligations under the defined benefit plan, including the estimated payment obligation within 12 months following the annual report period during which the employees provide service, are discounted to the present value at the market return of the national debt of which the term and currency match those of the obligation under the defined benefit plan on the balance sheet date, or of the high-quality corporate debt in an active market.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or related assets cost; changes in the re-measurement of net liabilities or net assets under the defined benefit plans should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

When the defined benefit plan is settled, the settlement gain or loss will be measured at the balance between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

Accounting treatment of dismissal benefits

Where the Company provides dismissal benefits to employees, employee compensation incurred from dismissal benefits are recognized as liabilities and included into the current profit or loss at the earlier date of: when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal; when the Company recognizes the cost or expense related to restructuring concerning payment of dismissal benefits.

24. Estimated liabilities

When an obligation relating to a contingency meets all the following conditions at the same time, it will be recognized as an estimated liability by the Company:

- (1) Such obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company; and
- (3) The amount of such obligation can be measured reliably.

Estimated liabilities are initially measured at the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate will be determined at the intermediate value; in other cases, the best estimate is subject to the treatment for the following circumstances:

- If contingencies are involved with single project, the estimate will be determined based on the amount which is most likely to occur.
- If the contingency involves multiple items, the best estimate shall be recognized at the various possible outcomes and the associated probabilities.

When all or some of the expenses necessary for the liquidation of estimated liabilities of the Company are expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the reimbursement will be obtained. The amount recognized for the reimbursement should not exceed the book value of estimated liabilities.

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

25. Preferred shares, perpetual bonds and other financial instruments

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the time of the initial recognition, in accordance with contractual terms of financial instruments issued and economic substance reflected and not only legal form.

The Company classifies the financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual bonds/preferred stocks and other financial instruments issued by it meet the following conditions:

- (1) Have the contractual obligation that the Company cannot unconditionally avoid the fulfilling with the delivery of cash or other financial assets;
- (2) Include the contract obligation of settlement via delivering the own equity instruments with variable amount;
- (3) Include the derivative instruments (e.g. equity-debt swap, etc.) settlement via delivering the own equity, which are not be settled through exchanging fixed cash of other financial assets of fixed amount with the own equity instruments of fixed quantity;
- (4) Have the contractual terms that indirectly form the contractual obligations;
- (5) If the perpetual bonds are in the same order of liquidation as the common bonds and other bonds issued by the issuer upon liquidation of the issuer.

The Group classifies the whole financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual bonds/preferred stocks and other financial instruments issued by it do not meet one of the above conditions:

26. Revenue

Accounting policies adopted for revenue recognition and measurement

If the Company fulfills its performance obligations in a contract, it will recognize revenue when relevant customer obtains right of control over relevant goods or services. Obtaining control of related goods or services refers to being able to dominate the use of the goods or the services and obtain almost all economic benefits from them.

Where the contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation based on the relative proportion of the individual selling price of the goods or services promised by each individual performance obligation on the contract commencement date. Meanwhile, the Company measures the income according to the transaction price allocated to each individual performance obligation.

The transaction price is the amount of consideration that the Company expects to receive for the transfer of goods or services to customers, excluding amounts collected on behalf of third parties and amounts that are expected to be returned to customers. The Company determines the transaction price in accordance with the terms of the contract and in combination with its past practice, and meanwhile take into account the impact of variable consideration, the existence of significant financing elements in the contract, non-cash consideration and consideration payable to the customer. The Company determines the transaction price that includes variable consideration at an amount that does not exceed the accumulatively recognized revenue that is highly unlikely to

have a major reversal when the relevant uncertainty is eliminated. Where there is a significant financing element in a contract, the Group determines the transaction price based on the assumed amount of cash to be paid when the customer obtains control of the goods or services, and amortizes the difference between the transaction price and the contract consideration over the contract period at the effective interest method.

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

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

For performance obligations performed within a certain period of time, the Company recognizes revenue pursuant to the progress of performance in such period, unless the performance progress cannot be reasonably determined. The Company uses either the output or input method to determine the performance progress, by taking into account the nature of the goods or services. When the performance progress cannot be reasonably determined, if the cost incurred is expected to be compensated, the Company recognizes the revenue according to the amount of the cost incurred until the performance progress can be reasonably determined.

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

- The Company has a present right to receive payment for the goods or services, i.e. the customer has a present obligation to pay for the goods or services.
- The Company has transferred the legal title of the goods to the customer, which means that the customer has the legal title of the goods.
- The Company has physically transferred the goods to the Customer, which means that the Customer has physical possession of the goods.
- The Company has transferred to the customer the principal risks and rewards of ownership of the goods, i.e., the customer has received the principal risks and rewards of ownership of the goods.
- The customer has accepted the goods or services, etc.

The Company determines whether its status is a main principal or agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the main principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or handling fees to which it expects to be entitled.

Specific principles:

(1) Petrochemical and chemical new materials: a. Domestic sales: Revenue from self-delivery goods is recognized when such goods are located at the ex-factory area according to the sales contract and sales order, and revenue from delivery of goods is recognized when the goods are delivered to the customer. b. Foreign sales: Revenue is recognized when export customs clearance procedures are completed and customs declaration documents are obtained after the goods have been shipped out of the country.

(2) Revenue from sales of electricity and heat energy: Revenue from sales is recognized when electricity and heat energy services have been provided.

(3) Revenue from property leasing: the Company signs a Lease Contract with the lessee and receives the rent for the lease period once or by installments. When the monthly leasing services are completed, the Company recognizes the lease revenue by amortizing it evenly under the straight-line method over the lease term.

27. Contract costs

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

If the costs incurred in performing the contract do not belong to the scope of the relevant standards such as inventories, fixed assets or intangible assets, and the following conditions are met at the same time, such costs shall be recognized as an asset categorized as contract performance costs:

- The costs are directly related to a current or expected contract obtained.
- Such cost increases the resource which will be used by the Company for obligation performance.
- Where the cost is expected to be recovered.

If the incremental cost incurred in the Company on account of contract acquisition is expected to be recoverable, it, as the contract acquisition cost, will be recognized as an asset.

Assets related to contract costs are amortized on the same basis as the recognition of revenue from the goods or services related to such asset; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profit or loss at the time of occurrence.

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

1. The remaining consideration expected to be obtained on account of the transfer of goods or services related to the assets;
2. The cost that is expected to be incurred for the purpose of transferring relevant goods or services.

If the factors causing the impairment in the previous period change, resulting that the above-mentioned difference is higher than the book value of such assets, the Company will reverse the provision for impairment which has been made originally, and include it in the current profit or loss. However, the book value of assets reversed should not exceed the book value of such assets on the reversal date as if no provision for impairment has been made.

28. Government grants**Type**

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government. Government grants are classified into assets-related government grants and income-related government grants.

Asset-related government grants refer to government grants obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants excluding the asset-related government grants.

Confirmation of time

Government grants shall be recognized only if the Company is able to comply with the conditions for the government grants, and is likely to receive the government grants.

Accounting treatment

Assets-related government grants shall be used to offset the book value of relevant assets or recognized as deferred income. Where such grants are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (if such grants are related to the routine activities of the Company, they will be included in other income; where such grants are not related to the routine activities of the Company, they will be included in non-operating revenue);

Income-related government grants to be used as compensation for future expenses or losses are recognized as deferred income and are recorded in current profit or loss where the relevant expenses or losses are recognized (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue) or set off the related expenses or losses; those to be used as compensation for

incurred expenses or losses are recorded in current profit or loss (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue) or will set off the related expenses or losses.

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

(1) Where the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.

(2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

29. Deferred income tax assets and deferred income tax liabilities

Income tax includes the current income tax and deferred income tax. Except for the income tax arising from business mergers and such transactions or items as are directly included in shareholders' equity (including other comprehensive income), the Company shall include the current income tax and the deferred income tax in the current profit or loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and book value of the assets and liabilities.

Deferred income tax assets are recognized at deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future periods to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, the Company recognized deferred income tax assets to the extent that it is probable that taxable profit will be available against which the deductible losses and tax credits can be utilized.

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

Such special circumstances include:

- The initial recognition of goodwill;
- The transaction or matter that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss) when it occurs, and in which initially recognized asset or liability does not cause equal taxable temporary difference and deductible temporary difference.

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred income tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or liquidation of the relevant assets according to the provisions of tax laws.

On the balance sheet date, the Company reviews the book value of deferred income tax assets. If it is unlikely to obtain sufficient taxable income taxes to offset the benefit of the deferred income tax assets, the book value of the deferred income tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount shall be reversed.

When the Company has the legal right to settle in net amount and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current income tax assets and current income tax liabilities shall be presented at the net amount after offset.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented by net amount after offset when meeting the following conditions at the same time:

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpayer intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

30. Leases

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

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

The Company as the lessee

(1) Right-of-use assets

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

The initial measurement amount of lease liabilities;

in case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term

The initial direct costs incurred by the Company;

The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease term, excluding the costs incurred for the production of inventories.

The Company subsequently makes the provision for the depreciation of the right-of-use assets under the straight-line-method. Where it can be reasonably certain that the Group will obtain ownership of the leased asset at the expiry of the lease term, the leased assets are depreciated over the remaining useful life; otherwise, the leased assets are depreciated within the shorter one between the lease period and the remaining useful life of the leased assets.

The Company confirms whether the right-of-use assets have been impaired in the principles specified in Note “V. 20 Impairment of long-term assets” hereof, and makes accounting treatment for impairment losses recognized.

(2) Lease liabilities

On the commencement date of the lease term, the Company recognizes leases other than short-term leases and low-value asset leases as the lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

For fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;

Variable lease payments depending on the index or ratio;

The payments expected to be payable based on the residual value of the guarantee provided by the Company;

Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;

The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company takes the interest rate implicit in lease as the discount rate, or takes the interest rate for incremental borrowings of the Company as the discount rate if the interest rate implicit in lease cannot be determined reasonably.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the related asset costs.

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

After the commencement date of the lease term, the Group will re-measure the lease liabilities and adjust the corresponding right-of-use assets when falling under any of the following circumstances; If the book value of the right-of-use assets has been reduced to zero but the lease liabilities still need to be further increased, the difference will be included in the current profit or loss:

If the Company's assessment result of call option, renewal option or lease termination option changes, or the actual execution situation of the aforesaid option is inconsistent with the original assessment result, the Company will remeasure the lease liabilities at the present value calculated based on the lease payment after the change at the revised discount rate;

When the actual substantial fixed payments changes, the expected payable amount of the guaranteed residual value changes, or the index or proportion used to determine the lease payment changes, the Company remeasures lease liabilities according to the present value calculated based on the changed lease payment and the original discount rate. However, if the change in lease payment is caused by the change in the floating rate, the present value will be calculated at the revised discount rate.

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

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

(4) Lease changes

Where any lease has changed and meet the following conditions at the same time, the Company should take such lease as an individual lease for accounting treatment:

Such lease change has expanded the lease scope by adding one or more rights to the use of leased assets;

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

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease period, and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

If the lease change results in a reduction in the leasing scope or a shortening of the lease term, the Company will reduce the book value of the right-of-use assets accordingly and recognize the gain or loss related to the partial termination or complete termination of the lease in the current profit or loss. If other lease changes result in the remeasurement of the lease liability, the Company will adjust the book value of the right-of-use asset accordingly.

The Company as the lessor

Leases of the Company are classified as financing lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred

is recognized as finance lease, regardless of whether the ownership is ultimately transferred. The operating lease refers to the lease other than the finance lease. When the Company is a sub-lessor, it classifies the sub-leases based on the right-of-use assets generated by the original lease.

(1) Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the rental revenue by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is considered to be the amount of payments for the new lease.

(2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables finance leases, and derecognizes assets under the finance lease. When the Company makes initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables. The net investment in leases is the sum of the unsecured residual value and the present value of the lease payments not yet received at the beginning of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with "V. 10 Financial instruments" herein.

The variable lease payable that is not included in the net lease investment for measurement shall be included in the current profit or loss at the time of actual occurrence.

If the finance lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

Such lease change has expanded the lease scope by adding one or more rights to the use of leased assets;

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

Where the changed finance lease does not be taken as an individual lease for accounting treatment, the Company will treat such changed finance lease according to the following situations:

If the change takes effect on the lease commencement date, and such lease may be classified as the operating lease, the Company will make accounting treatment for such lease by taking it as a new lease from the lease change effectiveness date, and recognize the book value of the leased assets at the net lease investment before the lease change effectiveness date;

If the lease is classified as a finance lease when the change is effective on the commencement date of the lease, the Company would have accounted for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note V. 10 "Financial instruments".

Sale-and-leaseback deal

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in V. 26 Revenue herein.

(1) As the lessee

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's book value that relates to the right of use acquired by the lease back and recognizes a gain or loss related to the right transferred to the lessor only.

If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. Please refer to Note V. 10 "Financial instruments" for the accounting treatment for financial liabilities.

(2) As the lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor in accordance with the aforementioned policy stated in "2. The Company as the lessee; if the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds. Please refer to Note V. 10 "Financial Instruments" for the accounting treatment for financial assets.

31. Hedge accounting

Classification of hedging

(1) The term "fair value hedging" refers to a hedging of the risk of changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign exchange risk).

(2) The term "cash flow hedging" refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or a foreign exchange risk contained in an unrecognized firm commitment.

(3) The term "hedging of net investment in an overseas operation" refers to a hedging of the foreign exchange risk arising from net investment in an overseas operation. Net investment in an overseas operation refer to the equity proportion of an enterprise in net assets in an overseas operation.

Designation of hedging relationship and recognition of hedging effectiveness:

At the commencement of the hedging, the Company formally designates the hedging relationship and prepares a formal written document about the hedging relationship, risk management objectives and the strategies of hedging. This document specifies the nature and quantity of the hedging instrument and the hedged item, the nature of the hedged risk, type of hedging, and the assessment by the Company on the effectiveness of the hedging instruments. The term "hedging effectiveness" refers to the extent that the changes in the fair value or cash flow of a hedging instrument offsets the changes resulting from the hedging risks in the fair value or cash flow of a hedged item.

The Company continues to evaluate the effectiveness of hedges, and ensures that whether the hedge meets the requirement for effectiveness by use of the hedge accounting during the accounting period designated as to the hedging relationship. If it doesn't meet the requirement, the hedging relationship will be terminated.

For the application of hedging accounting, the following requirements of hedging effectiveness shall be met:

(1) There is an economic relationship between the hedged item and the hedging instrument.

(2) For the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.

(3) It is required to adopt the proper hedging rate, which will not form an imbalance of relative weight between the hedging item and the hedging instrument, resulting in an accounting result that is inconsistent with the hedging accounting objective. If the hedging rate is no longer proper, but the hedge risk management objective does not change, the number of hedged items or hedging instruments should be adjusted so as to make the hedging rate meet the requirements for effectiveness again.

Accounting treatment of hedging

(1) Fair value hedging

Changes in fair value of the hedging derivative shall be included in the current profit or loss. Changes in fair value of the hedged item attributable to hedged risk shall be included in the current profit or loss, and book value of the hedged item shall be adjusted simultaneously.

For fair value hedges related to financial instruments measured at the amortized cost, an adjustment made to the book value of the hedged item should be amortized during the remaining period from the adjustment date to the maturity date and should be recorded in the current profit or loss. Amortization pursuant to effective interest

method can be conducted hereupon after the adjustment of book value, but shall not be later than the date, when the hedged item terminates adjustment on changes in fair value due to hedging risks.

If the hedged item is derecognized, the unamortized fair value should be recognized as the current profit or loss.

If a hedged item is an unrecognized firm commitment, the accumulative amount of the changes in the fair value of the firm commitment incurred by the hedged risk should be recognized as an asset or liability and the relevant profit or loss shall be recorded into the current profit or loss. Changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

(2) Cash flow hedges

The portion of profit or loss on the hedging instrument attributable to the effective hedging shall be directly recognized as other comprehensive income, which attributable to the ineffective hedging shall be included in the current profit or loss.

Where the hedged transaction affects current profit or loss, amount recognized in other comprehensive income shall be transferred in the current profit or loss, if the recognition of hedged financial revenue or financial expenses or anticipated sales occurs. If the hedged item is the cost of a non-financial asset or non-financial liability, then the amount previously recognized in other comprehensive income should be transferred into the initially recognized amount of the non-financial asset or the non-financial liability (or then the amount previously recognized in other comprehensive income should be transferred in the same period when the non-financial asset or the non-financial liability affects profit or loss and should be included in the current profit or loss).

If the forecast transaction or firm commitment is expected not to occur, the accumulative gain or loss of hedging instruments previously included in shareholders' equity should be transferred out and included in the current profit or loss. If the hedging instrument has matured or been sold, or the contract is terminated or has been exercised (or not replaced or renewed), or the Company revokes the designation of the hedge relationship, amounts previously recognized in other comprehensive income shall not be transferred out until the forecast transaction or definite undertaking affects the current profit or loss.

(3) Hedges of net investment in an overseas operation

For hedging of net investment in an overseas operation including the hedging of monetary items as a part of net investment, the disposal of such hedging is similar to that of cash flow hedging. The portion of profit or loss on the hedging instrument attributable to the effective hedging shall be recognized as other comprehensive income, which attributable to the ineffective hedging shall be recorded in the current profit or loss. When overseas operation is disposed, any accumulated profit or loss recognized in other comprehensive income shall be transferred out and included in the current profit or loss.

32. Segment report

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) The Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts. If two or more operating segments have the similar economic characteristics, meeting certain conditions, they can be combined into one operating segment.

33. Changes in significant accounting policies and accounting estimates

Changes in significant accounting policies

☒Applicable ☐Not applicable

(1) Implementation of the provision of “accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not subject to initial recognition exemption” set forth in the *Interpretation No.16 of Accounting Standards for Business Enterprises*.

On November 30, 2022, the Ministry of Finance issued the *Interpretation No.16 of Accounting Standards for Business Enterprises* (CK [2022] No.31) (hereinafter referred to as "Interpretation No.16"), in which the provision of "accounting treatment for deferred income tax related to assets and liabilities arising from individual transactions not subject to initial recognition exemption" shall come into force as of January 1, 2023.

The Interpretation No.16 stipulates that for individual transactions that are not business combinations, do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and result in equal taxable temporary differences and deductible temporary differences due to initially recognized assets and liabilities (including leasing transactions in which the lessee initially recognizes the lease liability and includes it in the right to use asset on commencement date of the lease term, as well as transactions in which the lessee recognizes the expected liability and includes it in the relevant asset cost due to abandonment obligations of fixed assets, etc.), the provisions exempting initial recognition of deferred income tax liabilities and deferred income tax assets do not apply. Enterprises should recognize the corresponding deferred income tax liabilities and deferred income tax assets separately in accordance with relevant provisions such as *Accounting Standards for Enterprises No. 18 - Income Tax* at the time of transaction occurrence.

