

Jiangsu Eastern Shenghong Co., Ltd.

Annual Report for the Year Ended December 31, 2025

April 2026

Annual Report for the Year Ended December 31, 2025

Section I Important Notes, table of Contents and Definitions

The Board of Directors, directors and senior management of the Company undertake that the information presented in the annual report is true, accurate and complete, and does not contain false records, misrepresentations or major omissions and bear individual and joint liabilities.

Miao Han'gen, the legal representative of the Company, and Hu Guiyang, the chief accountant and the accounting principal (person in charge of accounting), state: it is 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 read it.

The Company plans not to distribute cash dividends, bonus shares and convert reserves into share capital.

This report has prepared in Chinese and translated into English. Should there be any discrepancies or misunderstandings between the two versions, the Chinese version shall prevail.

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List of Reference Documents

- I. The financial statements signed and sealed by the legal representative, the accountant principal and head of the accounting department (chief accountant) 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. The full text of the annual report.

Definitions

Term	Refers to	Definition
The Company, the Listed Company, Eastern Shenghong	Refers to	Jiangsu Eastern Shenghong Co., Ltd.
Shenghong Technology	Refers to	Jiangsu Shenghong Technology Co., Ltd., the controlling shareholder of the Listed Company
Shenghong Suzhou	Refers to	Shenghong (Suzhou) Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company and indirectly controlling Shenghong Technology
Shenghong Petrochemical	Refers to	Shenghong Petrochemical Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Bohong Industrial	Refers to	Lianyungang Bohong Industrial Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
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., holding subsidiary of the Listed Company
Hongjing New Materials	Refers to	Jiangsu Hongjing New Materials Co., Ltd., holding subsidiary of 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 Hi-Tech	Refers to	Jiangsu Guowang Hi-Tech Fiber Co., Ltd., holding subsidiary of the Listed Company
Zhonglu Technology	Refers to	Jiangsu Zhonglu Technology Development Co., Ltd., holding subsidiary of the Listed Company
Ganghong Fiber	Refers to	Jiangsu Hongjing New Materials Co., Ltd., holding subsidiary of the Listed Company
Shenghong Fiber	Refers to	Jiangsu Guowang Hi-Tech Fiber Co., Ltd., holding subsidiary of the Listed Company

Term	Refers to	Definition
Suzhen Bioengineering	Refers to	Suzhou Suzhen Bioengineering Co., Ltd., holding subsidiary of the Listed Company
Tangnan Sewage	Refers to	Suzhou Tangnan Sewage Treatment Co., Ltd., holding subsidiary of 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
Shengze Gas Turbine Thermal Power	Refers to	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd., 100% equity of which is controlled by the Listed Company
Haigesi New Energy	Refers to	Hubei Haigesi New Energy Co., Ltd., 100% equity of which is controlled by the Listed Company
Rongtai Chemical Warehousing	Refers to	Lianyungang Rongtai Chemical Warehousing Co., Ltd., 100% 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 of 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
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

Term	Refers to	Definition
EOD	Refers to	Ethoxy compounds, generated by the reaction of ethylene oxide with organic compounds containing active hydrogen under the action of catalyst, including polycarboxylic acid water reducer monomers, and nonionic surfactants
MTO	Refers to	Methanol to Olefins, the process of producing low-carbon olefins with the methanol as the raw material
PX	Refers to	Paraxylene, a colorless clear liquid used in the production of plastics, polyester fibers and films
MEG	Refers to	Monoethylene glycol, a colorless, odorless, sweet and viscous liquid mainly used in the production of polyester fibers, antifreeze, unsaturated polyester resins, lubricants, plasticizers, nonionic surfactants, 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
EC	Refers to	Ethylene carbonate, an excellent organic solvent that can dissolve various polymers. It can be used in lithium battery electrolytes and as an active intermediate in the production of lubricants and greases.
DMC	Refers to	Dimethyl carbonate, an important organic synthesis intermediate used in the preparation of polycarbonate, pharmaceuticals, pesticides, and other chemical synthesis fields. It can also replace some toxic solvents in the paint, coating, and adhesive industries.
CHDM	Refers to	1,4-Cyclohexanedimethanol, a structurally symmetric alicyclic diol, an important raw material for synthetic resins, fibers, dyes, and pharmaceuticals, widely used in packaging, automotive, medical, electronics, and construction fields.
PETG	Refers to	Polyethylene terephthalate-1,4-cyclohexanedimethyleneterephthalate is a transparent, non-crystalline copolyester widely used in sheets, films, high-performance shrink films, bottles, and profiles.
PTT	Refers to	Polytrimethylene terephthalate fiber, a new type of polyester fiber with characteristics of polyester, nylon, and acrylic. It has good stain resistance, is easy to dye, has a soft feel, is elastic, and is easier to process, making it suitable as a textile and clothing fabric.
PDO	Refers to	1,3-Propanediol, a polymer monomer with excellent synthesis performance, a major raw material for producing unsaturated polyester, plasticizers, surfactants, emulsifiers, and demulsifiers.
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

Term	Refers to	Definition
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, 2025 to December 31, 2025

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	江苏东方盛虹股份有限公司		
Abbreviation of the Company in Chinese	东方盛虹		
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. 289 Dengzhou 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; in December 2024, its registered address was changed to No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.		
Office address	West Building of Research and Development Center of National Advanced Functional Fiber Innovation Center, 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 person and contact information

	Secretary of Board of Directors	Securities affairs representative
Name	Wang Jun	Zhou Ying
Contact address	West Building of Research and Development Center of National Advanced Functional Fiber Innovation Center, No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou, Jiangsu	West Building of Research and Development Center of National Advanced Functional Fiber Innovation Center, No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou, Jiangsu
Tel	0512-63573866	0512-63573480
Fax	0512-63552272	0512-63552272
E-mail	jun.wang@jsessh.com	tzzgx@jsessh.com

III. Information disclosure and storage location

Stock exchange website for the disclosure of the annual report of the Company	Shenzhen Stock Exchange (website: http://www.szse.cn)
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	Office of the Secretary of the Board of Directors

IV. Changes in registration

Unified Social Credit Code	91320500704043818X
Changes in primary business of the Company since its listing	<p>In May 2000 when the Company was listed, the primary business of the Company included: chemical fibers (polyester filaments), polyester chips, real silk, cotton fabrics, electric embroidery products, electricity, hot steam, commercial housing, and residential commodity housing; business room rental.</p> <p>In 2008 when the Company completed major assets replacement, the primary business of the Company was changed to: thermal power production, real estate development, and business room rental, etc.</p> <p>In 2018 when the Company completed the transaction of purchasing 100% equity of Guowang High-Tech by issuing shares and major asset reorganization, the primary business of the Company was changed to: research and development, production and sales of domestic polyester filaments as the core, supplemented by thermal power and other business.</p> <p>In 2019 when the Company acquired 100% equity of Honggang Petrochemical and Shenghong Refining & 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
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Office address of the accounting firm	Floor 4, No. 61, Nanjing East Road, Huangpu District, Shanghai
Signed accountants	Yan Shenghui, Lu Yaomin

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

	Year 2025	Year 2024	YoY increase or decrease	Year 2023
Operating revenue (RMB)	125,587,320,327.07	137,674,557,166.85	-8.78%	140,439,738,058.63
Net profit attributable to shareholders of the Listed Company (RMB)	133,746,317.81	-2,296,841,255.74	105.82%	717,031,594.87
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring profit and loss (RMB)	-543,086,674.71	-2,653,831,987.53	79.54%	217,093,480.12
Net cash flows from operating activities (RMB)	16,052,986,507.39	10,474,825,680.95	53.25%	8,342,940,306.17
Basic earnings per share (RMB/share)	0.02	-0.35	105.71%	0.11
Diluted earnings per share (RMB/share)	0.02	-0.35	105.71%	0.11
Return on weighted average net assets	0.39%	-6.73%	Increase by 7.12%	1.98%
	As at the end of 2025	As at the end of 2024	YoY increase or decrease	As at the end of 2023
Total assets (RMB)	205,227,818,129.13	204,312,488,701.89	0.45%	190,214,802,161.82
Net assets attributable to shareholders of the Listed Company (RMB)	34,107,334,069.28	34,033,834,904.63	0.22%	35,451,093,147.62

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 Company's audited total profit, net profit, and net profit after deducting non-recurring profit or loss during the reporting period are all negative.

Yes No

Item	Year 2025	Year 2024	Remarks
Operating revenue (RMB)	125,587,320,327.07	137,674,557,166.85	None
Deductible amount of operating revenue (RMB)	1,251,430,882.33	1,198,190,094.92	Sales of materials, energy and power, scrap etc.
Operating revenue after deduction (RMB)	124,335,889,444.74	136,476,367,071.93	None

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. Differences between the net profit and net assets in the financial report disclosed according to overseas accounting standards and those disclosed according to Chinese accounting standards

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

Monetary unit: RMB

	Q1	Q2	Q3	Q4
Operating revenue	30,309,373,926.52	30,607,044,808.05	31,245,172,779.20	33,425,728,813.30
Net profit attributable to shareholders of the Listed Company	341,165,717.89	45,079,333.43	-259,833,007.19	7,334,273.68
Net profit attributable to shareholders of the Listed Company after deduction of non-recurring profit and loss (RMB)	292,850,923.80	-21,127,007.45	-343,160,407.86	-471,650,183.20
Net cash flows from operating activities	-2,691,660,545.33	5,502,856,469.59	8,976,906,051.83	4,264,884,531.30

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

Yes No

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

Applicable Not Applicable

Monetary unit: RMB

Item	Year 2025	Year 2024	Year 2023	Notes
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for	583,655,734.76	98,582,061.14	91,517,270.12	

Item	Year 2025	Year 2024	Year 2023	Notes
impairment of assets)				
Government grants included in the current profit and loss, except for government grants closely related to the normal operation of the Company, in accordance with the national policy, in accordance with the established standard and have a continuous impact on the Company's profit or loss	108,863,274.32	545,663,988.88	362,491,654.49	
Government grants included in the current profit and loss, except for government grants closely related to the normal operation of the Company, in accordance with the national policy, in accordance with the established standard and have a continuous impact on the company's profit and loss.	146,151,616.96	93,704,950.85	-13,261,491.57	
Profit or loss from assets investment or management entrusted to other persons		118,549.31		
Income arising where the investment cost of acquiring a subsidiary, associate or joint venture is less than the fair value of the identifiable net assets of the investee		2,623,546.67		
Current net profit or loss of the subsidiary generated from the business combination under common control 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	35,956,032.39	-218,204,651.72	88,228,236.46	
Less: affected amount of income tax	189,602,930.92	141,235,358.66	89,942,629.64	
Less: affected amount of minority equity (after tax)	8,190,734.99	24,262,354.68	-1,436,386.18	
Total	676,832,992.52	356,990,731.79	499,938,114.75	--