For individual transactions subject to this regulation that occurred between the beginning and the implementation date of the earliest period in which this regulation was first implemented in financial statements, as well as lease liabilities and right of use assets recognized at the beginning of the earliest period in financial statements due to the application of this regulation in individual transactions, as well as expected liabilities and corresponding assets related to abandonment obligations, if there are taxable temporary differences and deductible temporary differences, the enterprise shall make adjustments in accordance with this regulation.

The Company's implementation of this regulation did not cause any impact on the Company's financial position and operating results.

(2) Prior to the changes in accounting policies, the Company recognized gains or losses on financial assets or liabilities measured at fair value through profit or loss in accordance with the requirements of *Accounting Standards for Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and *Accounting Standards for Enterprises No. 23 - Transfers of Financial Assets*.

After the changes in accounting policies, the Company will optimize the hedging business process and designate hedging instruments and hedged items according to the hedging accounting requirements. The portion of the gain or loss arising from the hedging instrument that is attributable to the effectiveness of the hedging is recognized as a cash flow hedging reserve and included in other comprehensive income, and the portion that is attributable to the ineffectiveness of the hedging is recognized in the current profit or loss. The amount of cash flow hedging reserve is determined at one of the following two absolute values, whichever is lower: cumulative gain or loss since the commencement of hedging of hedging instruments; or cumulative change amount of the present value of expected future cash flows since the commencement of hedging of the hedged item.

Where a hedged item is an expected transaction which may result in the recognition of the Company of a non-financial asset or non-financial liability, or when a fixed commitment applicable to the accounting for fair value hedging generates from the expected transaction of such non-financial asset or non-financial liability, the Company should transfer out the cash flow hedging reserve originally recognized in other comprehensive income and include the same in the initial recognition amount of such asset or liability.

The Company's implementation of this regulation did not cause any impact on the Company's financial position and operating results.

(2) Changes in significant accounting estimates

☐ Applicable ☒ Not applicable

VI. Taxation

1. Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax (VAT)	The balance from output tax calculated on the basis of revenue from the sale of goods and taxable services calculated by tax laws deducting input tax deductible for current	According to the <i>Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Policies Relating to the Deepening of VAT</i>

	period shall be VAT payable	<i>Reform</i> (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No.39), the VAT rates become five types, 3%, 5%, 6%, 9% and 13% starting from April 1, 2019.
Consumption tax	Taxable sales (volume)	The consumption tax of RMB 1.2/liter applies to the sale of fuel oil and diesel oil; RMB 1.52 /liter applies to the sale of gasoline and naphtha.
Urban maintenance and construction tax	Levied on the basis of the actual VAT and consumption tax paid	5%, 7%
Enterprise income tax	Levied based on taxable income	See the table below for details
House property tax	Levied based on 12% of the rental revenue from rental housing; levied based on 1.2% of the remaining value after deducting 30% of the original value of the houses for self-use	1.2%, 12%

Disclosure of information about taxpayers applying different enterprise income tax rates:

Name of taxpayer	Income tax rate
Jiangsu Eastern Shenghong Co., Ltd.	25%
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	25%
Jiangsu Guowang High-tech Fiber Co., Ltd.	15%
Suzhou Shenghong Fibers Co., Ltd.	15%
Jiangsu Zhonglu Technology Development Co., Ltd.	15%
Suzhou Suzhen Biological Engineering Co., Ltd.	15%
Jiangsu Shenghong Fiber Testing Co., Ltd.	25%
Jiangsu Ganghong Fiber Co., Ltd.	15%
Jiangsu Shenghong Technology and Trade Co., Ltd.	25%
Lantean Holding Group Co., Limited	Calculated according to the relevant regulations of the region where the business is conducted
Suzhou Tangnan Sewage Treatment Co., Ltd.	25%
Shenghong New Materials (Suqian) Co., Ltd.	25%
Jiangsu Reborn Eco-tech Co., Ltd.	25%
Guowang High-tech Fiber (Suqian) Co., Ltd.	25%
Siyang Yiyang Environmental Protection Technology Co., Ltd.	25%
Honghai New Materials (Suqian) Co., Ltd.	25%
Hongbang New Materials (Suqian) Co., Ltd.	25%
Siyang Yiyang Environmental Energy Co., Ltd.	25%
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	25%
Shenghong (Shanghai) Polyester Material Co., Ltd.	25%
Jiangsu Honggang Petrochemical Co., Ltd.	25%
Lianyungang Guanhong Trading Co., Ltd.	25%
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	25%
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.	25%
Shenghong Petrochemical (Singapore) International Co., Ltd.	Calculated according to the relevant regulations of the region where the business is conducted
Shenghong Shipping (Singapore) International Co., Ltd.	Calculated according to the relevant regulations of the region where the business is conducted
Shenghong Oils Sales Co., Ltd.	25%
Shenghong (Lianyungang) Oils Sales Co., Ltd.	25%
Lianyungang Shengtai New Materials Co., Ltd.	25%
Jiangsu Shengjing New Materials Co., Ltd.	25%
Jiangsu Hongwei Chemical Co., Ltd.	25%
Lianyungang Hongke New Materials Co., Ltd.	25%
Jiangsu Sierbang Petrochemical Co., Ltd.	15%

Lianyungang Shunmeng Trading Co., Ltd.	25%
Jiangsu Hongjing New Materials Co., Ltd.	25%
Lianyungang Guanghong Industrial Co., Ltd.	25%
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	25%
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	25%
Lianyungang Xinrongtai Terminal Co., Ltd.	25%
Lianyungang Hongyang Port Storage and Transportation Co., Ltd.	25%
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	25%
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	25%
Suzhou Shenghong Data Cloud Technology Co., Ltd.	25%
Suzhou Shengze Real Estate Leasing Co., Ltd.	25%
Suzhou Shengze Warehousing Management Co., Ltd.	25%
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	25%
Inner Mongolia Shenghuayi Energy Co., Ltd.	25%
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.	25%
Hubei Hongrui New Materials Co., Ltd.	25%
Hubei Haiges New Energy Co., Ltd.	25%
Shenghong (Shanghai) New Material Technology Co., Ltd.	25%
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	25%
Shenghong New Energy (Suzhou) Co., Ltd.	25%
Suzhou Dongneng Innovation Technology Co., Ltd.	25%
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	25%

2. Tax preference

(1) Jiangsu Guowang Hi-Tech Fiber Co., Ltd.

On November 6, 2023, Jiangsu Guowang High-tech Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202332001197 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, STA. From 2023 to 2025, it shall be entitled to income tax reduction at the rate of 15%.

(2) Jiangsu Zhonglu Technology Development Co., Ltd.

Jiangsu Zhonglu Technology Development Co., Ltd. was subject to a reduced income tax rate of 15% from 2022 to 2024 according to the high-tech enterprise certificate (Certificate No. GR202232000817, valid for three years) issued by the Science and Technology Department of Jiangsu Province, the Finance Department of Jiangsu Province, and Jiangsu Provincial Tax Service, STA on October 12, 2022.

(3) Suzhou Shenghong Fibers Co., Ltd.

On November 30, 2021, Suzhou Shenghong Fibers Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132009556 and the valid term of 3 years, approved by the Finance Department of Jiangsu

Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, STA. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

(4) Suzhou Suzhen Bioengineering Co., Ltd.

Suzhou Suzhen Bioengineering Co., Ltd. was subject to a reduced income tax rate of 15% from 2022 to 2024 according to the high-tech enterprise certificate (Certificate No.GR202232014670, valid for three years) issued by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, STA on December 12, 2022.

(5) Jiangsu Ganghong Fiber Co., Ltd.

On November 30, 2021, Jiangsu Ganghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132003582 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, STA. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

(6) Jiangsu Sierbang Petrochemical Co., Ltd.

On November 30, 2021, Jiangsu Sierbang Petrochemical Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132003995 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, STA. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

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

According to Article 87 of the *Implementing Regulations of the Enterprise Income Tax Law*, for Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd., the enterprises engaged in the port, airport, railway, highway, urban public transportation, electricity and water conservancy and other projects as listed in the *Catalogue of Public Infrastructure Projects for Preferential Enterprise Income Tax Treatment*, the income from the investment and operation, from the tax year when such project has obtained the first income from putting into the commercial production and operation to the third year, the enterprise income tax is exempted, and in the following 3 years, the enterprise income tax is half exempted. Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd. received its first production and operation income in 2021 and will be exempted from enterprise income tax on the above-mentioned projects in 2021, 2022 and 2023.

(8) According to the *Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-added Tax Reduction and Exemption Policy for Small-scale Value-added Taxpayers and Other Policies* ([2023] No.1) and the *Announcement of the State Taxation Administration on Relevant Tax Collection and Administration Matters Concerning the Value-added Tax Reduction and Exemption Policy for Small-scale VAT Taxpayers and Other Policies* ([2023] No.1), from January 1, 2023 to December 31, 2023, taxpayers of production-oriented service industries are allowed to add an extra 5% based on the deductible input tax for the current period for deduction of the tax payable. Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd., Lianyungang Rongtai Chemical Warehousing Co., Ltd., and Lianyungang Xinrongtai Terminal Co., Ltd., subsidiaries of the Company, were entitled to such tax preference during the reporting period.

(9) According to the *Notice of the Communist Party of China Jiangsu Provincial Committee and Jiangsu Provincial People's Government on Several Policy Measures to Promote the Sustainable Recovery and Improvement of the Economy* (Su Fa [2023] No. 9) and other relevant regulations, taxpayers in the accommodation and catering, culture, sports, entertainment, transportation, tourism, retail, warehousing industries, or those classified as small-scale VAT taxpayers may be temporarily exempt from paying property tax and urban land use tax for the year 2023. The subsidiary companies of our company, Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., Lianyungang Rongtai Chemical Storage Co., Ltd., and Lianyungang Xinrongtai Terminal Co., Ltd., enjoyed this tax incentive policy during the reporting period.

(10) According to the *Announcement on the Value-added Tax Super-deduction Policy for Advanced Manufacturing Enterprises issued by the Ministry of Finance and State Taxation Administration (Announcement of the Ministry of Finance and State Taxation Administration [2023] No.43)*, from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed add an extra 5% based on the deductible input tax for the current period for deduction of the VAT payable. The Company's subsidiaries, Jiangsu Sierbang Petrochemical Co., Ltd., Jiangsu Ganghong Fiber Co., Ltd, Jiangsu Guowang Hi-Tech Fiber Co., Ltd, Suzhou Shenghong Fibers

Co., Ltd, Jiangsu Zhonglu Technology Development Co., Ltd, and Suzhou Suzhen Biological Engineering Co., Ltd, enjoyed such tax preference during the reporting period.

VII. Notes to the items of consolidated financial statements

1. Monetary funds

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Cash on hand	9,157.98	17,922.98
Digital currency		2,052,571.13
Bank deposits	7,361,200,696.04	11,306,508,857.39
Other monetary funds	2,646,400,456.66	1,096,384,603.08
Unearned interest on term deposits	2,129,413.14	2,636,838.40
Total	10,009,739,723.82	12,407,600,792.98
Including: total amount of deposit abroad	148,365,709.87	5,106,729,675.87

Cash or cash equivalents being restricted for use due to mortgage, pledge or freezing, or being placed overseas with restrictions on fund repatriation are listed as follows:

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at December 31, 2022
Bank acceptance bills margin	263,171,324.98	328,332,865.80
L/C deposits	2,273,126,038.12	745,467,346.00
L/G deposit	58,228,472.00	
Time deposits or call deposits used for guarantee	1,009,490,000.00	1,155,798,868.02
Others	19,366,840.05	11,949,586.29
Total	3,623,382,675.15	2,241,548,666.11

2. Financial assets held for trading

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Financial assets measured at fair value through the current profit or loss	84,874,411.43	83,769,328.71
Including: equity instrument investment	73,750,917.76	83,147,068.34
Derivative financial assets	11,123,493.67	622,260.37
Total	84,874,411.43	83,769,328.71

3. Notes receivable

(1) Presentation of notes receivable by category

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Bank acceptance notes	307,173,337.74	91,597,634.56
Total	307,173,337.74	91,597,634.56

(2) Pledged notes receivable of the Company as at December 31, 2023

None

(3) Notes receivable of the Company as at December 31, 2023 that have been endorsed or discounted but not matured on the balance sheet date

Unit: RMB

Item	Amount derecognized as at December 31, 2023	Amount not derecognized as at December 31, 2023
Bank acceptance notes		286,670,217.31
Total		286,670,217.31

4. Accounts receivable**(1) Disclosure by aging**

Unit: RMB

Aging	Book balance as at December 31, 2023	Book balance as at January 1, 2023
Within 1 year (including 1 year)	1,521,141,871.33	735,475,994.62
1 - 2 years	629,747.43	13,351.10
Over 3 years	554,632.00	565,223.22
Sub-total	1,522,326,250.76	736,054,568.94
Less: provision for bad debts	43,001,470.49	33,944,545.62
Total	1,479,324,780.27	702,110,023.32

(2) Disclosure under the methods of provision for bad debts by category

Unit: RMB

Type	Balance as at December 31, 2023					Balance as at January 1, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts made by portfolio	1,522,326,250.76	100.00%	43,001,470.49	2.82%	1,479,324,780.27	736,054,568.94	100.00%	33,944,545.62	4.61%	702,110,023.32
Total	1,522,326,250.76	100.00%	43,001,470.49	2.82%	1,479,324,780.27	736,054,568.94	100.00%	33,944,545.62	4.61%	702,110,023.32

Provision for bad debts made by portfolio:

Unit: RMB

Item	Balance as at December 31, 2023		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	328,682,676.97		
Accounts receivable with the provision for bad debts made by the aging analysis method	844,496,011.78	43,001,470.49	5.09%
Portfolio of those with high credit rating	60,751,297.42		
Portfolio of trade payment of overseas companies	288,396,264.59		
Total	1,522,326,250.76	43,001,470.49	

(3) Provision, reversal or recovery of provision for bad debts in 2023

Unit: RMB

Type	Balance as at January 1, 2023	Change in 2023				Balance as at December 31, 2023
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	33,944,545.62	9,061,262.54		4,337.67		43,001,470.49
Total	33,944,545.62	9,061,262.54		4,337.67		43,001,470.49

(4) Accounts receivable actually charged off in 2023

Unit: RMB

Item	Amount charged off
Accounts receivable actually charged off	4,337.67

(5) Top 5 of accounts receivable as at December 31, 2023, presented by the debtor

Unit: RMB

Entity name	Balance of accounts receivable as at December 31, 2023	Proportion in the total balance of accounts receivable as at December 31, 2023	Balance of provision for bad debts of accounts receivable as at December 31, 2023
Entity No.1	414,261,303.00	27.21%	20,713,065.15
Entity No.2	283,201,715.02	18.60%	
Entity No.3	252,246,880.64	16.57%	
Entity No.4	68,671,363.34	4.51%	797,924.26
Entity No.5	51,176,158.21	3.36%	2,558,807.91
Total	1,069,557,420.21	70.25%	24,069,797.32

(6) Accounts receivable terminated due to the transfer of financial assets: None.

(7) Transferred accounts receivable with ongoing involvement resulting in assets and liabilities: None.

(8) Details of accounts receivable from related parties in the year-end balance are disclosed in Note XIV , 6.

5. Receivables financing

(1) Presentation of receivables financing by category

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Notes receivable	319,225,113.32	121,440,859.60
Total	319,225,113.32	121,440,859.60

(2) Pledged receivable financing of the Company as at December 31, 2023

None

(3) Receivable financing endorsed or discounted by the Company as at the end of the period but not expired on the balance sheet date

Unit: RMB

Item	Amount derecognized as at December 31, 2023	Amount not derecognized as at December 31, 2023
Endorsed receivables financing	503,058,055.62	
Discounted receivables financing	277,503,966.65	
Total	780,562,022.27	

(4) Changes in receivables financing and fair values thereof in 2023

Unit: RMB

Item	Balance as at December 31, 2023	Changes in 2023	Balance as at December 31, 2023	Loss reserves accumulatively recognized in the other comprehensive income
Notes receivable	121,440,859.60	197,784,253.72	319,225,113.32	

6. Other receivables

(1) Other receivables

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Other receivables	717,755,781.89	830,692,512.79
Total	717,755,781.89	830,692,512.79

1) Classification of other receivables by nature

Unit: RMB

Nature	Book balance as at December 31,	Book balance as at January 1, 2023
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	2023	
Receivables from government	669,362,486.74	757,730,315.46
Advance payments and accounts payable	33,573,993.22	38,842,281.76
Various deposit and security deposit	35,881,181.33	48,851,337.54
Imprest	234,461.86	121,800.74
Others	30,986.35	720,861.90
Total	739,083,109.50	846,266,597.40

(1) Changes in book balance of other receivables

Unit: RMB

Book balance	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December 31, 2022	846,266,597.40			846,266,597.40
In 2023, balance as at December 31, 2022				
Changes in 2023	-107,177,923.90			-107,177,923.90
Amount derecognized in 2023	5,564.00			5,564.00
Other changes				
Balance as at December 31, 2023	739,083,109.50			739,083,109.50

(3) Disclosure by aging

Unit: RMB

Aging	Book balance as at December 31, 2023	Book balance as at January 1, 2023
Within 1 year (including 1 year)	703,715,684.69	816,326,992.27
1 - 2 years	16,621,280.16	9,752,780.07
2 - 3 years	5,080,396.86	17,047,121.62
Over 3 years	13,665,747.79	3,139,703.44
Sub-total	739,083,109.50	846,266,597.40
Less: provision for bad debts	21,327,327.61	15,574,084.61
Total	717,755,781.89	830,692,512.79

(4) Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Balance as at December 31, 2023					Balance as at January 1, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts made by portfolio	739,083,109.50	100.00%	21,327,327.61	2.89%	717,755,781.89	846,266,597.40	100.00%	15,574,084.61	1.84%	830,692,512.79
Total	739,083,109.50	100.00%	21,327,327.61	2.89%	717,755,781.89	846,266,597.40	100.00%	15,574,084.61	1.84%	830,692,512.79

Provision for bad debts made by portfolio:

Unit: RMB

Item	Balance as at December 31, 2023		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	1,281,236.13		
Portfolio of government receivables	666,370,607.15		
Aging portfolio	71,431,266.22	21,327,327.61	29.86%
Total	739,083,109.50	21,327,327.61	

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2023	15,574,084.61			15,574,084.61
Balance as at January 1, 2023 in 2023				
Provision in 2023	5,750,961.99			5,750,961.99
Charge-off in 2023	2,564.00			2,564.00
Other changes	-4,845.01			-4,845.01
Balance as at December 31, 2023	21,327,327.61			21,327,327.61

(5) Provision, recovery or reversal of provision for bad debts in 2023

Unit: RMB

Type	Balance as at January 1, 2023	Change in 2023				Balance as at December 31, 2023
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	15,574,084.61	5,750,961.99		2,564.00	-4,845.01	21,327,327.61
Total	15,574,084.61	5,750,961.99		2,564.00	-4,845.01	21,327,327.61

(6) Other receivables actually charged off in 2023

Unit: RMB

Item	Amount charged off
Other receivables actually charged off	2,564.00

(7) Top 5 of other receivables as at December 31, 2023 presented by debtor:

Unit: RMB

Entity name	Nature	Balance as at December 31, 2023	Aging	Proportion in the total balance of other receivables as at December 31, 2023	Balance of provision for bad debts as at December 31, 2023
Entity No.1	Consumption tax rebates receivable	438,523,624.96	Within 1 year	59.33%	
Entity No.2	Grants receivable (Remark)	226,988,142.19	Within 1 year, over 2 years	30.71%	
Entity No.3	Advances	26,027,654.71	Within 1 year	3.52%	1,301,382.74
Entity No.4	Deposit and security deposit	15,000,000.00	1 -2 years	2.03%	3,000,000.00
Entity No.5	Deposit and security deposit	8,601,800.00	Within 1 year, over 1 year	1.16%	8,161,800.00
Total		715,141,221.86		96.75%	12,463,182.74

Remark: According to the "Supplementary Agreement on the 1.2 Million Tons of Olefin Project and the 1.5 Million Tons of PTA Project" signed by the Management Committee of the national Eastern, Central, and Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New Area Management Committee, hereinafter referred to as the "Management Committee") and Shenghong Group Limited (hereinafter referred to as "Shenghong Group") on November 29, 2010, the Management Committee agreed to provide Shenghong Group and its affiliated enterprises with relevant preferential policies to support the implementation of the olefin and PTA projects in the development zone. In accordance with the "Minutes of the Special Meeting on the Implementation of Shenghong Group's Relevant Tax Preferential Policies" (No.83 of 2023) issued by the Management Committee in September 2023 and the subsequent "Explanation on the Return of Economic Contribution by Sierbang Petrochemical", Jiangsu Sierbang Petrochemical Co., Ltd. has met the conditions required by the Management Committee for the economic contribution return subsidy, namely, the unconditional right to receive the economic contribution return subsidy allocation. The Management Committee is required to return a total of RMB 226.9881 million to the Company. The above-mentioned economic contribution return subsidy will be returned to Jiangsu Jiangsu Sierbang Petrochemical Co., Ltd. within 5 years (i.e., from 2024 to 2028).