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 profit or loss listed in *the Explanatory Announcement for Information Disclosure by Companies Publicly Issuing Securities No. 1 - Non-recurring Profit or Loss*

Applicable Not Applicable

The Company had 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. Primary business during the reporting period

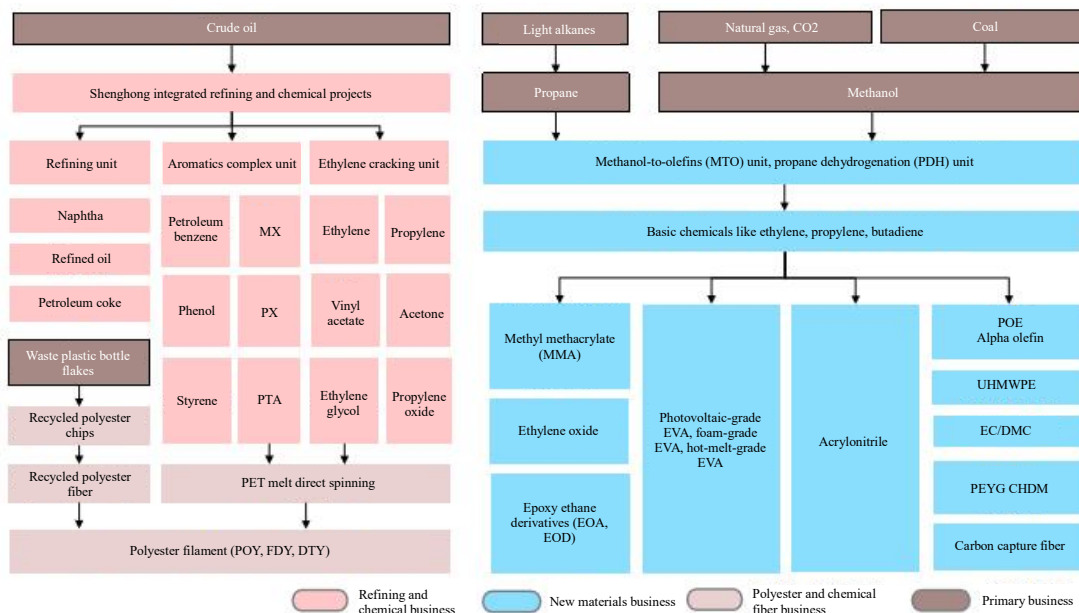
(I) Overview

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

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

At present, the Company has a 16 million tons/year refining and chemical integration unit, a 2.4 million tons/year MTO unit and 700,000 tons/year PDH unit, realizing 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 given full play to the advantages of scale operation, reduce 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 new materials

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

(1) Refining and chemical business

Shenghong Refining & Chemical's 16 million tons/year integrated refining and petrochemicals project serves as the core raw material supply platform within the Company's "1+N" strategic industrial layout. The project features the largest single-unit atmospheric and vacuum distillation unit currently in China, with a processing capacity of 16 million tons/year. Key products include 1.1 million tons/year of ethylene, 2.8 million tons/year of para-xylene, 1.9 million tons/year of ethylene glycol, 450,000 tons/year of styrene, 300,000 tons/year of vinyl acetate, 400,000 tonnes per year of phenol, 250,000 tons/year of acetone, 200,000 tons/year of propylene oxide, 115,000 tons/year of polyether polyols, 600,000 tons/year of sulphur and other basic chemical products.

(2) New energy and new materials business

Sierbang Petrochemical is the Company's primary operating entity for chemicals, new energy and new materials, and has now established a diversified product portfolio characterized by the synergistic development of ethylene, propylene and their derivative fine chemicals. By the end of 2025, Sierbang Petrochemical had methanol-to-olefins (MTO) capacity of 2.4 million tons/year, making it the world's largest single-unit alcohol-based multi-production facility; the propane dehydrogenation (PDH) unit has a production capacity of 700,000 tons/year; the facility also produces 1.04 million tons/year of acrylonitrile, 900,000 tons/year of EVA, 100,000 tons/year of POE, 340,000 tons/year of MMA, and 300,000 tons/year of EO and its derivatives, and other fine chemical products. The total acrylonitrile capacity ranks first in China; 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 3.6 million tons/year. The products are mainly differentiated DTY. Among them, the capacity of recycled polyester fiber is about 600,000 tons/year, ranking first in the world. The polyester chemical fiber segment's main entity, Guowang Hi-Tech, and the high-performance fiber segment's main entity, Reborn Technology, have been recognized as national "Green Factories".

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 led the establishment of a national-level advanced functional fiber innovation center and has built a complete industry chain with independent intellectual property, including world-leading bio-based PDO monomers, PTT fibers, and recycled polyester fibers. The Company launched "recoer Ruikong" carbon capture fibers, which use carbon capture technology to capture and convert carbon dioxide emissions from factories into green ethylene glycol. The green ethylene glycol is then polymerized with PTA to produce carbon capture fibers, effectively reducing carbon emissions during production.