7. Advances to suppliers**(1) Advances to suppliers presented by aging**

Unit: RMB

Aging	Balance as at December 31, 2023		Balance as at January 1, 2023	
	Amount	Proportion	Amount	Proportion
Within 1 year	854,472,746.98	97.48%	412,089,112.43	98.20%
Over 1 year	22,088,928.21	2.52%	7,532,595.08	1.80%

Total	876,561,675.19		419,621,707.51	
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(2) Top 5 of advances to suppliers as at December 31, 2023, presented by advance receiver

Unit: RMB

Supplier	Balance as at December 31, 2023	Proportion in the total ending balance of advances to suppliers
Entity No.1	130,790,672.98	14.92%
Entity No.2	104,767,582.02	11.95%
Entity No.3	98,824,720.04	11.27%
Entity No.4	57,683,612.21	6.58%
Entity No.5	34,978,787.24	3.99%
Total	427,045,374.49	48.71%

8. Inventories**(1) Classification of inventories**

Unit: RMB

Item	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value
Raw materials	8,671,221,942.41	199,070,888.18	8,472,151,054.23	10,422,056,928.30	43,566,831.93	10,378,490,096.37
Goods in progress and semi-finished products	1,579,264,007.42	85,353,616.65	1,493,910,390.77	2,616,426,516.97	55,260,099.37	2,561,166,417.60
Stock commodities	5,658,489,219.00	312,520,835.46	5,345,968,383.54	4,811,299,314.44	322,086,006.81	4,489,213,307.63
Commodities dispatched	388,552,972.10		388,552,972.10	62,815,447.76		62,815,447.76
Materials in transit	2,546,478,191.61	38,866,524.39	2,507,611,667.22	49,036,333.89		49,036,333.89
Total	18,844,006,332.54	635,811,864.68	18,208,194,467.86	17,961,634,541.36	420,912,938.11	17,540,721,603.25

(2) Provision for inventory depreciation and provision for impairment of contract performance costs

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023		Decrease in 2023		Balance as at December 31, 2023
		Provision	Others	Reversal or write-off	Others	
Raw materials	43,566,831.93	276,774,442.08		121,270,385.83		199,070,888.18

Goods in progress and semi-finished products	55,260,099.37	174,688,087.41		144,594,570.13		85,353,616.65
Stock commodities	322,086,006.81	1,719,869,603.70		1,729,434,775.05		312,520,835.46
Goods in transit		38,866,524.39				38,866,524.39
Total	420,912,938.11	2,210,198,657.58		1,995,299,731.01		635,811,864.68

(3) Specific bases for determining net realizable value and reasons for reversal or write-off of provision for inventory depreciation

Item	Specific basis of determining net realization value	Reason for reversal of provision for inventory depreciation in 2023	Reason for write-off of provision for inventory depreciation in 2023
Raw materials	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in 2023
Goods in process and semi-finished products	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in 2023
Stock commodities	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in 2023

(4) Notes to ending balance of inventories containing amount of capitalization of borrowing costs

No borrowing costs capitalized being included in the cost of inventories in 2023.

9. Other current assets

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
VAT credits	490,264,517.09	1,448,913,851.49
Input tax to be certified	91,426,718.01	182,538,289.78
Prepaid income tax, etc.	204,028,864.46	31,074,987.42
Total	785,720,099.56	1,662,527,128.69

10. Other equity instrument investments

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023	Gains included in other comprehensive income in 2023	Losses included in other comprehensive income in 2023	Accumulated gains included in other comprehensive income as at December 31, 2023	Accumulated losses included in other comprehensive income as at December 31, 2023	Dividend income recognized in 2023	Reason for being designated as the item measured at fair value through the other comprehensive income
Investment in equities of Goldstate Securities Co., Ltd.	582,098,160.00	580,780,040.00	1,318,120.00		89,598,160.00		976,431.36	The investment is held by the Company for long-term strategy
Total	582,098,160.00	580,780,040.00	1,318,120.00		89,598,160.00		976,431.36	

11. Long-term equity investments

Unit: RMB

Investee	Balance (book value) as at January 1, 2023	Balance of provision for impairment as at January 1, 2023	Increase/decrease in 2023							Balance (book value) as at December 31, 2023	Balance of provision for impairment as at December 31, 2023
			Additional/reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other changes in equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Associates											
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	30,516,209.41			-28,807,578.21		51,592.14				1,760,223.34	

Tianjiao Technology Venture Capital Co., Ltd.	25,693,722.20			2,315,262.06			7,000,000.00			21,008,984.26	
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	54,531,099.35			370,754.98			567,989.41			54,333,864.92	
Lianyungang Fanghong Port Storage and Transportation Co., Ltd.	5,812,584.74			-63,968.65						5,748,616.09	
Total	116,553,615.70			-26,185,529.82		51,592.14	7,567,989.41			82,851,688.61	

12. Investment properties**(1) Investment properties measured at cost**

☑Applicable ☐Not applicable

Unit: RMB

Item	Buildings and constructions	Land use right	Total
I. Original book value			
1. Balance as at January 1, 2023	691,058,408.06	400,218,272.54	1,091,276,680.60
2. Increase in 2023			
3. Decrease in 2023			
4. Balance as at December 31, 2023	691,058,408.06	400,218,272.54	1,091,276,680.60
II. Accumulative depreciation and accumulative amortization			
1. Balance as at January 1, 2023			
2. Increase in 2023			
3. Decrease in 2023			
4. Balance as at December 31, 2023			
III. Provision for impairment			
1. Balance as at January 1, 2023	242,924,324.99	144,971,959.07	387,896,284.06
2. Increase in 2023	24,383,651.19	14,554,923.51	38,938,574.70
(1) Provision	24,383,651.19	14,554,923.51	38,938,574.70
3. Decrease in 2023			
4. Balance as at December 31, 2023	267,307,976.18	159,526,882.58	426,834,858.76
IV. Book value			
1. Book value as at December 31, 2023	423,750,431.88	240,691,389.96	664,441,821.84
2. Book value as at January 1, 2023	448,134,083.07	255,246,313.47	703,380,396.54

(2) Investment properties with pending certificate of title

None

13. Fixed assets

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
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Fixed assets	123,427,551,751.16	43,198,531,414.56
Disposal of fixed assets		
Total	123,427,551,751.16	43,198,531,414.56

(1) Breakdown of fixed assets

Unit: RMB

Item	Buildings and constructions	Machinery equipment	Means of transportation	Office equipment and other equipment	Total
I. Original book value:					
1. Balance as at January 1, 2023	18,365,963,864.84	37,168,374,826.18	165,874,083.21	1,520,746,281.27	57,220,959,055.50
2. Increase in 2023	23,141,337,311.53	58,606,401,445.71	23,473,720.04	3,518,571,226.81	85,289,783,704.09
(1) Purchase	164,312,325.17	60,966,268.48	17,974,655.41	28,604,692.33	271,857,941.39
(2) Transfer-in of construction in progress	22,977,024,986.36	58,545,152,712.61	5,499,064.63	3,489,891,729.24	85,017,568,492.84
(3) Increase due to business combination					
(4) Others		282,464.62		74,805.24	357,269.86
3. Decrease in 2023	16,684,000.08	246,660,523.79	6,884,909.20	177,775,763.21	448,005,196.28
(1) Disposal or scrapping	16,684,000.08	246,660,523.79	6,836,236.63	177,541,971.16	447,722,731.66
(2) Others			48,672.57	233,792.05	282,464.62
4. Balance as at December 31, 2023	41,490,617,176.29	95,528,115,748.10	182,462,894.05	4,861,541,744.87	142,062,737,563.31
II. Accumulated depreciation					
1. Balance as at January 1, 2023	2,891,155,423.13	9,980,542,465.21	58,822,240.83	750,939,762.61	13,681,459,891.78
2. Increase in 2023	978,886,653.23	3,419,382,876.41	29,264,498.53	383,364,891.32	4,810,898,919.49
(1) Provision	978,886,653.23	3,419,331,550.71	29,264,498.53	383,308,969.20	4,810,791,671.67
(2) Others		51,325.70		55,922.12	107,247.82
3. Decrease in 2023	3,044,139.03	61,744,682.51	5,414,609.38	127,937,317.36	198,140,748.28
(1) Disposal or scrapping	3,044,139.03	61,744,682.51	5,413,051.86	127,887,549.18	198,089,422.58
(2) Others			1,557.52	49,768.18	51,325.70

4. Balance as at December 31, 2023	3,866,997,937.33	13,338,180,659.11	82,672,129.98	1,006,367,336.57	18,294,218,062.99
III. Provision for impairment					
1. Balance as at January 1, 2023	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
2. Increase in 2023					
(1) Provision					
3. Decrease in 2023					
(1) Disposal or scrapping					
4. Balance as at December 31, 2023	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
IV. Book value					
1. Book value as at December 31, 2023	37,593,644,691.97	81,879,072,969.48	99,693,603.20	3,855,140,486.51	123,427,551,751.16
2. Book value as at January 1, 2023	15,444,833,894.72	26,876,970,241.46	106,954,681.51	769,772,596.87	43,198,531,414.56

(2) Breakdown of temporarily idle fixed assets

Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	35,909,365.63	22,003,316.57		13,906,049.06	

(3) Fixed assets with pending certificates of title

Unit: RMB

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Buildings and constructions, etc.	3,826,452,818.66	Still in process.

14. Construction in process

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Construction in progress	17,701,862,482.72	80,500,205,273.56
Project materials	538,134,165.17	425,760,538.51
Total	18,239,996,647.89	80,925,965,812.07

(1) Construction in progress

Unit: RMB

Item	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Refining-chemical integration project with the annual output of 16 million tons	297,336,123.46		297,336,123.46	66,679,830,915.79		66,679,830,915.79
Shenghong Refining & Chemical 2# glycol + phenol/acetone project				4,039,002,462.67		4,039,002,462.67
Reborn Technology Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	1,461,187,782.20		1,461,187,782.20	756,337,827.60		756,337,827.60
Guowang (Suqian) super simulation functional fiber project with an annual production capacity of 500,000 tons	1,138,579,485.02		1,138,579,485.02	1,972,024,474.79		1,972,024,474.79
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	196,227,589.85		196,227,589.85	153,409,594.22		153,409,594.22
Sierbang Petrochemical Propane Industry Chain Project Phase II	1,936,797,818.21		1,936,797,818.21	646,920,430.84		646,920,430.84
Hongwei Chemical POSM and	1,979,142,904.17		1,979,142,904.17	445,679,058.84		445,679,058.84

Polyol Project						
Hongke New Material Biodegradable materials project (Phase I)	228,011,078.06		228,011,078.06	62,598,934.80		62,598,934.80
Hongjing new material project	4,369,950,497.82		4,369,950,497.82	756,135,409.97		756,135,409.97
Others	6,094,629,203.93		6,094,629,203.93	4,988,266,164.04		4,988,266,164.04
Total	17,701,862,482.72		17,701,862,482.72	80,500,205,273.56		80,500,205,273.56

(2) Changes in important construction in progress in 2023

Unit: RMB

Name of item	Budget (RMB '0,000)	Balance as at January 1, 2023	Increase in 2023	Amount transferred to fixed assets in 2023	Balance as at December 31, 2023	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in 2023	Capitalization rate of interest in 2023 (%)	Source of funds
Refining-chemical integration project with the annual output of 16 million tons	6,766,396.00	66,679,830,915.79	7,407,224,108.08	73,789,718,900.41	297,336,123.46	115.63%	Put into operation	5,188,715,404.68	1,120,360,042.60	4.49%	Self-owned funds and borrowings
Shenghong Refining & Chemical 2# glycol + phenol/acetone project	557,299.00	4,039,002,462.67	597,191,008.30	4,636,193,470.97		102.66%	Put into operation	107,847,996.47	70,499,479.20	4.09%	Self-owned funds and borrowings
Reborn Technology Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	265,687.50	756,337,827.60	1,416,975,324.30	712,125,369.70	1,461,187,782.20	92.24%	Partial operation	67,605,014.39	51,313,267.48	4.42%	Self-owned funds and borrowings
Guowang (Suqian) super simulation functional fiber project with an annual	388,205.10	1,972,024,474.79	406,482,003.04	1,239,926,992.81	1,138,579,485.02	104.51%	Partial operation	89,810,085.59	22,784,749.30	4.45%	Self-owned funds and borrowings

production capacity of 500,000 tons											
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	353,794.00	153,409,594.22	42,817,995.63		196,227,589.85	7.06%	Construction in progress				Self-owned fund and borrowings
Sierbang Petrochemical Propane Industry Chain Project Phase II	227,135.26	646,920,430.84	1,328,829,458.09	38,952,070.72	1,936,797,818.21	84.81%	Trial production				Self-owned fund
Hongwei Chemical POSM and Polyol Project	603,142.00	445,679,058.84	1,533,463,845.33		1,979,142,904.17	40.32%	Construction in progress	20,941,795.81	20,941,795.81	4.08%	Self-owned funds and borrowings
Hongke Biodegradable materials project (Phase I)	648,188.56	62,598,934.80	165,412,143.26		228,011,078.06	7.33%	Construction in progress				Self-owned fund and borrowings
Hongjing new material project	1,558,082.41	756,135,409.97	3,613,815,087.85		4,369,950,497.82	27.79%	Construction in progress	114,687,450.18	114,490,884.04	3.27%	Self-owned funds and borrowings
Total	-	75,511,939,109.52	16,512,210,973.88	80,416,916,804.61	11,607,233,278.79			5,589,607,747.12	1,400,390,218.43		

15. Right-of-use assets**(1) Right-of-use assets**

Unit: RMB

Item	Buildings and constructions	Machinery equipment	Total
I. Original book value			
1. Balance as at January 1, 2023	1,346,677,709.74	1,008,522.17	1,347,686,231.91
2. Increase in 2023	365,921,185.93		365,921,185.93
(1) New leases	365,526,392.04		365,526,392.04
(2) Others	394,793.89		394,793.89
3. Decrease in 2023	84,614,287.20	1,008,522.17	85,622,809.37
Disposal	84,614,287.20	1,008,522.17	85,622,809.37
4. Balance as at June 30, 2023	1,627,984,608.47		1,627,984,608.47
II. Accumulated depreciation			
1. Balance as at January 1, 2023	146,852,797.70	208,659.76	147,061,457.46
2. Increase in 2023	93,359,172.76	95,635.72	93,454,808.48
(1) Provision	93,205,405.77	95,635.72	93,301,041.49
(2) Others	153,766.99		153,766.99
3. Decrease in 2023	46,738,304.62	304,295.48	47,042,600.10
(1) Disposal	46,738,304.62	304,295.48	47,042,600.10
4. Balance as at December 31, 2023	193,473,665.84		193,473,665.84
III. Provision for impairment			
1. Balance as at January 1, 2023			
2. Increase in 2023			
(1) Provision			
3. Decrease in 2023			
(1) disposal			
4. Balance as at December 31, 2023			
IV. Book value			
1. Book value as at June 30, 2023	1,434,510,942.63		1,434,510,942.63
2. Book value as at January 1, 2023	1,199,824,912.04	799,862.41	1,200,624,774.45

16. Intangible assets**(1) Breakdowns of intangible assets**

Unit: RMB

Item	Land use right	Patent right	Software	Concessions (emission rights, coal replacement volume targets, sea area use rights)	Others	Total
I. Original book value						
1. Balance as at January 1, 2023	4,712,763,982.91	59,480,000.00	85,945,154.38	165,524,024.50	1,589,796.76	5,025,302,958.55
2. Increase in 2023	461,712,539.96		47,230,771.12			508,943,311.08
(1) Purchase	461,712,539.96		47,230,771.12			508,943,311.08
(2) Internal R&D						
(3) Increase due to business combination						
3. Decrease in 2023	5,663,268.38					5,663,268.38
(1) Disposal	5,663,268.38					5,663,268.38
4. Balance as at December 31, 2023	5,168,813,254.49	59,480,000.00	133,175,925.50	165,524,024.50	1,589,796.76	5,528,583,001.25
II. Accumulated amortization						
1. Balance as at January 1, 2023	458,702,430.71	24,743,187.17	29,131,178.98	2,570,044.09	357,704.28	515,504,545.23
2. Increase in 2023	101,461,089.62	3,020,592.42	13,229,976.78	255,021.58	158,979.67	118,125,660.07
(1) Provision	101,461,089.62	3,020,592.42	13,229,976.78	255,021.58	158,979.67	118,125,660.07
3. Decrease in 2023	415,174.69					415,174.69
(1) Disposal	415,174.69					415,174.69
4. Balance as at	559,748,345.64	27,763,779.59	42,361,155.76	2,825,065.67	516,683.95	633,215,030.61

Item	Land use right	Patent right	Software	Concessions (emission rights, coal replacement volume targets, sea area use rights)	Others	Total
December 31, 2023						
III. Provision for impairment						
1. Balance as at January 1, 2023						
2. Increase in 2023						
(1) Provision						
3. Decrease in 2023						
(1) Disposal						
4. Balance as at December 31, 2023						
IV. Book value						
1. Book value as at June 30, 2023	4,609,064,908.85	31,716,220.41	90,814,769.74	162,698,958.83	1,073,112.81	4,895,367,970.64
2. Book value as at January 1, 2023	4,254,061,552.20	34,736,812.83	56,813,975.40	162,953,980.41	1,232,092.48	4,509,798,413.32

(2) Land use right with pending certificates of title

Unit: RMB

Item	Book value	Reason for failure to complete the formalities for the certificate of title
East of Petrochemical Sixth Road and South of Zhanshan Road in Xuwei New District	11,055,893.95	Still in process.
East Gangqian Avenue and South Suhai Road, Xuwei New Area	21,011,702.08	Still in process.