(III) Main products and business modes

In the reporting period, the Company's main business included R&D, production and sales of petrochemical and chemical new materials and polyester filaments. Main products and business models are as follows:

Product name	Subsector	Upstream raw material	Downstream application field
Refined oil	Petroleum refining	Crude oil	Mainly used as the fuel for a variety of fuel power equipment and heating
Ethylene	Chemical materials and chemical products manufacturing	Crude oil and methanol	One of the most important chemical products with the world's largest output, and the basic chemical raw material for synthetic fiber, synthetic rubber, and synthetic plastic
Propylene	Chemical materials and chemical products manufacturing	Crude oil, methanol, propane	One of the most important chemical products, mainly used in the production of polypropylene, and of acrylonitrile, propylene oxide, acrylic acid, and synthetic glycerol, etc.
Butadiene	Chemical materials and chemical products manufacturing	Crude oil	An important chemical raw material widely used in synthetic rubber, plastics, pharmaceuticals, and fuels.

Product name	Subsector	Upstream raw material	Downstream application field
Benzene	Chemical materials and chemical products manufacturing	Crude oil	Basic petrochemical raw materials; downstream products mainly include styrene, caprolactam, phenol, and MDI, etc. , widely used in synthetic rubber, plastics, fibers, dyes, medicine and other fields PX
PX	Chemical materials and chemical products manufacturing	Crude oil	The main raw material of PTA, used in the production of plastics, polyester fibers and films
Ethylene glycol	Chemical materials and chemical products manufacturing	Ethylene oxide	Mainly used in the production of polyesters, terylenes, antifreeze, plasticizers, and surfactants
PTA	Chemical materials and chemical products manufacturing	PX	One of the important bulk organic raw materials, mainly used in the production of polyester fibers (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
POE	New chemical materials	Ethylene, α -olefins	One of the main raw material of films for photovoltaic module packaging. Widely used in photovoltaics, automobiles, wires and cables, polymer modification, and foam materials.
UHMWPE	New chemical materials	Ethylene	A thermoplastic engineering plastic with excellent properties, widely used in lithium battery diaphragm, aerospace, ocean engineering, rail transportation, petrochemical and other fields
Acrylonitrile	New chemical materials	Propylene	Widely used in the production of ABS, nylon 66, carbon fiber, polyacrylamide, acrylic fiber and other engineering plastics and chemical fibers
Methyl methacrylate	New chemical materials	Acetone, hydrocyanic acid (acrylonitrile byproduct)	Mainly used in the production of organic glass, often used in the manufacturing of resins, plastics, and coatings, widely used in automobile, aviation, electronics, optical supplies, building materials and other fields
Ethylene oxide	New chemical materials	Ethylene	Mainly used in the manufacturing of ethylene glycol, widely used in electronics, medicine, pesticide, textile, paper, automobile, and petroleum mining and refining fields
Vinyl acetate	Chemical materials and chemical products manufacturing	Ethylene	Mainly used to produce EVA and other products, widely applied in textiles, light industry, paper, construction, and automotive fields.
Phenol	Chemical materials and chemical products manufacturing	Benzene, propylene	Mainly used in the production of resins, fungicides, preservatives, and drugs (such as aspirin), with important applications in chemical raw materials, synthetic fibers, plastics, synthetic rubber, pharmaceuticals, and coatings.

Product name	Subsector	Upstream raw material	Downstream application field
Acetone	Chemical materials and chemical products manufacturing	Benzene, propylene	Primarily used as a solvent, widely applied in explosives, plastics, rubber, fibers, leather, oils, and paints.
Styrene	Chemical materials and chemical products manufacturing	Benzene, ethylene	Mainly used in expanded polystyrene, polystyrene, ABS resin, synthetic rubber, unsaturated polyester resin, and styrene copolymers, widely applied in synthetic resins, plastic products, and synthetic fibers.
Propylene oxide	Chemical materials and chemical products manufacturing	Benzene, propylene	Mainly used for the production of polyether polyols, propylene glycol, and various non-ionic surfactants, applicable in petroleum, chemical, pesticide, and textile fields.
Polyether polyols	New chemical materials	Propylene oxide	Mainly used for the production of polyurethane foams, elastomers, coatings, adhesives, and sealants, applicable in textile, electronics, and medical fields.
Sulphur	Chemical materials and chemical products manufacturing	Crude oil	One of the basic industrial raw materials, widely used in chemical, light industry, pesticide, rubber, dye, and paper fields.
POY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Partly drawn polyester filament obtained by high-speed spinning with the orientation between unoriented filament and drawn filament
FDY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Synthetic fiber filament further produced by the draw-spinning process. The fiber has been sufficiently drawn and can be directly used in textile processing
DTY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Made from POY through drawing and false twist texturing processing, often with certain elasticity and contractility

1. Petrochemical and chemical new materials

(1) Production process

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

New chemical material products mainly use crude oil, methanol, and propane as core raw materials, relying on large refining, MTO, and PDH main units to produce olefin products such as ethylene and propylene, and aromatic products such as benzene and paraxylene, then use olefins and aromatics as intermediate products to finally produce acrylonitrile, methyl methacrylate, EVA, POE, EO and their downstream derivatives, styrene, PTA, etc.