17. Goodwill**(1) Changes in goodwill**

Unit: RMB

Name of the investee or matters forming goodwill	Balance as at January 1, 2023	Increase in 2023		Decrease in 2023		Balance as at December 31, 2023
		Amount formed through business combination	Others	Disposal	Others	
Original book value						
Counter purchase	1,008,696,223.14					1,008,696,223.14
Sub-total	1,008,696,223.14					1,008,696,223.14
Provision for impairment						
Counter purchase	316,637,709.90					316,637,709.90
Sub-total	316,637,709.90					316,637,709.90
Total	692,058,513.24					692,058,513.24

(2) Information about the asset group or combination of asset groups in which goodwill is located**1. Composition of the asset group or combination of asset groups to which the goodwill belongs, and information about the operating segments to which it belongs**

The composition of the asset groups or portfolios of assets groups subject to goodwill impairment testing is as follows:

The Company completed a material asset restructuring in August 2018, accounted for as a reverse purchase. The long-term assets (including fixed assets, investment real estate, intangible assets, construction in progress) of the operating room rental business and the thermal power unit business are the asset groups forming the goodwill, which are consistent with the asset groups determined on the purchase date.

The recoverable values of the asset groups of the business premises leasing business and the thermal power plant business respectively applied the *Asset Appraisal Report of Jiangsu Eastern Shenghong Co., Ltd. on the Recoverable Value of the Asset Group of Business Premises of Jiangsu Eastern Shenghong Co., Ltd. in Connection with the Impairment Test of Goodwill Formed by the Consolidation of Jiangsu Guowang High-tech Fiber Co., Ltd.* (DZPBZ [2024] No.0676) issued on April 2, 2024 and the *Asset Appraisal Report of Jiangsu Eastern Shenghong Co., Ltd. on the Recoverable Value of the Asset Group of Long-term Assets of Thermal Power Plants of Jiangsu Eastern Shenghong Co., Ltd. in connection with the Impairment Test of Goodwill Formed by the Consolidation of Jiangsu Guowang High-tech Fiber Co., Ltd.* (DZPBZ [2024] No.0311) issued on April 2, 2024 by Shanghai Orient Appraisal Co., Ltd..

2. Procedures and key parameters of goodwill impairment testing, and recognition method of goodwill impairment loss

(1) Asset group of business premises

The recoverable amount of the asset group is mainly assessed using the market method. According to the geographical location of the asset group and the activity of the market, some real estate transaction instances with similar conditions or the same value in use are selected for comparison in terms of transaction conditions, transaction date, real estate conditions and other conditions, and are modified and adjusted to calculate the recoverable amount of the asset group.

(2) Asset group of thermal power plants

The discounted cash flow model is used to assess the recoverable amount of the asset group. The estimated cash flows for future years are calculated based on the information on contracts in hand, orders and target customers provided by the Management of the evaluated entity as well as the forecast table of future income, costs and expenses. Use a discount rate of 9.08% to estimate the present value of the expected future cash flows and calculate the recoverable amount of the asset group.

3. Impact of goodwill impairment test

On December 31, 2023, the Company performed a further impairment test on the asset groups with relevance to the goodwill at the end of the period. Results of impairment testing are as follows:

As at December 31, 2023	Asset group of business premises	Asset group of thermal power plants
Book balance of goodwill ①	319,915,535.18	688,780,687.96
Balance of provision for goodwill impairment ②	316,637,709.90	
Book value of goodwill ③=①-②	3,277,825.28	688,780,687.96
Unrecognized value of goodwill attributable to minority equity ④		
Including unrecognized value of goodwill belonging to the minority shareholders' equity ⑤=④+③	3,277,825.28	688,780,687.96
Book value of asset groups ⑥	664,632,232.35	419,813,603.06
Book value of asset groups containing overall goodwill ⑦=⑤+⑥	667,910,057.63	1,108,594,291.02
Recoverable amount of asset groups ⑧	1,107,918,005.00	1,670,000,000.00
Loss of goodwill impairment (> 0) ⑨=⑦-⑧		
Total		

As a result of the above tests, there was no further impairment in the Company's goodwill as at December 31, 2023.

18. Long-term deferred expenses

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Amortization in 2023	Other decreases	Balance as at December 31, 2023
Deferred expenses of refining and chemical projects	3,681,892.83		3,241,422.28	440,470.55	

Others	704,916.98	2,399,640.59	1,691,762.55		1,412,795.02
Total	4,386,809.81	2,399,640.59	4,933,184.83	440,470.55	1,412,795.02

19. Deferred income tax assets and deferred income tax liabilities**(1) Deferred income tax assets before offset**

Unit: RMB

Item	Balance as at December 31, 2023		Balance as at January 1, 2023	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provisions for impairment of assets	857,506,763.08	183,983,606.13	657,815,423.63	128,067,713.99
Provision for credit impairment	61,020,167.11	13,295,475.59	47,154,523.29	10,262,425.67
Deferred income	790,712,507.85	141,869,034.39	741,170,107.81	133,944,994.82
Lease liabilities	1,284,736,018.19	320,256,051.52	1,417,429,571.03	376,061,645.68
Internal unrealized gains and losses	59,764,892.63	13,396,207.99	118,690,666.55	27,977,357.98
Losses not recovered	7,841,734,561.71	1,796,857,061.40	2,789,092,325.50	578,603,404.66
Others	1,157,847,468.51	278,796,339.84	298,404,925.76	49,086,494.13
Total	12,053,322,379.08	2,748,453,776.86	6,069,757,543.57	1,304,004,036.93

(2) Deferred income tax liabilities without offset

Unit: RMB

Item	Balance as at December 31, 2023		Balance as at January 1, 2023	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation	6,589,146,908.65	1,425,784,496.79	2,657,942,977.01	462,631,745.19
Right-of-use assets	1,237,328,849.54	308,433,173.10	1,417,601,198.29	376,055,543.78
Gains or losses from changes in fair value of equity investments	158,349,077.76	39,587,269.44	166,427,108.34	41,606,777.09
Appreciation of business combination not under common control	406,037,752.12	101,509,438.03	438,050,829.23	109,512,707.32
Convertible bond tax difference	639,385,714.06	159,846,428.52	861,032,570.34	215,258,142.59
Others	941,499,791.95	208,660,779.43	613,694,457.48	153,423,614.37

Total	9,971,748,094.08	2,243,821,585.31	6,154,749,140.69	1,358,488,530.34
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(3) Deferred income tax assets or liabilities presented by net amount after offset

Unit: RMB

Item	Ending amount after mutual offset of deferred income tax assets and liabilities	Ending balance after offset of deferred income tax assets and liabilities	Beginning amount after mutual offset of deferred income tax assets and liabilities	Beginning balance after offset of deferred income tax assets and liabilities
Deferred income tax assets	1,734,064,200.57	1,014,389,576.29	375,795,261.19	928,208,775.74
Deferred income tax liabilities	1,734,064,200.57	509,757,384.74	375,795,261.19	982,693,269.15

(4) Breakdown of unrecognized deferred income tax assets

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Deductible temporary differences	2,813,544.06	1,695,380.04
Deductible losses	619,414,537.75	487,079,997.26
Total	622,228,081.81	488,775,377.30

(5) Deductible losses of unrecognized deferred income tax assets will become due in the following years

Unit: RMB

Year	Amount as at June 30, 2023	Amount as at January 1, 2023	Remark
Year 2023		427,280.77	
Year 2024	65,470,151.72	65,771,111.18	
Year 2025	111,310,738.81	109,170,260.40	
Year 2026	205,533,655.12	193,995,900.92	
Year 2027	138,203,222.23	117,715,443.99	
Year 2028	98,896,769.87		
Total	619,414,537.75	487,079,997.26	

20. Other non-current assets

Unit: RMB

Item	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payment for purchase and construction of long-term assets	6,391,552,903.42		6,391,552,903.42	4,057,789,028.86		4,057,789,028.86
Total	6,391,552,903.42		6,391,552,903.42	4,057,789,028.86		4,057,789,028.86

21. Short-term borrowings

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Credit borrowings	11,994,975,666.09	11,280,300,889.77
Guaranteed and pledge borrowings	1,489,740,000.00	
Pledged borrowings		10,000,000.00
Mortgaged borrowings	221,000,000.00	190,000,000.00
Guaranteed borrowings	25,386,820,210.49	11,744,652,397.45
Mortgaged and guaranteed borrowings	2,526,869,471.26	2,919,140,254.67
Interest on short-term borrowings	78,299,200.53	31,278,341.98
Total	41,697,704,548.37	26,175,371,883.87

22. Notes payable

Unit: RMB

Category	Balance as at December 31, 2023	Balance as at January 1, 2023
Bank acceptance bills	390,550,672.86	2,165,619,399.89
Commercial acceptance bills		200,000,000.00
Total	390,550,672.86	2,365,619,399.89

23. Accounts payable**(1) Presentation of accounts payable**

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Payables for goods	6,077,500,083.37	2,632,696,180.20
Payables for equipment and projects	9,873,155,210.27	11,051,665,725.73
Total	15,950,655,293.64	13,684,361,905.93

(2) Significant accounts payable aged over one year or past due

Unit: RMB

Item	Balance as at December 31, 2023	Reason for no payment or carry-forward
Wujiang Meiyuan Construction Engineering Co., Ltd.	119,061,118.94	Project payment not yet settled
Total	119,061,118.94	

24. Other payables

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Dividends payable	40,000,000.00	

Other payables	921,911,125.99	2,048,384,000.47
Total	961,911,125.99	2,048,384,000.47

(1) Dividends payable

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Dividends payable	40,000,000.00	
Total	40,000,000.00	

(2) Other payables**1) Presentation of other payables by nature**

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Payment for equity payable	43,205,910.32	2,993,519.91
Margin, deposit, risk fund	484,700,449.35	369,133,411.23
Accrued expenses	12,585,931.75	16,314,518.41
Collection, payment and transactions	379,078,344.86	1,658,194,983.84
Others	2,340,489.71	1,747,567.08
Total	921,911,125.99	2,048,384,000.47

2) Other payables aged over one year or past due

Unit: RMB

Item	Balance as at December 31, 2023	Reason for no payment or carry-forward
Shenghong Petrochemical Group Co., Ltd.	20,000,000.00	Current amounts
Sinopec Tenth Construction Co., Ltd.	5,231,750.00	Performance security
China Petroleum 6th Construction Co., Ltd.	3,378,600.00	Performance security
Anshan Iron and Steel Construction Group Co., Ltd.	3,264,682.95	Performance security
Total	31,875,032.95	

25. Advances from customers**(1) Presentation of advances from customers**

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Advances from customers	32,600,721.32	31,031,697.74
Total	32,600,721.32	31,031,697.74

(2) Significant advances from customers aged over one year or past due

Unit: RMB

Item	Balance as at December 31, 2023	Reason for no payment or carry-forward
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	--

26. Contract liabilities

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Advances from customers	2,272,577,360.44	1,401,399,566.68
Total	2,272,577,360.44	1,401,399,566.68

27. Employee compensation payable**(1) Presentation of employee compensation payable**

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
I. Short-term compensation	552,468,952.63	4,235,280,751.80	4,240,224,788.43	547,524,916.00
II. Post-employment benefits - defined contribution plans	278,009.07	269,424,952.05	269,578,108.77	124,852.35
III. Dismissal benefits		9,899,324.03	9,899,324.03	
Total	552,746,961.70	4,514,605,027.88	4,519,702,221.23	547,649,768.35

(2) Presentation of short-term compensation

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
1. Salaries, bonuses, allowances and subsidies	550,220,464.59	3,612,091,810.62	3,614,901,132.70	547,411,142.51
2. Employee welfare fees	2,110,623.53	369,890,127.40	372,000,750.93	
3. Social insurance premiums	1,129.17	132,406,854.45	132,406,753.57	1,230.05
Including: medical insurance premiums		103,911,340.18	103,911,340.18	
Work-related injury insurance premiums		13,949,880.46	13,949,880.46	
Maternity insurance		13,867,916.34	13,867,916.34	

premiums				
Others	1,129.17	677,717.47	677,616.59	1,230.05
4. Housing provident funds		114,884,441.04	114,884,441.04	
5. Labor union expenditures and employee education funds	136,735.34	6,007,518.29	6,031,710.19	112,543.44
Total	552,468,952.63	4,235,280,751.80	4,240,224,788.43	547,524,916.00

(3) Presentation of defined contribution plans

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
1. Basic endowment insurance premiums	278,009.07	261,042,889.37	261,196,046.09	124,852.35
2. Unemployment insurance premiums		8,382,062.68	8,382,062.68	
Total	278,009.07	269,424,952.05	269,578,108.77	124,852.35

28. Taxes and surcharges payable

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
VAT	41,467,552.06	48,496,115.59
Consumption tax	690,487,987.15	234,360,591.25
Enterprise income tax	59,561,760.04	38,876,847.89
Individual income tax	14,077,058.84	16,304,944.35
Urban maintenance and construction tax	49,915,298.62	19,140,245.93
House property tax	24,955,571.89	18,518,159.61
Educational surcharge	35,969,974.41	14,456,046.21
Environmental protection tax	2,135,522.65	3,222,836.27
Land use tax	9,395,621.89	8,941,279.52
Stamp duty	31,420,468.94	30,586,484.70
Total	959,386,816.49	432,903,551.32

29. Non-current liabilities maturing within one year

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Long-term borrowings maturing within one year	11,833,730,235.76	8,403,926,498.98
Long-term payables maturing within one year	862,707,828.27	1,213,395,600.95

Lease liabilities maturing within one year	125,103,350.17	115,480,899.54
Interest on long-term borrowings with interest paid by installments and principal paid at maturity	105,129,622.42	105,773,213.24
Interest on bonds payable with interest paid by installments and principal paid at maturity	23,347,627.89	15,610,769.24
Total	12,950,018,664.51	9,854,186,981.95

30. Other current liabilities

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Output tax to be carried forward	291,632,121.40	177,900,912.45
Others		10,000.00
Total	291,632,121.40	177,910,912.45

31. Long-term borrowings

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Guaranteed borrowings	6,498,037,118.84	7,870,437,887.96
Credit borrowings		400,000,000.00
Pledged borrowings	275,000,000.00	
Mortgaged borrowings	520,000,000.00	450,000,000.00
Guaranteed and mortgaged borrowings	60,847,926,988.70	58,644,334,149.41
Guarantees, mortgaged and pledged borrowings	808,370,023.30	582,899,970.95
Less: interest adjustments	204,353,912.61	179,227,382.77
Total	68,744,980,218.23	67,768,444,625.55

32. Bonds payable**(1) Bonds payable**

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Convertible corporate bonds	4,367,874,125.48	4,143,110,281.98
Total	4,367,874,125.48	4,143,110,281.98

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

Unit: RMB

Bond name	Par value	Nominal interest rate	Issue date	Term of bond	Amount issued	Balance as at January 1, 2023	Issuance in 2023	Interest calculated at par value	Amortization of premiums or discounts	Repayment in 2023	Conversion into shares in 2023	Balance as at December 31, 2023	Whether or not in breach of contract
Shenghong Convertible Bond	100.00	Refer to Note	2021/3/22	6 years	5,000,000,000.00	4,143,110,281.98		27,727,649.05	225,091,643.50		327,800.00	4,367,874,125.48	No
Total	—				5,000,000,000.00	4,143,110,281.98		27,727,649.05	225,091,643.50		327,800.00	4,367,874,125.48	—

(3) Description of convertible bonds

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXX [2021] No.512) issued by the China Securities Regulatory Commission, the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB 100 on March 22, 2021. These convertible corporate bonds amount to RMB 5,000.00 million, and are called "Shenghong Convertible Bonds" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB 14.20 per share.

Due to the equity distribution implemented by the Company in 2020, the conversion price of "Shenghong Convertible Bonds" was adjusted to RMB 14.10 per share from RMB 14.20 per share, and the new price took effect from June 18, 2021 (date of record).

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Purchase Assets and Raise Matching Funds by Issuing Shares to Shenghong Petrochemical Group Co., Ltd. and other Companies* (ZJXX [2021] No. 4179) issued by the China Securities Regulatory Commission, the Company privately issued non-public common stocks in RMB to Shenghong Petrochemical Group Co., Ltd. and Lianyungang Bohong Industrial Co., Ltd.. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

According to the resolution of the Company's 2021 annual general meeting, the Company implemented the 2021 dividend distribution program in May 2022. After the equity allocation, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.53/share to RMB13.38/share, and the effective date of the conversion price adjustment was May 27, 2022.

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Purchase Assets and Raise Matching Funds by Issuing Shares to Shenghong Petrochemical Group Co., Ltd. and other Companies* (ZJXX [2021] No. 4179) issued by the China Securities Regulatory Commission, the Company issued 266,714,109 RMB ordinary shares to raise supporting funds. The new shares were listed on the Shenzhen Stock Exchange on July 20, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.38 per share to RMB13.46 per share, and the effective date of the conversion price adjustment was July 20, 2022.

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151) issued by the China Securities Regulatory Commission, the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The new shares was listed on the Shenzhen Stock Exchange on December 28, 2022, and the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB13.46 per share to RMB13.41 per share, and the effective date of the conversion price adjustment was December 28, 2022.

According to the resolution of the Company's 2022 annual general meeting, the Company implemented the 2022 annual dividend payout program in May 2023. After the equity allocation, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.41/share to RMB13.31/share, and the effective date of the conversion price adjustment was May 22, 2023.

In 2023, "Shenghong Convertible Bonds" with the par value of RMB 327,800.00 had been converted into 24,446.00 shares of corporate stock, and the cash of RMB 110.70 was paid for the part less than a share; capital reserves recognized for such conversion amounted to RMB 188,463.10, and other equity instruments carried forward accordingly amounted to RMB 78,701.75. In 2023, the amortization cost on the liability, adjusted by the effective interest rate method, amounted to RMB 225,037,591.35, and the transfer-out interest for such conversion adjusted accordingly amounted to RMB 54,060.00; thus, the total interest adjusted amounted to RMB 225,091,651.35.