(2) Purchasing mode

Main raw materials of refined oil, petrochemical chemical products and new chemical materials include bulk commodities such as crude oil and coal as well as bulk basic chemical raw materials such as methanol and propane. 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 payment-before-delivery mode, that is, delivery will be arranged when the payment or bill from the customer is received. For a small number of customers with long-term cooperation, good credit level and controllable risks, they may be given a certain credit period as appropriate after internal review, and the marketing team shall conduct continuous credit risk assessment and payment collection.

(4) Profit model

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

2. Polyester chemical fiber

(1) Production process

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

(2) Purchasing mode

The main raw materials of virgin filament are PTA and MEG, and the main raw materials of recycled filament 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 40 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, telegraphic transfer and collection settlement etc., to guarantee the security of the collection.

(4) Profit model

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

(IV) Operational measures during the reporting period

In 2025, the Company adhered to the general tone of stable progress in operation, focused on sustainable development trends, optimized each industry sector based on the advantage of full industry chain integration, and effectively responded to changes in the external environment through scientific and efficient management. With the efforts of all employees, the Company's industry sectors have achieved steady development, comprehensive competitiveness has continuously strengthened, and high-quality transformation has been continuously promoted, laying a solid foundation for building a world-class energy and chemical enterprise.

1. Drive AI technology implementation through scenario-based approaches, creating a new paradigm of industrial intelligence.

In 2025, the Company fully focused on the "scenario-based" deployment of AI technologies, committed to promoting internal empowerment. The Company has independently developed and launched the "Shenghong Process Industry Intelligent Large Model Platform", fully integrating the three major software buses of Agent, model, and data.

On the production front-line, a group-level "knowledge engine" has been launched and put into operation in core units such as PDH. This system can automatically identify anomalies by combining real-time conditions, providing accurate operational guidance for front-line employees. On the functional management side, an intelligent material system is activated to accurately intercept supply chain data pollution, and a legal intelligent assistant is fully promoted to improve contract review efficiency.

The Company will also rely on the platform to build a "digital intelligent employee" system, promoting autonomous collaborative agent upgrade. The relevant application scenarios will also extend comprehensively from basic office work to core businesses such as intelligent scheduling, new material-assisted research and development, and overall optimization of device processes and energy consumption.

2. With the advantage of a fully integrated industrial chain, deeply promote the development of downstream industries.

The refining and chemical business is an important cornerstone of the Company's "1+N" strategic layout. As an important part of the Company's fully integrated upstream and downstream industrial chain layout, the refining and chemical business segment has a large chemical platform with a rare domestic "oil, coal and gas" three-pronged raw material source. The basic chemical raw materials produced can meet the raw material needs of downstream new energy & new materials, polyester fibers, and other high value-added products, serving as an important upstream of the Company's "1+N" strategic layout and the entire industrial chain ecosystem.

Based on the continuous optimization of the integrated chemical raw material supply platform, the Company steadily promotes the implementation of the "1+N" development strategy, continuously advancing the construction of downstream industrial chains, and has formed unique advantages in many new energy and new material fields. By the end of 2025, the Company's total production capacity of acrylonitrile reached 1.04 million tons/year, EVA reached 900,000 tons/year, and MMA reached 340,000 tons/year, maintaining its leading position in industry capacity. In the third quarter of 2025, the 100,000 tons/year POE industrial device was successfully put into operation. In the high-end film field, the Company has become one of the few domestic leaders with independent R&D technology and large-scale production devices for two types of photovoltaic film raw materials.

The Company's market position in new energy & new materials, and high-value-added products continues to strengthen, and its industrial layout is continuously optimized. By the end of 2025, the Company had production capacities for PETG, EC/DMC, POSM, and polyols, among other new energy & new materials, and high-value-added products. The main raw materials for these products are sourced from the Company's integrated devices, achieving a complete closed loop from basic raw materials to high-end new materials. Relying on the cost advantages of its upstream industries, the Company focuses on "extending the chain and supplementing the chain" to deepen downstream development, making breakthroughs in key new energy and new material fields. It has built an important product matrix covering photovoltaic film raw materials, new energy materials, high-value-added chemicals, and high-performance fiber materials, forming an integrated industrial cluster with unique competitive advantages.

3. Empowering industrial upgrades through independent innovation and R&D platform construction

The Company adheres to an open and inclusive spirit of innovation, continuously strengthening its position as the main body of technological innovation, promoting deep integration of innovation chains, industrial chains, funding chains, and talent chains, and enhancing collaborative innovation among industry, academia, and research institutions. The Company actively builds product innovation platforms, including the National Advanced Functional Fiber Innovation Center, Shenghong Petrochemical Innovation Center, and Shenghong Advanced

Materials Research Institute, aiming to upgrade traditional industries through technological innovation and enhance the ability to achieve breakthroughs in key core technologies. Meanwhile, the Company accelerates the extension of the innovation chain to the industrial chain, speeding up the construction of the new material pilot base in the National Eastern-Central-Western Regional Cooperation Demonstration Zone, providing support for enterprises, universities, and research institutes to provide integrated and open pilot platforms for industry-academia-research collaboration.