33. Lease liabilities

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Lease payables	2,111,948,205.02	1,732,580,974.55
Less: unrecognized financing expense	614,830,049.94	536,963,741.21
Less: lease liabilities maturing within one year	125,103,350.17	115,480,899.54
Total	1,372,014,804.91	1,080,136,333.80

34. Long-term payables

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Long-term payables	1,226,180,083.70	1,383,990,471.34
Total	1,226,180,083.70	1,383,990,471.34

(1) Long-term payables, presented by nature

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Account payable for finance lease	2,218,615,029.60	2,787,954,175.95
Less: unrecognized financing expenses	129,727,117.63	190,568,103.66
Less: payment due within one year	862,707,828.27	1,213,395,600.95
Total	1,226,180,083.70	1,383,990,471.34

35. Deferred income

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023	Forming reason
Government grants	2,325,795,976.92	188,708,242.24	86,606,934.94	2,427,897,284.22	Asset-related government grants received
Total	2,325,795,976.92	188,708,242.24	86,606,934.94	2,427,897,284.22	--

36. Other non-current liabilities

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Long-term house rent	19,230,096.19	24,984,480.48
Total	19,230,096.19	24,984,480.48

37. Share capital

Unit: RMB

	Balance as at January 1, 2023	Changes ("+" for increase, "-" for decrease)					Balance as at December 31, 2023
		New shares issued	Share donation	Conversion of capital reserves into share capital	Others	Sub-total	
Total shares	9,599,588,940.16				24,446.00	24,446.00	9,599,613,386.16

Reasons for changes in share capital in 2023:

Under the conversion of "Shenghong Convertible Bonds", the share quantity was 24,446.00; see the Note VII. 32 Bonds payable for details.

38. Other equity instruments

(1) Basic information on preferred stocks, perpetual bonds and other financial instruments outstanding at the end of the period

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXX [2021] No.512) issued by the China Securities Regulatory Commission, the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB 100 on March 22, 2021. These convertible corporate bonds amount to RMB 5,000.00 million, and are called "Shenghong Convertible Bonds" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB 14.20 per share.

Due to the equity distribution implemented by the Company in 2020, the conversion price of "Shenghong Convertible Bonds" was adjusted to RMB 14.10 per share from RMB 14.20 per share, and the new price took effect from June 18, 2021 (date of record).

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Purchase Assets and Raise Matching Funds by Issuing Shares to Shenghong Petrochemical Group Co., Ltd. and other Companies* (ZJXX [2021] No. 4179) issued by the China Securities Regulatory Commission, the Company privately issued non-public common stocks in RMB to Shenghong Petrochemical Group Co., Ltd. and Lianyungang Bohong Industrial Co., Ltd.. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

According to the resolution of the Company's 2021 annual general meeting, the Company implemented the 2021 dividend distribution program in May 2022. After the equity allocation, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.53/share to RMB13.38/share, and the effective date of the conversion price adjustment was May 27, 2022.

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Purchase Assets and Raise Matching Funds by Issuing Shares to Shenghong Petrochemical Group Co., Ltd. and other Companies* (ZJXX [2021] No. 4179) issued by the China Securities Regulatory Commission, the Company issued 266,714,109 RMB ordinary shares to raise supporting funds. The new shares were listed on the Shenzhen Stock Exchange on July 20, 2022, and the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151) issued by the China Securities Regulatory Commission, the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is

397,940,000 A shares. The new shares was listed on the Shenzhen Stock Exchange on December 28, 2022, and the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB13.46 per share to RMB13.41 per share, and the effective date of the conversion price adjustment was December 28, 2022.

According to the resolution of the Company's 2022 annual general meeting, the Company implemented the 2022 annual dividend payout program in May 2023. After the equity allocation, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.41/share to RMB13.31/share, and the effective date of the conversion price adjustment was May 22, 2023.

(2) Information on changes in such financial instruments as preferred stocks and perpetual bonds, outstanding at the end of the period

Unit: RMB

Financial Instruments issued	As at January 1, 2023		Increase in 2023		Decrease in 2023		Other increase in 2023	As at December 31, 2022	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Book value	Quantity	Book value
Shenghong Convertible Bond	49,980,083.00	906,691,995.86			3,278.00	78,701.75	143,319.23	49,976,805.00	906,756,613.34
Total	49,980,083.00	906,691,995.86			3,278.00	78,701.75	143,319.23	49,976,805.00	906,756,613.34

1) Other equity instruments decreased by RMB78,701.75 in 2023; see the Note VII. 32 Bonds payable for details.

2) Other equity instruments increased by RMB143,319.23 in 2023 due to the adjustment of the difference in amortization of convertible bonds.

39. Capital reserves

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
Capital (share capital) premium	18,677,872,074.42	188,463.10	947,938,667.81	17,730,121,869.71
Other capital reserves	11,921,095.89	51,592.14		11,972,688.03
Total	18,689,793,170.31	240,055.24	947,938,667.81	17,742,094,557.74

Reasons for main changes:

(1) The decrease in 2023 of capital (share capital) premium of the Company, amounting to RMB 4,732,757.49, was caused by the transaction in a subsidiary during the reporting period, for which the shares of owners' equity of such subsidiary changed and the control over such subsidiary remained unchanged. See Note X.2 for details;

(2) The decrease in 2023 in capital (share capital) premium of the Company, amounting to RMB 943,205,910.32, was caused by the business combination under common control took place during the reporting period; see Note IX.2 for details;

(3) The increase in 2023 in capital (share capital) premium of the Company, amounting to RMB 188,463.10, was caused by the increase in capital reserves under the conversion of the Company's "Shenghong Convertible Bonds" into shares in 2023; see Note VII.32 Bonds payable for details;

(4) The increase in 2023 in other capital reserves of the Company, amounting to RMB 51,592.14, was caused by the change in other equity of Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd., an associate of the Company, in 2023; the change in other capital reserves was recognized at the shareholding ratio.

40. Other comprehensive income

Unit: RMB

Item	Balance as at January 1, 2023	Year 2023						Balance as at December 31, 2023
		Amount before income tax in the current period	Less: amount previously included in other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the company	Amount after tax attributable to minority shareholders	
I. Other comprehensive income that cannot be reclassified into profit or loss	66,210,030.00	1,318,120.00			329,530.00	988,590.00		67,198,620.00
Including: Changes in fair value of other equity instrument investments	66,210,030.00	1,318,120.00			329,530.00	988,590.00		67,198,620.00
II. Other comprehensive income that will be reclassified into profit or loss	8,329,460.29	81,018.07				81,018.07		8,410,478.36
Including: Translation differences of foreign currency financial statements	8,329,460.29	81,018.07				81,018.07		8,410,478.36
Total of other comprehensive income	74,539,490.29	1,399,138.07			329,530.00	1,069,608.07		75,609,098.36

41. Special reserves

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
Work safety expenses	16,781,579.41	327,007,249.80	248,178,393.64	95,610,435.57
Total	16,781,579.41	327,007,249.80	248,178,393.64	95,610,435.57

42. Surplus reserves

Unit: RMB

Item	Balance as at January 1, 2023	Increase in 2023	Decrease in 2023	Balance as at December 31, 2023
Statutory surplus reserves	603,991,295.17	5,421,262.78		609,412,557.95
Total	603,991,295.17	5,421,262.78		609,412,557.95

43. Undistributed profits

Unit: RMB

Item	Year 2023	Year 2022
Undistributed profits at the end of last period before adjustment	6,298,390,031.62	6,615,477,283.13
Total adjustment to undistributed profits at the beginning of the period ("+" for increase and "-" for decrease)	113,117,374.99	81,638,355.39
Undistributed profits at the beginning of the period after adjustment	6,411,507,406.61	6,697,115,638.52
Plus: net profit attributable to owners of the company in the current period	717,031,594.87	611,000,794.98
Business combination under common control		-2,211,126.71
Less: withdrawal of statutory surplus reserves	5,421,262.78	2,421,531.58
stock dividends payable	701,121,240.20	891,976,368.60
Undistributed profits at the end of the period	6,421,996,498.50	6,411,507,406.61

Details of adjustment to undistributed profits at the beginning of the period:

Due to change in the scope of consolidation caused by common control, the affected undistributed profits at the beginning of the period amount to RMB 113,117,374.99.

44. Operating revenue and operating costs

Unit: RMB

Item	Year 2023		Year 2022	
	Revenue	Cost	Revenue	Cost
Primary business	125,579,839,200.18	109,859,177,730.21	55,434,076,087.35	50,595,981,123.84
Other business	14,859,898,858.45	14,754,226,471.10	8,438,823,977.44	8,268,421,887.59
Total	140,439,738,058.63	124,613,404,201.31	63,872,900,064.79	58,864,403,011.43

45. Taxes and surcharges

Unit: RMB

Item	Year 2023	Year 2022
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Consumption tax	7,464,413,779.62	413,836,961.34
Urban maintenance and construction tax	549,096,440.79	63,281,600.52
Educational surtax	394,582,370.47	45,799,795.37
House property tax	90,072,028.40	68,054,045.34
Land use tax	35,569,002.59	32,522,934.49
Stamp duty	117,396,908.12	74,860,073.13
Environmental protection tax	8,422,730.20	8,688,838.01
Others	314,221.67	422,231.90
Total	8,659,867,481.86	707,466,480.10

46. General and administrative expenses

Unit: RMB

Item	Year 2023	Year 2022
Employee compensation	494,967,948.70	431,921,406.39
Service expense	115,168,038.28	53,643,824.22
Depreciation and amortization	106,042,105.45	92,058,895.34
Office expenses	18,442,671.26	16,628,579.27
Water, electricity and property management expenses	10,725,146.51	12,072,949.36
Others	119,064,653.14	69,839,059.42
Total	864,410,563.34	676,164,714.00

47. Selling and distribution expenses

Unit: RMB

Item	Year 2023	Year 2022
Employee compensation	124,497,052.47	95,220,912.29
Warehousing expenses	147,590,527.08	55,027,688.66
Others	62,075,241.41	40,977,921.43
Total	334,162,820.96	191,226,522.38

48. Research and development expenses

Unit: RMB

Item	Year 2023	Year 2022
Technology research and development expenses	671,302,694.89	502,995,207.21
Total	671,302,694.89	502,995,207.21

49. Financial expenses

Unit: RMB

Item	Year 2023	Year 2022
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Interest expenses	3,587,807,476.21	2,112,467,772.89
Less: interest income	162,432,850.20	200,587,875.40
Profit or loss on foreign exchange	-16,917,052.39	21,109,810.07
Handling fees and others	85,474,053.25	55,270,739.63
Total	3,493,931,626.87	1,988,260,447.19

50. Other income

Unit: RMB

Source of other income	Year 2023	Year 2022
Government grants	446,444,408.18	114,358,477.26
Additional deduction of input tax	143,925,405.84	3,634,151.63
Handling charges for withdrawal of individual income tax	3,288,490.81	1,580,608.70
Total	593,658,304.83	119,573,237.59

51. Gains from changes in fair value

Unit: RMB

Sources of gains from changes in fair value	Year 2023	Year 2022
Financial assets held for trading	1,568,194.25	-2,814,626.02
Total	1,568,194.25	-2,814,626.02

52. Investment income

Unit: RMB

Item	Year 2023	Year 2022
Income from long-term equity investments accounted for under the cost method	-26,185,529.82	-15,887,426.82
Investment income from trading financial assets during the holding period	3,013,859.62	2,855,653.29
Dividends income from the investments in other equity instruments during the holding period	976,431.36	3,817,017.83
Investment income from disposal of financial assets	-20,951,873.16	-20,813,499.84
Total	-43,147,112.00	-30,028,255.54

53. Losses from credit impairment

Unit: RMB

Item	Year 2023(losses expressed with "-")	Year 2022(losses expressed with "-")
Losses from bad debts of accounts receivable	-9,061,262.54	-6,192,215.96
Losses from bad debts of other receivables	-5,750,961.99	-4,888,563.20

Total	-14,812,224.53	-11,080,779.16
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54. Losses from asset impairment

Unit: RMB

Item	Year 2023(losses expressed with "-")	Year 2022(losses expressed with "-")
Losses from inventory depreciation	-2,210,198,657.58	-1,000,663,116.79
Total	-2,210,198,657.58	-1,000,663,116.79

55. Gains from disposal of assets

Unit: RMB

Source of gains from disposal of assets	Year 2023	Year 2022	Amount included in non-recurring profit or loss in the current period
Gains from disposal of non-current assets	114,136,383.46	483,515,873.85	114,136,383.46

56. Non-operating revenue

Unit: RMB

Item	Year 2023	Year 2022	Amount included in non-recurring profit or loss in the current period
Donation received		6,480.00	
Revenue from indemnity and fines	74,743,514.70	50,104,384.58	74,743,514.70
Payments not required to be paid	13,983,529.02	4,839,587.39	13,983,529.02
Others	15,634,709.41	6,375,675.73	15,634,709.41
Total	104,361,753.13	61,326,127.70	104,361,753.13

57. Non-operating expenses

Unit: RMB

Item	Year 2023	Year 2022	Amount included in non-recurring profit or loss in the current period
Donation outlay	1,779,123.00	16,654,220.00	1,779,123.00
Expenses on compensation, fines and overdue fines	7,213,339.01	10,331,717.80	7,213,339.01
Losses from the damage and scrapping of non-current assets	23,795,242.37	2,364,523.60	23,795,242.37
Others	4,466,891.47	1,067,916.09	4,466,891.47
Total	37,254,595.85	30,418,377.49	37,254,595.85

58. Income tax expenses**(1) Table of income tax expenses**

Unit: RMB

Item	Year 2023	Year 2022
Current income tax expenses	159,223,176.00	250,075,758.86
Deferred income tax expenses	-559,446,214.96	-317,874,134.47
Total	-400,223,038.96	-67,798,375.61

(2) Adjustment process of accounting profits and income tax expenses

Unit: RMB

Item	Year 2023
Total profits	310,970,715.11
Income tax expenses calculated at statutory / applicable tax rate	77,742,678.78
Effect of the application of various tax rates by subsidiaries	-148,455,032.85
Effect of adjustments to the income tax for the prior years	-2,897,453.11
Effect of non-taxable income	-6,751,923.30
Effect of non-deductible costs, expenses and losses	56,502,827.29
Effect of deductible losses from using the deferred income tax assets unrecognized in previous periods	-281,761.92
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	24,745,127.05
Effect of income tax reduction and exemption	-27,403,879.02
Effect of additional deduction of research and development expenses	-226,230,904.80
Others	-147,192,717.08
Income tax expenses	-400,223,038.96

59. Earnings per share**(1) Basic earnings per share**

The basic earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the company by the weighted average of the Company's outstanding common stock:

Unit: RMB

Item	Year 2023	Year 2022
Consolidated net profit attributable to the common stockholder of the company	717,031,594.87	611,000,794.98
Weighted average of the Company's outstanding common stock	6,611,210,442.33	6,079,872,136.17
Basic earnings per share	0.11	0.10
Including: basic earnings per share from continued operation	0.11	0.10

Item	Year 2023	Year 2022
Basic earnings per share from discontinued operation		

(2) Diluted earnings per share

The diluted earnings per share is calculated by dividing the consolidated net profit attributable to the common stockholder of the company (diluted) by the weighted average of the Company's outstanding common stock (diluted):

Unit: RMB

Item	Year 2023	Year 2022
Consolidated net profit attributable to the common stockholder of the company (diluted)	717,031,594.87	611,000,794.98
Weighted average of the Company's outstanding common stock (diluted)	6,611,210,442.33	6,449,537,925.17
Diluted earnings per share	0.11	0.09
Including: diluted earnings per share from continued operation	0.12	0.09
Diluted earnings per share from discontinued operation		

60. Items in the statement of cash flows**(1) Cash received from other operating activities**

Cash received from other operating activities

Unit: RMB

Item	Year 2023	Year 2022
Government grants	328,958,280.31	131,600,877.22
Interest	161,388,693.94	197,418,858.61
Current amounts	781,154,071.12	517,477,707.07
Non-operating revenue	65,201,000.34	23,748,557.07
Recovery of restricted funds	7,547,001,149.60	4,857,102,786.04
Employee shareholding payments received	871,273,515.74	2,500,547,124.31
Total	9,754,976,711.05	8,227,895,910.32

Cash paid for other operating activities

Unit: RMB

Item	Year 2023	Year 2022
Current amounts	699,116,745.94	288,009,911.55
Expenditure on selling and distribution expenses and general and administrative expenses	334,592,911.38	276,896,276.26
Financial expenses	158,935,499.66	39,927,985.36
Non-operating expenses and others	24,840,075.85	27,439,951.19

Expenditure on restricted funds	9,804,198,170.25	4,787,485,608.46
Employee shareholding payments received	874,536,818.40	2,497,047,839.78
Total	11,896,220,221.48	7,916,807,572.60

(2) Cash received from other investing activities

Cash received from other investing activities

Unit: RMB

Item	Year 2023	Year 2022
Restricted funds recovery (investment)	1,140,566,718.61	4,727,055,777.53
Cash received from business combination		50.00
Other	9,956,924.19	18,576,558.22
Total	1,150,523,642.80	4,745,632,385.75

Cash paid for other investing activities

Unit: RMB

Item	Year 2023	Year 2022
Expenditure on restricted funds	529,564,086.98	3,760,426,713.19
Total	529,564,086.98	3,760,426,713.19

(3) Cash received from other financing activities

Cash received from other financing activities

Unit: RMB

Item	Year 2023	Year 2022
Capital of related parties	832,030,000.00	2,434,145,400.00
Finance lease	953,807,245.60	2,085,000,000.00
Recovery of restricted loan deposits		169,900,000.00
Total	1,785,837,245.60	4,689,045,400.00

Cash paid for other financing activities

Unit: RMB

Item	Year 2023	Year 2022
Capital of related parties	2,101,753,646.00	4,267,103,558.30
Finance lease	1,591,339,566.57	1,711,386,932.53
Payments made by subsidiaries under the business combination under common control	2,200,000,000.00	2,116,819,093.21
Rental expense of right-of-use assets	61,582,360.73	122,203,907.85
Others	13,828,362.50	87,912,380.05

Total	5,968,503,935.80	8,305,425,871.94
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61. Supplementary information on the statement of cash flows**(1) Supplementary information on the statement of cash flows**

Unit: RMB

Supplementary information	Year 2023	Year 2022
1. Net profit adjusted to cash flows from operating activities		
Net profit	711,193,754.07	599,592,142.23
Plus: Losses from credit impairment provision for impairment of assets	14,812,224.53	11,080,779.16
Depreciation of fixed assets	2,210,198,657.58	1,000,663,116.79
Depreciation of right-of-use assets	4,732,837,301.30	2,431,231,463.44
Amortization of intangible assets	53,622,217.18	11,696,177.13
Amortization of long-term deferred expenses	84,567,992.25	74,640,310.83
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	2,439,239.09	7,245,055.82
Losses from scrapping of fixed assets ("-" for gains)	-114,136,383.46	-483,515,873.85
Losses from changes in fair value ("-" for gains)	22,622,945.27	2,360,030.52
Financial expenses ("-" for gains)	-1,568,194.25	2,814,626.02
Investment losses ("-" for gains)	3,606,003,483.72	2,151,501,828.23
Decreases in deferred income tax assets ("-" for increases)	38,342,038.29	18,166,907.01
Increases in deferred income tax liabilities ("-" for decreases)	-86,180,800.55	-441,790,294.49
Decreases in inventories ("-" for increases)	-472,935,884.41	123,916,155.42
Decreases in operating receivables ("-" for increases)	-2,877,671,522.23	-10,672,551,261.52
Increases in operating payables ("-" for decreases)	-1,391,129,160.41	7,240,615,143.89
Others	1,731,093,542.04	-327,364,609.52
Net cash flows from operating activities	78,828,856.16	-8,565,616.23
2. Significant investing and financing activities not involving cash receipts and payments	8,342,940,306.17	1,741,736,080.88
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	6,386,357,048.67	10,166,052,126.87
Less: beginning balance of cash	10,166,052,126.87	9,937,943,736.29
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		