4. Lead sustainable development through digital and green transformation

The petrochemical industry is undergoing structural reshaping, and sustainable development is becoming the key to future growth. The Company actively practices the concept of sustainable development and has built a world-class production system of 'green operation-smart production-sustainable development' to ensure a sustainable future.

By 2025, the Company accelerated its transformation into a digital factory, enhancing operational efficiency through the application of intelligent technologies. The Company has established a refining and chemical production optimization model to track and calculate the benefits of key units in real time, assisting in optimizing production scheduling. Advanced industry control optimization software is applied to achieve intelligent management of control, monitoring, and operations across the entire plant. The deployment of dark labs significantly improves testing efficiency and reduces production safety risks. The Company has initiated the intelligent upgrade of its procurement system, promoted pilot applications such as equipment assistants, and completed the deployment of local large models. In 2025, Shenghong Refining & Chemical was awarded the title of "National Advanced Collective in Industrial and Information Systems" by the Ministry of Industry and Information Technology. Shenghong Refining & Chemical's 16 million-ton integrated intelligent factory and Sierbang Petrochemical's alcohol-based multi-production intelligent factory were recognized as "Advanced Intelligent Factories in Jiangsu Province".

In practicing green and sustainable development, the Company adheres to the new development concepts of innovation, coordination, green, openness, and sharing. On one hand, it continuously builds a world-class green production system by utilizing clean energy sources such as photovoltaic and nuclear power to reduce carbon emissions at the source. During production, it leverages upstream and downstream processes, material supply, energy coupling, and secondary recycling across the entire industrial chain to effectively reduce resource and energy consumption. On one hand, it continuously develops and launches green products to achieve a comprehensive green transformation from source to terminal. Currently, the Company owns two globally pioneering green industrial chains: firstly, producing polyester fiber using carbon dioxide, converting it into textile and apparel raw materials through carbon capture technology; secondly, producing polyester fiber using discarded mineral water bottles, turning waste into treasure and effectively balancing economic and environmental benefits. The Company actively practices the development requirements of new productive forces, forging a green and low-carbon development model that integrates resource utilization, interconnectivity, symbiosis, and mutual benefits.

5. Promote management reform through lean practices to enhance corporate management efficiency.

By 2025, the Company advanced lean management from four perspectives: outcome orientation, internal streamlining, talent cultivation, and atmosphere creation. I. Reform performance management, optimize the key indicator assessment system, motivate employees to independently discover efficiency improvements, prioritize outstanding performers, and reward proactive contributors; II. Improve management processes with a market and customer-oriented approach to effectively enhance decision-making efficiency and accountability; III. Strengthen team building by selecting reserve talents, launching a multi-skilled training program for production operation positions, piloting professional technical position qualification management, and broadening talent development pathways; IV. Vigorously advocate a "high standards, strict requirements, meticulous execution, and practical results" work style, fostering a strong internal culture of dedication, professionalism, and effective action. The Company enhances management efficiency and operational quality by continuously stimulating organizational vitality, tapping into internal motivation, and fostering a united and progressive atmosphere.

6. Market-oriented quality improvement and efficiency enhancement to boost internal vitality.

In 2025, the Company continued to comprehensively promote cost reduction and efficiency enhancement, leveraging integrated operational advantages and a rapid, efficient, and flexible operating mechanism to proactively adapt to market changes and seize market transformation opportunities. The Company implements multi-department collaboration through efficient internal coordination and integrated resource management, flexibly adjusting raw material structures based on market price fluctuations and downstream product demand at the procurement end, achieving full-process coordination in procurement, blending, and processing to implement

optimal solutions. At the production end, combining the latest production optimization routes and scientific management, efficiently completing technical modifications and maintenance, optimizing device operation, and reducing energy consumption and production costs. At the sales end, strengthening production and sales integration, quickly responding to customer needs, timely adjusting device operation and product structure, and optimizing device revenue generation. The Company continuously turns external challenges into opportunities, maintaining internal vitality and growth potential.

(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 underpinning 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 largest 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 2.4 million tons/year MTO unit (calculated in methanol), which is the largest single alcohol-based multigeneration unit in the world. In downstream high-end olefin derivatives, Sierbang Petrochemical possesses an EVA production capacity of 900,000 tons/year, leading the industry in capacity scale. Meanwhile, the Company has built 100,000 tons/year POE industrial device with independent Intellectual Property, becoming one of the few leading enterprises in China with both EVA and POE photovoltaic film raw material independent research and development technology and core raw material scale devices. Sierbang Petrochemical's PV grade EVA product technologies 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.

The acrylonitrile capacity of Sierbang Petrochemical was RMB 1.04 million tons/year, jumping to the first place in China. 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 Petrochemical 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 3.6 million tons for polyester filament, with a differentiation 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 the world's leading bio-based PDO monomer, PTT fiber and recycled polyester fiber industry chain with complete independent intellectual property rights.

The Company's recycled polyester fiber production capacity reaches approximately 600,000 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, low-carbon and high-performance chemical fiber products in the future.

The Company shall comply with the disclosure requirements of the chemical industry in the *Self-regulatory Guidelines for Listed Company on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information*

Procurement modes of main raw materials

Monetary 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	62.15%	No	3,721.40	3,287.51

Reasons for significant changes in raw material prices compared to the previous reporting period

Due to crude oil market price fluctuations and procurement strategy impacts.

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

Applicable Not Applicable

Reasons for significant changes in the main energy types

Not Applicable

Production technology of main products:

For some content, please refer to "I. 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 "I. 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 materials

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

Applicable Not Applicable

The environmental assessment report for the system optimization and renovation project of Lianyungang Xinrongtai Terminal Co., Ltd. was officially approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New District) on March 14, 2025.

The project of Jiangsu Hongjing New Materials Co., Ltd. for 100,000-ton-per-year high-end polyolefin monomer device and supporting facilities (Phase II) was officially approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New District) on April 7, 2025.

The environmental impact report for the new materials pilot base project (Phase I) of Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd. in the National Eastern-Central-Western Regional Cooperation Demonstration Zone was officially approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New District) on April 8, 2025.

The environmental impact report for the sewage optimization and technical renovation project of the Utility Engineering Division of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. was officially approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New District) on April 30, 2025.

The environmental impact report for the ethylene and mixed aromatics pipeline supply project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd. was officially approved by the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New District) on November 6, 2025.

The environmental impact report for the 800-ton high-end polyolefin pilot device 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 (Lianyungang Xuwei New District) on December 9, 2025.

The environmental impact report for the waste acid comprehensive utilization process optimization and energy-saving emission reduction technology 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 (Lianyungang Xuwei New District) on December 31, 2025.

The environmental impact report for the project of Guowang Hi-Tech Fiber (Suqian) Co., Ltd. with an annual output of 500,000 tons of ultra-simulation differentiated functional fibers was officially approved by the Suqian Ecological Environment Bureau on May 21, 2025.

Jiangsu Zhonglu Technology Development Co., Ltd. is currently drafting the environmental impact report for the polyester unit production line technology renovation project.

The environmental impact report for the polycyclic olefin pilot project of Jiangsu Hongjing New Materials Co., Ltd. is under preparation.

The environmental impact report for the product optimization and renovation project of the C9 separation device of Jiangsu Hongjing New Materials Co., Ltd. is under preparation.

The environmental impact report for Jiangsu Sierbang Petrochemical Co., Ltd.'s acrylic acid and ester polymerization pilot project is being prepared.

Abnormal suspension of production of the Listed Company during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

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

Whether engage in oil processing and oil trade industries

Yes No

The Company mainly imports crude oil and light hydrocarbons from abroad as raw materials. Suppliers are stable and reliable. Refining capacity is designed at 16 million tons/year. Products are primarily sold in the domestic market, with stable and continuous production and sales. 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 six 50,000-ton berths, a 100,000-ton berth, an 80,000-ton berth, 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.

Engaged in the fertilizer industry

Yes No

Engaged in the pesticide industry

Yes No

Engaged in the chlor-alkali and soda ash industry

Yes No

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

(I) China's macro economy is advancing under pressure, moving towards new and better.

2025 is an extraordinary year. The international environment is more complex and volatile, with increased uncertainty in the economic and trade environment. The world economy faces multiple challenges in growth. Facing rapidly changing external environments, China has implemented more proactive macro policies,

effectively mitigating the adverse effects of external changes. The macro economy has successfully achieved qualitative improvement and reasonable quantitative growth. According to data from the National Bureau of Statistics, China's economic total in 2025 surpassed the RMB140 trillion mark for the first time, reaching 140.19 trillion RMB, a year-on-year increase of 5.0%. Economic growth rate leads among major economies, contributing about 30% to world economic growth. It remains the main engine of world economic growth and a stabilizer of the global supply chain, showcasing the resilience and vitality of China's economic development under pressure. While China's economy steadily moves forward, the quality of development towards new and better is increasingly evident.

(II) The global chemical industry landscape is rapidly reshaping, with further adjustments in supply structure

From overseas, due to high raw material and energy prices and outdated equipment, the production capacity in petrochemical regions like Europe, Japan, and South Korea is undergoing accelerated contraction and clearance. According to the report released by the European Chemical Industry Council, during 2022-2025, the shutdown capacity in the European chemical industry surged sixfold, with a cumulative reduction of 37 million tons over four years, accounting for about 9% of Europe's total chemical capacity. Japan and South Korea are also facing severe challenges. Japan's ethylene plant operating rate remained below the 80% breakeven point for two consecutive years, 2023-2024. Currently, Japan has plans to dismantle or shut down nearly 1.8 million tons/year of ethylene cracking capacity during 2026-2028. South Korea also plans to cut 2.7-3.7 million tons/year of naphtha cracking capacity in the future, equivalent to about 25% of its existing refining capacity.

Domestically, the industry's capacity expansion is nearing its end. According to data from the National Bureau of Statistics, in 2024, fixed asset investment in the chemical raw materials and chemical products manufacturing industry grew by 8.6% year-on-year, while in 2025, it turned into a year-on-year decline of 8%, with cumulative growth shifting from positive to negative, showing a contraction trend. This indicates a significant slowdown in the pace of capital expenditure expansion in the industry, and the growth rate of new capacity in the chemical industry is likely to reach a turning point in the future. Meanwhile, as China's "anti-involution" policy further deepens, the chemical industry will move away from inefficient competition characterized by disorderly capacity expansion and low-price product competition, effectively curbing low-end capacity additions and further promoting high-quality development towards high-end, large-scale, and integrated capacity.