Net increase in cash and cash equivalents	-3,779,695,078.20	228,108,390.58
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(2) Breakdown of cash and cash equivalents

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
I. Cash	6,386,357,048.67	10,166,052,126.87
Including: cash on hand	9,157.98	17,922.98
Unrestricted digital currency		2,052,571.13
Unrestricted bank deposit	6,349,940,696.04	10,143,080,483.37
Other unrestricted monetary funds	36,407,194.65	20,901,149.39
III. Ending balance of cash and cash equivalents	6,386,357,048.67	10,166,052,126.87

62. Assets with restrictions on the ownership or use right

Unit: RMB

Item	Book value as at December 31, 2023	Reason for restriction
Monetary funds	3,623,382,675.15	See Note 7.1 for the reason for restriction
Fixed assets	17,119,825,050.33	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,725,821,597.56	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Total	23,469,029,323.04	

63. Monetary items in foreign currency**(1) Monetary items in foreign currency**

Unit: RMB

Item	Balance in foreign currency as at December 31, 2023	Exchange rate for conversion	Balance in RMB converted as at December 31, 2021
Monetary funds			
Including: USD	90,397,278.15	7.0827	640,256,801.93
EUR	484,418.74	7.8592	3,807,143.77
SGD	248,506.89	5.3714	1,334,824.55
HKD	390.30	0.9062	353.70
JPY	29.00	0.0502	1.45
Accounts receivable			
Including: USD	127,828,924.11	7.0827	905,373,920.81
Other receivables			
Including: SGD	225,532.20	5.3714	1,211,423.66

Long-term borrowings			
Including: USD	57,000,000.00	7.0827	403,713,900.00
EUR	15,527,931.45	7.8592	122,037,118.84
Accounts payable			
Including: USD	382,527,459.72	7.0827	2,709,327,239.01
EUR	8,016,802.37	7.8592	63,005,653.19
CHF	173,000.00	8.4184	1,456,383.20
JPY	1,915,000.00	0.0502	96,157.90
Other payables			
Including: USD	1,104,911.09	7.0827	7,825,753.75
SGD	542,288.64	5.3714	2,912,849.20
Non-current liabilities maturing within one year			
Including: USD	38,252,332.85	7.0827	270,929,797.88
EUR	2,372,157.72	7.8592	18,643,261.96

(2) Explanation to overseas operating entities

Company name	Main operating location	Functional currency	Selection criteria
Shenghong Petrochemical (Singapore) International Co., Ltd.	Singapore	USD	The main currency in which the company operates is the USD
Shenghong Petrochemical (Singapore) International Co., Ltd.	Singapore	USD	The main currency in which the company operates is the USD

64. Leases**(1) The Company as the lessee**

Unit: RMB

Item	Year 2023	Year 2022
Interest expenses on lease liabilities	58,298,662.86	50,020,744.73
Expense on short-term lease under simplified treatment and included in the assets-related cost or the current profit or loss	33,271,615.98	10,910,216.59
Expense on the lease of low-value assets under simplified treatment and included in the assets-related cost or the current profit or loss (except for the expense on short-term lease of low-value assets)	19,541,816.48	34,065,003.85
Total cash outflows relevant to lease	135,982,587.83	167,836,349.65

(2) The Company as the lessor

Operating lease of the Company acting as the lessor

☒Applicable ☐Not applicable

Unit: RMB

Item	Year 2023	Year 2022
Revenue from operating lease	51,852,109.13	76,493,338.27
Total	51,852,109.13	76,493,338.27

The undiscounted lease payments to be received after the balance sheet date are as follows:

Unit: RMB

Remaining lease term	Year 2023	Year 2022
Within 1 year	22,411,655.78	17,579,961.99
1 - 2 years	20,223,197.78	16,699,526.99
2 - 3 years	6,692,245.98	14,504,068.99
3 - 4 years	5,986,019.79	980,117.19
4 - 5 years	304,629.98	264,220.19
Over 5 years	812,346.62	1,385,779.95
Total	56,430,095.93	51,413,675.30

65. Trial run sales

Unit: RMB

Item	Year 2023	Year 2022
Operating revenue	33,699,832,998.71	4,017,901,985.23
Operating costs	28,507,047,757.98	3,528,158,684.62

The trial run sales in 2023 refer to the external sales of products before the fixed assets reach the working condition for their intended use.

VIII. Research and development expenses

Unit: RMB

Item	Year 2023	Year 2022
Employee compensation	642,432,428.06	350,916,631.79
Consumed materials	4,845,536,362.05	1,132,892,204.63
Depreciation and amortization	166,600,755.43	90,711,904.20
Others	59,027,378.68	27,315,527.90
Total	5,713,596,924.22	1,601,836,268.52

IX. Changes in the scope of consolidation

1. Business combination not under common control

None

2. Business combination under common control

(1) Business combination under common control in 2023

Unit: RMB

Name of combinee	Proportion of equity	Combination date	Determination basis on combination date	Revenue of the combinee from the	Net profit of the combinee from the beginning of the
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	acquired in business combination			beginning of the combination period to the combination date	combination period to the combination date
Lianyungang Guanghong Industrial Co., Ltd.	100.00%	October, 2023	Completion of industrial and commercial registration for change	64,674,332.19	531,233.25
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	100.00%	October, 2023	Completion of industrial and commercial registration for change	422,302,909.33	58,937,455.46

Other description:

In order to further improve the supporting public works of the Company's petrochemical business sector, reduce related transactions, reduce operating costs and improve profitability, Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. (hereinafter referred to "Industry Group"), a subsidiary of the Company, purchased in cash the 100% of equity held by the related party Shenghong Petrochemical Group Co., Ltd. (hereinafter referred to as "Shenghong Petrochemical") in Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd. (hereinafter referred to as "Shenghong Petrochemical Port Storage and Transportation") and Lianyungang Guanghong Industrial Co., Ltd. (Hereinafter referred to as "Guanghong Industrial").

On September 27, 2023, Industry Group and Shenghong Petrochemical signed the *Agreement on Equity Acquisition* in Suzhou City. After the completion of such equity purchase, Industry Group held 100% of equity of Shenghong Petrochemical Port Storage and Transportation and Guanghong Industrial, by which Shenghong Petrochemical Port Storage and Transportation and Guanghong Industrial were included in the scope of consolidated financial statements of the Company.

On the combination date, the equity of Lianyungang Rongtai Chemical Warehousing Co., Ltd. and Lianyungang Xinrongtai Terminal Co., Ltd., were the wholly-owned subsidiaries of Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., and Lianyungang Hongyang Port Storage and Transportation Co., Ltd., a subsidiary with the shareholding ratio of 60% of Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., was also acquired by the Company while the Company acquired the equity of Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.

(2) Combination cost

Unit: RMB

Item	Lianyungang Guanghong Industrial Co., Ltd.	Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Cash	594,774,597.73	1,648,431,312.59
Total combination cost	594,774,597.73	1,648,431,312.59

(3) Book values of assets and liabilities of the combinee on the combination date

Unit: RMB

	Lianyungang Guanghong Industrial Co., Ltd.		Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	
	Combination date	As at December 31, 2018	Combination date	As at December 31, 2018
Total assets:	1,756,469,582.01	1,527,673,864.29	3,846,142,181.90	3,246,506,938.74

Including main item:				
Monetary funds	118,638,021.65	88,416,401.84	145,628,255.35	75,557,141.88
Receivables	7,360,862.19	34,102,593.61	43,415,283.00	45,707,972.31
Inventories	32,612.56	138,086.03	15,700,255.96	7,496,930.91
Fixed assets	42,994,048.17	26,195,964.09	2,606,444,493.78	2,550,955,606.34
Intangible assets	1,429,635.70	99,457,698.41	123,070,326.72	125,577,540.50
Other current assets	26,248,230.29	37,613,529.78	633,682.68	35,909,762.08
Investment property	1,353,163,593.27	769,793,378.13		
Ongoing construction	197,588,703.44	450,162,666.91	733,301,580.14	354,194,005.74
Right-of-use assets			141,737,892.85	8,607,397.67
Total liabilities:	1,284,668,870.37	1,056,404,385.90	2,347,251,006.31	3,068,807,337.27
Including main item:				
Borrowings			190,011,000.00	20,012,069.45
Payables	370,365,889.08	376,863,921.12	205,323,105.62	183,047,141.20
Other payables	44,521,579.13	56,680,021.26	586,805,474.02	1,585,775,221.72
Non-current liabilities due within one year	35,631,400.38	6,250,000.00	175,249,937.22	227,622,774.79
Long-term borrowings	790,467,043.94	582,899,970.95	970,000,000.00	950,797,006.94
Lease liabilities			137,558,734.80	8,680,252.07
Net assets:	471,800,711.64	471,269,478.39	1,498,891,175.59	177,699,601.47
Less: Minority equity			43,886,002.00	45,500,770.34
Net assets gained	471,800,711.64	471,269,478.39	1,455,005,173.59	132,198,831.13

3. Reverse purchase: None**4. Disposal of subsidiaries: None****5. Changes in scope of consolidation due to other reasons****(1) Subsidiaries and other operating entities newly included in the scope of consolidation in 2023**

None

(2) Subsidiaries and other operating entities ceased to be included in the scope of consolidation in 2023 due to other reasons

Company	Date of establishment	Time-point for equity withdrawal	Basis of time-point for equity withdrawal
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Suzhou Shengze Real Estate Leasing Co., Ltd.	November 2, 2021	December 2023	Remark
Suzhou Shengze Warehousing Management Co., Ltd.	November 2, 2021	December 2023	Remark
Lianyungang Shengtai New Materials Co., Ltd.	March 26, 2021	December 2023	Remark
Siyang Yiyang Environmental Protection Technology Co., Ltd.	March 23, 2021	As at September 2023	Remark

Remark: The liquidation and tax write-off for Suzhou Shengze Real Estate Leasing Co., Ltd. and Suzhou Shengze Warehousing Management Co., Ltd. had been completed in December 2023, for which the cancellation of industrial and commercial registration was completed in January 2024. The cancellation of Lianyungang Shengtai New Materials Co., Ltd. was completed in December 2023. The cancellation of Siyang Yiyang Environmental Protection Technology Co., Ltd. was completed in September 2023.

X. Equity in other entities

1. Equity in subsidiaries

(1) Structure of the enterprise group

Unit: RMB

Subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	Suzhou	Suzhou	Energy sales and management	100.00%		Established by investment
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Electricity and heat supply	100.00%		Established by investment
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Suzhou	Suzhou	Petrochemical industry investment	100.00%		Established by investment
Suzhou Shenghong Data Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology service	100.00%		Established by investment
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Established by investment
Shenghong (Shanghai)	Shanghai	Shanghai	New material technology	100.00%		Established by investment

New Material Technology Co., Ltd.			research and development			
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Established by investment
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Lianyungang	Lianyungang	New material technology research and development	100.00%		Established by investment
Shenghong New Energy (Suzhou) Co., Ltd.	Suzhou	Suzhou	Emerging energy technology research and development	100.00%		Established by investment
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	Shanghai	Shanghai	Technology development in the field of new chemical materials	100.00%		Business combination under common control

2. Transactions causing changes in the share of owners' equity in subsidiaries and remaining the control over these subsidiaries

(1) Description of the changes in the share of owners' equity in subsidiaries

The purchase of equity of minority shareholders of Jiangsu Shengjing New Materials Co., Ltd. in 2023 made the proportion of minority interest of Jiangsu Shengjing New Materials Co., Ltd. Decrease to 0.00% from the proportion of 35.00% in 2022.

(2) Effect of transactions on minority interests and equity attributable to owners of the company

Unit: RMB

Purchase cost/disposal consideration	
-- Cash	0.00
- Fair value of non-cash assets	0.00
Total purchase cost/disposal consideration	0.00
Less: share of net assets of subsidiaries calculated at the proportion of equity acquired/disposed of	-4,732,757.49
Difference	
Including: adjustment to capital reserves	-4,732,757.49

3. Equity in joint venture arrangements or associates

Name of joint venture or associate	Main business place	Registered place	Business nature	Shareholding ratio		Accounting treatment method for
				Direct	Indirect	

						investments in joint ventures or associates
Tianjiao Technology Venture Capital Co., Ltd.	Suzhou	Suzhou	Venture capital	33.33%		Accounting by the equity method
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Suzhou	Suzhou	Research and experimental development		48.00%	Accounting by the equity method
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Suzhou	Suzhou	Gas operation		49.00%	Accounting by the equity method
Lianyungang Fanghong Port Storage and Transportation Co., Ltd.	Lianyungang	Lianyungang	Port storage and transportation		40.00%	Accounting by the equity method

XI. Government grants

1. Government grants recognized as amount receivable at the end of the reporting period

☒Applicable ☐Not applicable

Balance of receivables as at December 31, 2023: RMB 226,988,142.19.

Reason for the failure in receiving the government subsidies with the estimated amount at the estimated time-point

☐Applicable ☒Not applicable

2. Liabilities involving with government grants

☒Applicable ☐Not applicable

Unit: RMB

Item	Balance as at January 1, 2023	New grants in 2023	Amount included in non-operating revenue in 2023	Amount transferred to other income in 2023	Other changes in 2023	Balance as at December 31, 2023	Asset/income-related
Deferred income	2,325,795,976.92	188,708,242.24		86,606,934.94		2,427,897,284.22	Assets

3. Government grants included in the current profit or loss

☒Applicable ☐Not applicable

Unit: RMB

Item	Year 2023	Year 2022
Other income	359,837,473.24	50,721,204.62

4. Category, amounts and presented items of government grants

(1) Asset-related government grants

Unit: RMB

Item presented on the balance sheet	Amount of government grants	Amount included in the current profit or loss or used to offset the losses of related costs		Item included in the current profit or loss or used to offset the losses of related costs
		Year 2023	Year 2022	
Deferred income	188,708,242.24	86,606,934.94	63,637,272.64	Other income

(1) Income-related government grants

Unit: RMB

Item included in the current profit or loss or used to offset the losses of related costs	Amount of government grants	Amount included in the current profit or loss or used to offset the losses of related costs	
		Year 2023	Year 2022
Other income	359,837,473.24	359,837,473.24	50,721,204.62

XII. Risks related to financial instruments

In the course of business operation, the Company will face various financial risks, including the credit risk, market risk and liquidity risk. The Board of Directors of the Company takes full responsibilities for determining the risk management objects and policies and bearing the ultimate liabilities for that, however, the Board of Directors has authorized the management of the Company to design and implement the process capable of ensuring the effective implementation of the risk management objects and policies. The Board of Directors reviews the effectiveness of the enforced procedures and the rationality of risk management objectives and policies by quarterly reports submitted by financial departments. The internal auditors of the Company also will audit the risk management policies and procedures, and report the relative facts to the audit committee.

The overall objective of risk management of the Company is to prepare the risk management policies ensuring the risk under control as far as possibility without affecting the Company's business development goals.

(I) Credit risk

Credit risk refers to a risk that one party to the financial instruments suffers financial losses due to the failure of the other party in performing the obligations. The Company mainly faces customer credit risks caused by credit sales. Prior to the conclusion of the new contract, the Company will evaluate the credit risk of the new customer including the external credit rating and bank credential letter under some circumstances if it is available. The Company sets a credit limit for each customer. The limit is the maximum amount dispensing with additional approval.

The Company quarterly monitors the existing customer credit rating and monthly reviews aging analysis of accounts receivable to ensure that the Company's overall credit risk is within the controllable range. The Company divides the customers by their credit characteristics while monitoring the customer credit risk. Customers rated as "high risk" level will be placed in a restricted customer list. The Company may sell goods to such customers on credit in future periods in case of additional approval, otherwise the Company must require advance payments of the corresponding amount.

(II) Liquidity risk

Liquidity risk refers to a risk that an enterprise suffers funds shortage in performing the obligations of settlement in cash or other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of matured debts. Liquidity risk is under the centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction.

(III) Market risk

Market risk associated with financial instruments refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices, and it includes exchange rate risk, interest rate risk and other price risks.

(1) Interest rate risk

Interest rate risks refer to the risks of fluctuation in the fair value or future cash flows of financial instruments due to changes in market interest rate.

Interest rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market interest rate. The Company's interest rate risk mainly derives from long-term or short-term borrowings and bonds payable with fixed interest rate from banks. The Company makes loans according to the amount and time demand of funds and after comprehensive analysis of interest rate and time of borrowing from various banks. The Company has established good bank-enterprise relationship with banks and has sufficient bank credit lines. The Company has consistently maintained a good credit record, and the interest rates of the borrowing contracts signed with banks basically float at a certain percentage of the benchmark interest rates announced by the central bank for the same period and at the same level.

(2) Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in foreign exchange rate. The Company will match the foreign currency income with the foreign currency expenses as far as possible to reduce the exchange rate risk.

(3) Other price risk

As for the equity investments held by the Group in other listed companies, the management believes that the market price risks, to which these investing activities are exposed, are acceptable.

The equity investments held by the Company in the listed companies are listed as below:

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at December 31, 2022
Financial assets held for trading	73,750,917.76	83,147,068.34
Total	73,750,917.76	83,147,068.34

As at December 31, 2023, on the conditions that all the other variables remain unchanged, if the value of the equity instruments increases or decreases by 30%, then the gains from changes in fair value of the Company increased or decreased by RMB 22,125,300. The management believes that rate of 30% has reasonably reflected the scope of potential changes in the equity instruments in the next year.

XIII. Disclosure of fair value

The input values used for measuring fair value are divided into three levels:

Level 1 input values are unadjusted quoted prices in the active market of identical assets or liabilities accessible on the measurement date.

Level 2 input values refer to input values that are directly or indirectly observable for relevant assets or liabilities, other than Level 1 input values.

Level 3 input values are unobservable input values for relevant assets or liabilities.

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

1. Fair value of assets and liabilities measured at fair value as at December 31, 2023

Unit: RMB

Item	Fair value as at December 31, 2023
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	Measurement at Level 1 fair value	Measurement at Level 2 fair value	Measurement at Level 3 fair value	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Financial assets held for trading	84,874,411.43			84,874,411.43
1. Financial assets measured at fair value through the current profit or loss	84,874,411.43			84,874,411.43
(1) Investment in equity instruments	73,750,917.76			73,750,917.76
(2) Derivative financial assets	11,123,493.67			11,123,493.67
◆ Receivables financing			319,225,113.32	319,225,113.32
◆ Investment in other equity instruments			582,098,160.00	582,098,160.00
Total assets continuous measured at fair value	84,874,411.43		901,323,273.32	986,197,684.75
II. Non-continuous measurement of fair value	--	--	--	--

2. Basis of determination for market prices of continuous and non-continuous measurements of fair values at level 1

(1) The equity instrument investments classified as measured at fair value through the current profit or loss amounted to RMB 73,750,917.76, and recognized at the closing price of open market trading on Sunday, December 31, 2023.

(2) Derivative financial assets of RMB 11,123,493.67 were recognized at the fair value of the position contract in the futures market on December 31, 2023.

3. Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at Level 3

None

4. Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 3

Unit: RMB

Item	Fair value as at December 31, 2023	Valuation techniques
Receivable financing	319,225,113.32	[Remark]
Other equity instrument investments	582,098,160.00	Market method

[Remark] The receivable financing represents notes receivable of RMB 319,225,113.32 that are discounted or expected to be transferred by endorsement. The maturity of the notes is usually shorter than 6 months, and the

difference between the fair value and the face value is insignificant, and the face amount is used as the fair value measurement

XIV Related parties and related-party transactions

1. Parent company of the Company

Parent company	Registered place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Voting right ratio of the parent company in the Company
Jiangsu Shenghong Technology Co., Ltd.	Suzhou	Investment type	RMB 2,992,741,100	43.13%	43.13%

Remark: the shareholding ratio includes the parent company's share of GDRs issued by the Company.

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

2. Subsidiaries of the Company

See Note "V Equity in other entities" for subsidiaries of the Company.

3. Joint ventures and associates of the Company

See Note "V Equity in other entities" for major joint ventures and associates of the Company.

4. Other related parties

Other related party	Relationship with the Company
Jiangsu Shenghong New Material Group Co., Ltd.	Parent company of the parent company
Jiangsu Shenghong Technology Co., Ltd.	Parent company
Shenghong Group Co., Ltd.	Controlled by the same actual controller
Jiangsu Dongfang Yingta Security & Preservation Systems Co., Ltd.	Other related-party transactions
Suzhou Shenghong Hotel Co., Ltd. Renaissance Wujiang Hotel	Other related-party transactions
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Rongwei Jet Weaving Factory	Other related-party transactions
Jiangsu Shengze Oriental Development Co., Ltd.	Other related-party transactions
Yu Xiaofang	Other related-party transactions
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the same actual controller
Suzhou Huaxia Group Co., Ltd.	Other related-party transactions
HONWELL (Lianyungang) Fine Chemicals Co., Ltd.	Other related-party transactions
Wujiang Jiayu Industrial Development Co., Ltd.	Other related-party transactions
Jiangsu Shenghong Import and Export Co., Ltd.	Controlled by the same actual controller
Shenghong Technology (Shanghai) Co., Ltd.	Controlled by the same actual controller
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related-party transactions
Suzhou Suzhen Thermal Power Co., Ltd.	Other related-party transactions

Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related-party transactions
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5. Related transactions

(1) Related transaction on purchase or sales of goods and rendering or receipt of services

Purchase of goods/receipt of services

Unit: RMB

Related party	Contents of related transactions	Amount in this period	Transaction limit approved	Whether the transaction limit is exceeded	Amount in the previous period
Shenghong Group Co., Ltd.	Commodities, steam, electricity, etc.	90,160,875.61	100,100,000.00	No	73,172,788.59
Jiangsu Dongfang Yingta Security & Preservation Systems Co., Ltd.	Safe-protection services, etc.	197,103.36	460,880.00	No	428,806.40
Suzhou Oriental Yingta Property Management Co., Ltd.	Safe-protection services, etc.	96,000.00		No	
Suzhou Suzhen Thermal Power Co., Ltd.	Energy, steam, water, etc.	9,996,389.23	13,288,000.00	No	1,521,144.08
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Meetings, catering, etc.	1,315,092.65	1,620,000.00	No	615,937.47
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Steam	5,456,162,773.87	6,523,980,400.00	No	3,028,647,711.19
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Commodities, etc.	53,110,438.90			34,599,419.00
Shenghong Petrochemical Group Co., Ltd.	Vehicles, etc.	209,734.51			2,143,447.80
Total		5,611,248,408.13			3,141,129,254.53

Table of sales of goods/rendering of services

Unit: RMB

Related party	Contents of related transactions	Year 2023	Year 2022
Shenghong Group Co., Ltd.	Goods or energy, etc.	41,708,926.02	49,702,987.94
Jiangsu Shenghong Import and Export Co.,	Warehousing and terminal	408,135.92	358,628.18

Ltd.	services		
Wujiang Jiayu Industrial Development Co., Ltd.	Warehousing and terminal services	77,648,555.20	
Jiangsu Shenghong New Material Group Co., Ltd.	Warehousing and terminal services		5,164,143.01
Shenghong Technology (Shanghai) Co., Ltd.	Warehousing and terminal services		491,469.30
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Steam or water	6,603,646.38	6,771,244.63
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Steam or water	891,807.18	675,249.91
Shenghong Petrochemical Group Co., Ltd.	Goods, water, electricity, sewage treatment	88,883.74	399,916.27
Wujiang Rongwei Jet Weaving Factory	Goods	430,490.67	1,322,208.43
Jiangsu Shengze Oriental Development Co., Ltd.	Steam	487,985.40	453,826.43
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Commodity	249,471,667.85	2,728,613.51
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Commodities, etc.	59,414,852.63	108,947,070.47
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Commodities, etc.		2,842,528.30
Total		437,154,950.99	179,857,886.38

(2) Related entrusted management/contracting and entrusted management/subcontracting situations

None.

(3) Related-party leases

The Company acted as the lessor:

Unit: RMB

Name of lessee	Type of leased assets	Lease revenue recognized in 2023	Lease revenue recognized in 2022
Shenghong Group Co., Ltd.	Leasing of transformer and auxiliary facilities	10,767,441.22	10,397,839.52
Shenghong Petrochemical Group Co., Ltd.	House rent		784,224.88
Yu Xiaofang	House rent	146,639.46	146,672.58
Total		10,914,080.68	11,328,736.98

The Company acted as the lessee:

Unit: RMB

Name of lessee	Type of leased assets	Rental expenses for short-term leases and leases of low-value assets subject to simplified treatment	
		Lease revenue recognized in 2023	Lease revenue recognized in 2022

Zhu Hongmei	House rent		54,000.00
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(4) Related-party guarantees

The Company acted as the guarantor:

None

The Company acted as the guaranteed party:

Unit: RMB ten thousand, USD ten thousand, EUR ten thousand, GBP ten thousand, JPY ten thousand

Guarantor	Guaranteed amount	Guarantee starting date	Guarantee due date	Whether the performance of the guarantee has been completed
Shenghong Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Han'gen, Zhu Hongmei, Tang Jinkui, Zhu Yuqin	4,150,000.00	November 13, 2020	November 12, 2038	No
Jiangsu Shenghong New Material Group Co., Ltd., Miao Han'gen and Zhu Hongmei	22,052.31	December 31, 2019	December 20, 2027	No
Miao Han'gen and his wife, 136.8 million real estate mortgage	270,000.00	September 20, 2019	September 20, 2032	No
Shenghong Holding Group Co., Ltd.	30,000.00	January 19, 2020	March 05, 2027	No
Shenghong Holding Group Co., Ltd.	87,806.50	July 14, 2022	November 16, 2027	No
Shenghong Holding Group Co., Ltd.	285,000.00	July 26, 2023	June 21, 2033	No
Shenghong Holding Group Co., Ltd.	80,000.00	October 19, 2023	October 15, 2034	No
Jiangsu Shenghong New Material Group Co., Ltd.	30,000.00	November 28, 2022	November 27, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	20,000.00	December 14, 2022	November 13, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	10,000.00	January 5, 2023	November 4, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	25,000.00	January 11, 2023	January 10, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	35,000.00	February 1, 2023	January 1, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	35,000.00	January 20, 2023	January 26, 2028	No
Shenghong (Suzhou) Group Co., Ltd.	15,000.00	March 22, 2023	April 6, 2027	No
Shenghong (Suzhou) Group Co., Ltd., and Miao Han'gen and his wife	96,000.00	May 10, 2022	January 5, 2027	No
Jiangsu Shenghong Technology Co., Ltd.	20,000.00	November 16,	November 16,	No

		2022	2028	
Shenghong (Suzhou) Group Co., Ltd., Miao Han'gen and Zhu Hongmei	119,000.00	June 28, 2019	June 27, 2028	No
Shenghong Holding Group Co., Ltd.	GBP 43.24	July 17, 2023	August 20, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 933.27	July 18, 2023	March 10, 2027	No
Shenghong Holding Group Co., Ltd.	46,000.00	September 6, 2021	August 30, 2044	No
Shenghong Holding Group Co., Ltd.	55,000.00	January 28, 2022	December 21, 2044	No
Jiangsu Shenghong New Material Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd.	50,000.00	June 25, 2019	Tuesday, June 19, 2029	No
Shenghong Petrochemical Group Co., Ltd.	1,000.00	September 22, 2022	March 19, 2027	No
Shenghong Holding Group Co., Ltd.	22,500.00	September 23, 2022	November 22, 2034	No
Shenghong Holding Group Co., Ltd.	130,000.00	December 12, 2023	December 15, 2033	No
Shenghong Holding Group Co., Ltd. and Miao Han'gen and his wife	2,000.00	July 14, 2023	January 15, 2024	No
Jiangsu Shenghong Technology Co., Ltd.	40,000.00	October 15, 2014	October 11, 2026	No
Shenghong Holding Group Co., Ltd.	30,000.00	December 15, 2021	December 13, 2035	No
Jiangsu Shenghong Technology Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Han'gen and Zhu Hongmei	611,500.00	April 25, 2014	April 24, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Han'gen and Zhu Hongmei	USD 32,500.00	June 10, 2014	April 24, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Han'gen and Zhu Hongmei	47,000.00	June 30, 2016	April 24, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd., Shenghong Holding Group Co., Ltd., Shenghong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Han'gen and Zhu Hongmei	213,262.00	June 27, 2018	June 27, 2029	No
Jiangsu Eastern Shenghong Co., Ltd., Miao Han'gen, Zhu Hongmei	84,000.00	August 9, 2022	April 24, 2027	No
Shenghong Holding Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Han'gen, and Zhu Hongmei	500,000.00	May 13, 2021	April 18, 2034	No
Shenghong Holding Group Co., Ltd.	EUR 385.00	March 14, 2023	January 21, 2026	No

Shenghong Holding Group Co., Ltd.	JPY 126,800.00	May 30, 2023	March 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 716.67	July 28, 2023	January 28, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 295.00	August 12, 2022	July 31, 2025	No
Shenghong Holding Group Co., Ltd.	EUR 469.20	March 16, 2023	January 06, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 796.00	April 13, 2023	January 31, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 70.82	July 10, 2023	February 10, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 329.14	August 24, 2023	May 16, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 1,050.20	November 10, 2023	June 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 597.00	November 13, 2023	September 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 171.08	November 13, 2023	June 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 1,680.38	November 15, 2023	June 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 263.49	December 8, 2023	September 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 663.12	December 25, 2023	February 28, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 708.00	December 25, 2023	June 6, 2026	No
Jiangsu Shenghong New Material Group Co., Ltd.	16,000.00	June 1, 2023	May 31, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	16,782.00	July 7, 2023	July 6, 2027	No
Miao Han'gen and Zhu Hongmei	150,000.00	June 10, 2022	November 22, 2027	No
Miao Han'gen and Zhu Hongmei	19,200.00	June 7, 2023	November 27, 2027	No
Jiangsu Shenghong Technology Co., Ltd., Miao Han'gen and Zhu Hongmei	43,000.00	January 30, 2018	December 25, 2028	No
Shenghong Holding Group Co., Ltd.	75,000.00	December 15, 2020	June 8, 2032	No
Shenghong (Suzhou) Group Co., Ltd.	50,000.00	July 14, 2023	January 15, 2024	No
Guaranteed by Shenghong (Suzhou) Group Co., Ltd., Jiangsu Shenghong Technology Co., Ltd., and Miao Han'gen and his wife	300,000.00	November 30, 2021	November 29, 2027	No
Shenghong (Suzhou) Group Co., Ltd.	66,400.00	November 29, 2021	November 29, 2028	No

(5) Loans from and to related parties

Unit: RMB

Related party	Balance as at December 31, 2022	Lending/borrowing amount	Refund in 2023	Balance as at December 31, 2023	Accrual of interest on Lending/borrowing in 2023
Jiangsu Shenghong Technology Co., Ltd.	0.00	530,000,000.00	530,000,000.00	0.00	557,029.82
Shenghong Petrochemical Group Co., Ltd.	1,576,486,846.00	292,500,000.00	1,562,223,646.00	306,763,200.00	0.00
Shenghong Petrochemical Group Co., Ltd. (Remark)	-9,530,000.00	9,530,000.00	0.00	0.00	0.00
HONWELL (Lianyungang) Fine Chemicals Co., Ltd.	50,766,800.00	0.00	9,530,000.00	41,236,800.00	
Total	1,617,723,646.00	832,030,000.00	2,101,753,646.00	348,000,000.00	557,029.82

Remark: During the current period, the company underwent a acquisition with entities under common control, which resulted from transactions between the company and entities under common control that occurred before the acquisition date. These transactions were settled before the acquisition date.

(6) Remuneration of key officers

Unit: RMB '0,000

Item	Year 2023	Year 2022
Remuneration of key officers	2,003.72	2,257.49

(7) Other related party transactions

In September 2023, Shenghong Petrochemical Group Co., Ltd. (hereinafter referred to as "Petrochemical Group") signed the Equity Acquisition Agreement with the Company, in which Petrochemical Group transferred its 100% equity in Lianyungang Guanghong Industrial Co., Ltd. (hereinafter referred to as "Guanghong Industrial") to the Company at a price of RMB 594,774,600 and 100% equity in Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd. (hereinafter referred to as "Petrochemical Port Storage") to the Company at a price of RMB 1,648,431,300. Petrochemical Group is an enterprise controlled by the actual controller of the Company. As of December 31, 2023, Petrochemical Group directly held 15.92% equity of the Company. The transaction constitutes a related-party transaction of the Company. During the reporting period, Guanghong Industrial and Petrochemical Port Storage had completed the relevant industrial and commercial registration procedures for changes.

6. Receivables from and payables to related parties

(1) Receivables

Unit: RMB

Item name	Related party	Balance as at December 31, 2023		Balance as at January 1, 2023	
		Book balance	Provision for bad	Book balance	Provision for bad

			debts		debts
Accounts receivable					
	Shenghong Petrochemical Group Co., Ltd.	35,224.46		7,739.78	
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	252,246,880.64			
	Wujiang Jiayu Industrial Development Co., Ltd.	19,071,672.43			
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	50,974,773.26		10,646,033.05	
	Shenghong Group Co., Ltd.	5,543,062.55		6,555,952.84	
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	808,747.31		1,054,367.82	
	Jiangsu Shengze Oriental Development Co., Ltd.	2,316.32		58,777.69	
	Sub-total	328,682,676.97		18,322,871.18	
Advances to suppliers					
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	11,115,017.87			
Other receivables					
	Shenghong Petrochemical Group Co., Ltd.			9,534,083.50	
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	1,281,236.13			
	Sub-total	1,281,236.13		9,534,083.50	

(2) Payables

Unit: RMB

Item name	Related party	Book balance as at December 31, 2023	Book balance as at January 1, 2023
Accounts payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	1,763,699,075.82	654,033,316.27
	Suzhou Suzhen Thermal Power Co., Ltd.	629,950.84	82,218.00
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	1,884.00	463,320.00
	Sub-total	1,764,330,910.66	654,578,854.27
Notes payable			

	Lianyungang Hongyang Thermoelectricity Co., Ltd.		200,374,561.45
	Sub-total		200,374,561.45
Other payables			
	Yu Xiaofang		15,500.00
	Shenghong Petrochemical Group Co., Ltd.	349,969,110.32	1,579,487,700.49
	HONWELL (Lianyungang) Fine Chemicals Co., Ltd.	41,236,800.00	50,766,800.00
	Sub-total	391,205,910.32	1,630,270,000.49
Dividends payables			
	Shenghong Petrochemical Group Co., Ltd.	40,000,000.00	
	Sub-total	40,000,000.00	
Advances from customers			
	Yu Xiaofang	134,617.29	134,584.18
	Sub-total	134,617.29	134,584.18
Contract liabilities and other current liabilities			
	Wujiang Oriental Market Supply Chain Service Co., Ltd.	63,807.68	36,587.95
	Sub-total	63,807.68	36,587.95

XV Commitments and contingencies

(I) Significant commitments

Significant commitments on the balance sheet date

Miao Han'gen, Zhu Hongmei and their controlled enterprises and other related parties provided the maximum joint and several liability guarantee of RMB 1,500 million for Jiangsu Guowang High-tech Fiber Co., Ltd., the maximum joint and several liability guarantee of RMB 192 million for Jiangsu Zhonglu Technology Development Co., Ltd., the maximum joint and several liability guarantee of RMB 430 million for Jiangsu Ganghong Fiber Co., Ltd., the maximum joint and several liability guarantee of RMB 1.19 billion for Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., the maximum joint and several liability guarantee of RMB 5,488,065,000 and the guarantee for consortium loans of RMB 2,700 million for Jiangsu Honggang Petrochemical Co., Ltd., the maximum joint and several liability guarantee of RMB 10 million for Lianyungang Rongtai Chemical Storage and Transportation Co., Ltd., the guarantee for consortium loans of RMB 500 million for shared quota by four companies including Jiangsu Sierbang Petrochemical Co., Ltd., Shenghong Refining & Chemical (Lianyungang) Co., Ltd., Jiangsu Honggang Petrochemical Co., Ltd. and Jiangsu Sierbang Petrochemical Co., Ltd., the maximum joint and several liability guarantee of RMB 41.5 billion for the syndicated loan guarantee of Jiangsu Shenghong Refining & Chemical (Lianyungang) Co., Ltd., the maximum joint and several liability guarantee of RMB 840 million and the guarantee for consortium loans of RMB 13,247,620,000 of Jiangsu Sierbang Petrochemical Co., Ltd.

(II) Contingencies

(1) Significant contingencies existing on balance-sheet date

1. Contingent liabilities arising from pending litigation or arbitration and their financial effects

As at December 31, 2023, the Company has no significant pending litigations.

2. Contingent liabilities arising from debt guarantee provided for other entities and financial impact thereof

As at December 31, 2023, details of mutual guarantee provided between the Company and subsidiaries and between subsidiaries are as follows:

Unit: RMB '0,000, USD '0,000

Guarantor	Guaranteed party	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Company and subsidiaries:					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	3,947,409.11	2020/11/13	2038/11/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	344,000.00	2022/6/30	2036/6/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	117,211.77	2022/12/16	2027/5/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	99,854.70	2023/7/14	2027/3/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	150,000.00	2022/7/26	2027/7/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	150,000.00	2023/9/26	2028/9/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	93,772.26	2023/4/10	2027/6/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	73,504.73	2022/5/20	2027/12/9	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	60,000.00	2023/2/10	2027/8/14	No
Jiangsu	Shenghong Refining &	200,000.00	2022/4/29	2027/8/13	No

Eastern Shenghong Co., Ltd.	Chemical (Lianyungang) Co., Ltd.				
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	32,000.00	2022/11/16	2027/11/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	109,000.00	2023/1/4	2027/4/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	170,806.61	2022/8/22	2027/12/5	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	30,000.00	2023/4/7	2027/8/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	296,923.42	2023/4/26	2027/6/3	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	129,627.23	2023/5/29	2027/2/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	37,500.00	2023/10/7	2027/4/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	48,116.41	2023/10/7	2027/2/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	43,367.89	2023/9/15	2027/3/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	140,560.51	2023/11/10	2027/5/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	102,855.14	2023/12/8	2027/1/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	66,611.00	2023/12/1	2026/3/4	No

Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	228,514.81	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	102,421.89	2023/1/5	2027/12/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	30,000.00	2023/7/24	2027/4/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	20,000.00	2023/2/22	2027/4/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	94,898.25	2022/12/2	2027/7/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	15,000.00	2022/1/26	2027/1/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	9,900.00	2022/10/29	2027/4/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	30,000.00	2023/3/6	2027/4/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	35,000.00	2022/5/12	2029/5/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	24,000.00	2022/10/17	2027/11/4	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	9,846.64	2022/10/27	2027/12/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	60,000.00	2022/11/29	2027/11/28	No
Jiangsu Eastern Shenghong	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	40,000.00	2022/12/26	2027/9/18	No

Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	42,973.00	2023/9/13	2027/11/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	8,333.33	2021/8/6	2027/8/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	249,615.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	USD 1,854.72	2022/12/7	Two years from the maturity date of main debt performance	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	71,000.00	2021/12/21	2031/12/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	72,864.74	2022/1/20	2032/1/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	100,155.74	2022/3/24	2033/3/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	39,343.09	2022/6/1	2028/5/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	300,000.00	2023/7/13	2027/6/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	20,000.00	2023/10/20	2027/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	50,000.00	2023/9/11	2027/9/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.		2023/6/12	No maturity date	No
Jiangsu Eastern	Shenghong Petrochemical	USD 16,048.74	2023/7/19	2024/12/31	No

Shenghong Co., Ltd.	(Singapore) International Co., Ltd.				
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	431,000.00	2023/3/24	2041/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	20,000.00	2022/3/17	2026/12/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	60,000.00	2023/6/28	2028/8/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	42,268.63	2022/2/24	2027/2/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	14,997.51	2022/4/20	2026/12/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	20,000.00	2023/6/26	2027/6/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	69,026.92	2022/12/27	2027/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	41,250.00	2023/1/29	2029/1/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	63,633.33	2023/4/25	2027/4/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		2023/11/22	2027/11/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		2023/11/22	2027/9/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	13,000.00	2023/6/25	2031/6/25	No
Jiangsu	Jiangsu Hongwei	124,581.84	2023/2/6	2037/3/23	No

Eastern Shenghong Co., Ltd.	Chemical Co., Ltd.				
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	54,400.00	2019/9/10	2037/9/10	No
Between subsidiaries:					
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	3,947,409.11	2023/9/22	2038/11/12	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	5,000.00	2023/3/16	2027/3/15	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	21,600.00	2018/1/30	2028/12/25	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	21,400.67	2019/1/7	2027/1/8	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	51,755.00	2021/6/28	2031/7/6	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	20,000.00	2023/2/28	2027/3/13	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	5,000.00	2023/11/9	2027/11/8	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	30,000.00	2023/10/26	2027/10/25	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	60,000.00	2022/12/27	2026/12/27	No
Jiangsu Guowang Hi-Tech Fiber	Suzhou Shenghong Fibers Co., Ltd.	29,553.00	2022/12/27	2027/6/21	No

Co., Ltd.					
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fibers Co., Ltd.	25,850.47	2023/1/5	2027/12/13	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fibers Co., Ltd.	38,500.00	2023/2/27	2027/8/27	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fibers Co., Ltd.	10,000.00	2023/11/9	2027/12/14	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	20,982.20	2022/12/8	2028/1/16	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	20,000.00	2022/12/29	2027/11/20	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	10,000.00	2023/6/28	2027/11/1	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	8,435.70	2023/6/8	2024/6/8	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.		2023/4/15	2025/4/15	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	70,000.00	2023/2/28	2027/5/24	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	30,000.00	2023/9/6	2027/12/3	No
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	37,000.00	2019/6/25	2029/6/19	No
Jiangsu Sierbang Petrochemical	Jiangsu Eastern Shenghong Co., Ltd.	120,000.00	2022/2/25	2027/11/29	No

Co., Ltd.					
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	127,200.00	2022/1/1	2029/12/28	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	16,800.00	2022/2/28	2029/12/28	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	16,000.00	2022/3/29	2029/12/28	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	64,000.00	2022/4/15	2029/12/28	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	120,000.00	2023/12/08	2028/12/1	No

XVI. Post balance sheet events

1. Profit distribution

According to the profit distribution proposal in 2023 approved at the 14th meeting of the 9th Board of Directors of the Company held on April 24, 2024, in 2023, it is planned to take the total share capital on the equity registration date when the distribution plan is implemented in the future as the distribution base, to distribute a cash dividend of RMB 1.00 (including tax) for every 10 shares to all shareholders, without any bonus issue and no conversion of reserves into or share capital will be made. This proposal still needs to be deliberated and adopted at the general meeting of shareholders of the Company.

XVII. Other significant events

1. Segment information

(1) Determination basis and accounting policies of reporting segments

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system and the report segment based on the operating segment.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) The Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts.

Reporting segments of the Company include: (1) fiber segment (2) electricity and heat segment (3) petrochemical segment (4) headquarters and others

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management. These measurement basis is consistent with the accounting and measurement basis used in preparing the financial statements.

(2) Financial information of reporting segments

Unit: RMB

Item	Fiber segment	Electricity and heat segment	Petrochemical segment	Headquarters and others	Sub-total	Inter-segment offset	Total
Operating revenue	24,088,361,079.66	987,282,497.27	112,233,314,548.80	6,361,206,480.60	143,670,164,606.33	-3,230,426,547.70	140,439,738,058.63
Operating costs	22,544,206,475.34	714,856,488.02	98,226,583,029.10	6,329,362,060.52	127,815,008,052.98	-3,201,603,851.67	124,613,404,201.31
Total assets	30,293,370,229.86	2,301,988,374.59	159,122,345,438.38	58,152,195,410.79	249,869,899,453.62	59,655,097,291.80	190,214,802,161.82
Total liabilities	19,617,176,754.18	992,435,717.89	122,051,599,193.89	18,310,422,895.34	160,971,634,561.30	-6,249,013,470.46	154,722,621,090.84

2. Main impact of the Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No. 15 - General Rules on Financial Reports (Revised in 2023)

In preparing these financial statements, the Company disclosed the relevant financial information in accordance with the requirements of the *Rules for the Information Disclosure and Compilation of Companies Publicly Issuing Securities No. 15 - General Rules on Financial Reports (Revised in 2023)* issued by the China Securities Regulatory Commission on December 22, 2023. Except for items such as financial instruments, inventories, impairment of long-term assets, operating revenue, cash flow, share-based payments, research and development expenditure and government grants, the implementation of the Rules did not have a significant impact on the format of disclosure of key financial data of other items for comparable accounting periods.

3. The Company's performance commitments

According to the *Proposal on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related Transactions* approved by the resolutions of the 29th meeting of the 8th Board of Directors of the Company held on July 9, 2021 and the 4th extraordinary general meeting of shareholders in 2021 held on August 23, 2021, upon the approval of the China Securities Regulatory Commission with the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXK [2021] No.4179), the Company issued shares to two counterparties, Shenghong Petrochemical and Bohong Industrial, to purchase 85.4546% equity of Sierbang held by them and raise supporting funds. Two counterparties, CCB Investment and BOC Financial Assets, paid the cash of RMB 2,088,727,200 to purchase 14.5454% equity of Sierbang. The number of new shares issued was 1,111,528,326, with the par value of RMB 1 per share, and the registered capital was increased by RMB 1,111,528,326.00.

According to the *Profit Forecast Compensation Agreement* and the supplementary agreement, the compensation obligors Shenghong Petrochemical and Bohong Industrial have made the following commitments to the performance of Sierbang: the compensation obligors agree and promise that the net profit attributable to the parent company after deducting the non-recurring profit or loss of Sierbang in 2021, 2022 and 2023, shall not be less than RMB 1,783,800,400, RMB 1,508,653,300 and RMB 1,842,529,000.

According to the *Assurance Report on the Realization of 2022 Annual Performance Commitments on the Issue of Shares and Payment of Cash to Purchase Assets in 2021* issued by Ernst & Young Hua Ming (Special General Partnership) (Ernst & Young Hua Ming (2024) ZZ No.70066663_B01), Sierbang Petrochemical's net profit attributable to the owner of the parent company under the consolidated statement as at December 31, 2023 after deducting non-recurring profit or loss has reached the cumulative net profit of the performance commitment.

XVIII. Notes to the main items of the Company's financial statements**1. Accounts receivable****(1) Disclosure by aging**

Unit: RMB

Aging	Book balance as at December 31, 2023	Book balance as at January 1, 2023
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Within 1 year (including 1 year)	136,212,780.30	107,230,622.90
1- 2 years	244.25	10,641.00
Over 3 years	554,632.00	560,885.55
Sub-total	136,767,656.55	107,802,149.45
Less: provision for bad debts	3,203,308.69	3,093,801.62
Total	133,564,347.86	104,708,347.83

(2) Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Balance as at December 31, 2023					Balance as at January 1, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts made by portfolio	136,767,656.55	100.00%	3,203,308.69	2.34%	133,564,347.86	107,802,149.45	100.00%	3,093,801.62	2.87%	104,708,347.83
Total	136,767,656.55	100.00%	3,203,308.69	2.34%	133,564,347.86	107,802,149.45	100.00%	3,093,801.62	2.87%	104,708,347.83

Provision for bad debts made by portfolio:

Unit: RMB

Name	Balance as at December 31, 2023		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	83,240,223.44		
Accounts receivable with the provision for bad debts made by the aging analysis method	53,527,433.11	3,203,308.69	5.98%
Total	136,767,656.55	3,203,308.69	

(3) Provision, recovery or reversal of provision for bad debts in 2023

Unit: RMB

Type	Balance as at January 1, 2023	Change in 2023				Balance as at December 31, 2023
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	3,093,801.62	109,507.07				3,203,308.69
Total	3,093,801.62	109,507.07				3,203,308.69

(4) Accounts receivable actually charged off in 2023

None

(5) Top 5 of accounts receivable as at December 31, 2023, presented by the debtor

Unit: RMB

Entity name	Balance of accounts receivable as at December 31, 2023	Proportion in the total balance of accounts receivable as at December 31, 2023	Balance of provision for bad debts of accounts receivable as at December 31, 2023
Entity No.1	50,974,773.26	37.27%	
Entity No.2	25,911,324.00	18.95%	
Entity No.3	10,032,531.22	7.34%	501,626.56
Entity No.4	6,864,584.07	5.02%	343,229.20
Entity No.5	5,543,062.55	4.05%	
Total	99,326,275.10	72.63%	844,855.76

2. Other receivables

Unit: RMB

Item	Balance as at December 31, 2023	Balance as at January 1, 2023
Other receivables	2,694,026,900.58	892,626,224.88
Total	2,694,026,900.58	892,626,224.88

(1) Other receivables**1) Classification of other receivables by nature**

Unit: RMB

Nature	Book balance as at December 31, 2023	Book balance as at January 1, 2023
Advances and current accounts	2,692,672,631.31	892,648,941.46
Various deposit and security deposit	1,381,236.13	
Imprest	14,889.04	30,929.29
Total	2,694,068,756.48	892,679,870.75

2) Disclosure by aging

Unit: RMB

Aging	Book balance as at December 31, 2023	Book balance as at January 1, 2023
Within 1 year (including 1 year)	2,527,322,881.08	836,127,955.10
1- 2 years	101,914,889.04	56,500,929.29
2- 3 years	64,800,000.00	
Over 3 years	30,986.36	50,986.36
Sub-total	2,694,068,756.48	892,679,870.75
Less: provision for bad debts	41,855.90	53,645.87
Total	2,694,026,900.58	892,626,224.88

3) Disclosure under the methods of provision for bad debts by category

Unit: RMB

Category	Balance as at December 31, 2023					Balance as at January 1, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts made by portfolio	2,694,068,756.48	100.00%	41,855.90	0.00%	2,694,026,900.58	892,679,870.75	100.00%	53,645.87	0.01%	892,626,224.88
Total	2,694,068,756.48	100.00%	41,855.90	0.00%	2,694,026,900.58	892,679,870.75	100.00%	53,645.87	0.01%	892,626,224.88

Provision for bad debts made by portfolio:

Unit: RMB

Item	Balance as at December 31, 2023		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	2,693,835,046.54		
Accounts receivable with the provision for bad debts made by the aging analysis method	233,709.94	41,855.90	17.91%
Total	2,694,068,756.48	41,855.90	

The provision for bad debts:

Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2023	53,645.87			53,645.87
Balance as at January 1, 2023 in 2023				
Provision in 2023	-11,789.97			-11,789.97
Balance as at December 31, 2023	41,855.90			41,855.90

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

Book balance	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at December	892,679,870.75			892,679,870.75

Book balance	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
31, 2022				
Balance as at December 31, 2022 in 2023				
Increase in 2023	1,801,388,885.73			1,801,388,885.73
Derecognition in 2023				
Other changes				
Balance as at December 31, 2023	2,694,068,756.48			2,694,068,756.48

4) Provision, recovery or reversal of provision for bad debts in 2023

Unit: RMB

Type	Balance as at January 1, 2023	Changes in 2023				Balance as at December 31, 2023
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	53,645.87	-11,789.97				41,855.90
Total	53,645.87	-11,789.97				41,855.90

5) Top 5 of other receivables as at December 31, 2023, presented by debtor

Unit: RMB

Entity name	Nature	Balance as at December 31, 2023	Aging	Proportion in the total balance of other receivables as at December 31, 2023	Balance of provision for bad debts as at December 31, 2023
Entity No.1	Current amounts	1,311,863,646.00	Within 1 year	48.69%	
Entity No.2	Current amounts	660,705,138.85	Within 1 year	24.52%	
Entity No.3	Current amounts	220,452,055.56	Within 1 year	8.18%	
Entity No.4	Current amounts	182,840,000.00	1 -2 years	6.79%	
Entity No.5	Current amounts	116,000,000.00	1-2 years	4.31%	
Total		2,491,860,840.41		92.49%	

3. Long-term equity investments

Unit: RMB

Item	Balance as at December 31, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	53,427,066,165.02		53,427,066,165.02	53,532,868,172.53		53,532,868,172.53
Investments in associates and joint ventures	21,008,984.26		21,008,984.26	25,693,722.20		25,693,722.20
Total	53,448,075,149.28		53,448,075,149.28	53,558,561,894.73		53,558,561,894.73

(1) Investment in subsidiaries

Unit: RMB

Investee	Balance (book value) as at January 1, 2023	Balance of provision for impairment as at January 1, 2023	Increase/decrease in 2023				Balance (book value) as at December 31, 2023	Balance of provision for impairment as at December 31, 2023
			Additional investment	Reduced investment	Provision for impairment	Others		
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	120,000,000.00						120,000,000.00	
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	235,000,000.00						235,000,000.00	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	37,700,072,645.30		200,000,000.00				37,900,072,645.30	
Suzhou Shengze Real Estate Leasing Co., Ltd.	211,416,889.42			211,416,889.42				
Suzhou Shengze Warehousing Management Co., Ltd.	94,385,118.09			94,385,118.09				
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	15,162,999,999.81						15,162,999,999.81	
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	2,993,519.91						2,993,519.91	
Shenghong (Shanghai) New Material Technology Co., Ltd.	6,000,000.00						6,000,000.00	
Total	53,532,868,172.53		200,000,000.00	305,802,007.51			53,427,066,165.02	

(2) Investments in associates and joint ventures

Unit: RMB

Investee	Balance (book value) as at January 1, 2023	Balance of provision for impairment as at January 1, 2023	Increase/decrease in 2023							Balance (book value) as at December 31, 2023	Balance of provision for impairment as at December 31, 2023
			Additional/reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Associates											
Tianjiao Technology Venture Capital Co., Ltd.	25,693,722.20			2,315,262.06			7,000,000.00			21,008,984.26	
Total	25,693,722.20			2,315,262.06			7,000,000.00			21,008,984.26	

4. Operating revenue and operating costs

Unit: RMB

Item	Year 2023		Year 2022	
	Revenue	Cost	Revenue	Cost
Primary business	988,390,420.34	695,970,772.08	1,128,605,676.47	907,563,053.07
Other business	6,295,980,759.44	6,287,604,280.67	5,628,743,831.52	5,629,452,895.69
Total	7,284,371,179.78	6,983,575,052.75	6,757,349,507.99	6,537,015,948.76

5. Investment income

Unit: RMB

Item	Year 2023	Year 2022
Income from long-term equity investments accounted for under the cost method	500,000,000.00	
Income from long-term equity investments accounted for under the equity method	2,315,262.06	2,817,533.81
Investment income from disposal of long-term equity investments	378,801,465.42	
Investment income from trading financial assets during the holding period	3,013,859.62	2,855,653.29
Investment income from disposal of trading financial assets		-901,990.45
Dividends income from the investments in other equity instruments during the holding period	976,431.36	3,817,017.83
Total	885,107,018.46	8,588,214.48

XIX. Supplementary information**1. Breakdown of current non-recurring profit or loss**☒Applicable ☐Not applicable

Unit: RMB

Item	Amount	Explanations
Gain or loss on disposal of non-current assets, including the reversal of previously recognized asset impairment provisions	91,517,270.12	
Government grants recognized in profit or loss for the current period (except for government grants that are closely related to the Company's normal business operations, comply with national policies, are enjoyed in accordance with defined criteria, and have a continuous impact on the Company's profit or loss)	362,491,654.49	
Profit or loss from changes in fair value of financial assets and liabilities held by non-financial enterprises and profit or loss from the disposal of financial assets and liabilities, except for effective hedging operations associated with the Company's normal operations	-13,261,491.57	
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination date	59,468,688.71	

Non-operating revenue and expenses other than the above-mentioned items	88,228,236.46	
Sub-total	588,444,358.21	
Less: income tax effects	89,942,629.64	
Affected amount of minority equity (after tax)	-1,436,386.18	
Total	499,938,114.75	--

2. Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average return on equity of net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	1.98%	0.11	0.11
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	0.60%	0.03	0.03

Jiangsu Eastern Shenghong Co., Ltd.

Chairman: Miao Han'gen

April 25, 2024