Currently, the global chemical industry chain is accelerating its concentration in regions with leading process technology, comprehensive integration, and significant low-cost advantages, and the global chemical industry landscape is undergoing rapid reshaping. With advantages in cost, technology, and location, China is expected to become a global hub for the future development of the chemical industry.

(III) China's petrochemical industry is advancing with high quality, and full-chain layout is becoming a trend.

1. The petrochemical industry is an important pillar industry of the national economy

As the blood of industry, petroleum has penetrated into every aspect of human economic and social activities. The petrochemical industry is an important pillar industry of China's national economy. Its upstream is mainly the exploration, exploitation and transportation of oil and gas, its midstream is the processing and manufacturing of oil refining and petrochemical products, and its downstream products are widely used in all walks of life, such as food, clothing, housing and transportation. 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 data from the China Petroleum and Chemical Industry Federation, for China 2025, the total output of major chemicals in 2025 was expected to grow by 5.9% year-on-year, the petrochemical industry achieved an operating revenue of RMB 15.7 trillion, down 3.0% year-on-year, profits of RMB 702.09 billion, down 9.6% year-on-year, and the total import and export value of USD 902.01 billion, down 4.9% year-on-year. The industrial added value growth rate of the petrochemical industry in 2025 was 6.9%, 1 percentage point higher than the national industrial added value growth rate.

According to data from the National Bureau of Statistics, in 2025, China's crude oil production remained stable, with an annual output of 216 million tons, up 1.5% year-on-year; crude oil processing volume reached 738 million tons, up 4.1% year-on-year; apparent crude oil consumption reached 790 million tons, up 3.5% year-on-year. Both crude oil processing volume and apparent consumption will hit record highs.

Overall, and the economic operation of the petrochemical industry remained stable, showing signs of bottoming out and stabilizing.

2. In the future, less oil, more chemicals, full-chain integration and green development will become the key development trends of the refining and petrochemical industry

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, China's petrochemical industry has a total refining capacity of nearly 1 billion tons, and ethylene capacity exceeds 55 million tons/year. Both refining and ethylene capacities rank first globally, and the industry's global competitiveness continues to improve.

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 leading private refining and chemical enterprises in China, 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 Company the strength to compete with international leading refining and chemical companies.

In October 2021, the State Council issued the *Action Plan for Carbon Peaking Before 2030*, which clearly stated that by 2025, domestic primary crude oil processing capacity should be controlled within 1 billion tons, and major capacity utilization rates should be increased to over 80%. In October 2023, the National Development and Reform Commission, National Energy Administration, Ministry of Industry and Information Technology, and Ministry of Ecology and Environment jointly issued the *Guiding Opinions on Promoting Green Innovation and High-Quality Development in the Refining Industry*, aiming to advance the petrochemical industry's low-carbon transition and high-quality development while fulfilling its national energy supply responsibilities. In September 2025, the Ministry of Industry and Information Technology and six other departments jointly issued the *Work Plan for Stable Growth in the Petrochemical and Chemical Industry (2025–2026)*, which reiterated the need to strictly control new capacity, enforce "capacity reduction and replacement", and promote transformation and upgrading. 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.

(IV) Stable 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.

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. 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. In November 2025, COP29 held in Baku, Azerbaijan, reached a balanced package named "Baku Climate Solidarity Pact". At the closing plenary session, Zhao Yingmin, head of the Chinese delegation and Vice Minister of Ecology and Environment, stated that China will continue to implement a national strategy to actively address climate change, achieve carbon peak and neutrality goals, and extensively engage in South-South cooperation on climate change, contributing to global green, low-carbon, climate resilience, and sustainable development.

According to the *2025 Renewable Energy Report by the International Energy Agency (IEA)*, global renewable energy installed capacity is expected to double by 2030 compared to 2024, with an addition of about 4,600 GW, equivalent to the total installed capacity of China, the EU, and Japan combined into the global energy system. In over 80% of countries worldwide, the growth rate of renewable energy installations from 2025 to 2030 will

exceed that of the previous five years, indicating an accelerated energy transition. 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 COP28. That is, in 2030, the global installed capacity of renewable energy will triple, reaching at least 11,000GW. Among them, the installed photovoltaic capacity will increase from 1,055GW in 2022 to 5,457GW 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 National Energy Administration, China's photovoltaic new installations reached 317 GW in 2025, a 14% increase year-on-year. During the same period, according to data from global energy think tank Ember, global photovoltaic new installations were about 647 GW, an 11% increase year-on-year. On November 22, 2025, the 20th G20 Summit adopted the *G20 Leaders' Johannesburg Summit Declaration*, announcing support for increasing global renewable energy installed capacity to three times that of 2022 by 2030 through existing goals and policies. Overall, the global photovoltaic market still has significant growth potential.

3. Photovoltaic module packaging materials fully benefit from the continuous growth of the photovoltaic industry

(1) Photovoltaic film is one of the key factors 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, the main photovoltaic films in the market are transparent EVA film, white EVA film, POE film, co-extrusion EPE film and so on. Transparent EVA film has remained the mainstream packaging material in the current market for its advantages in price and processing performance; white EVA film 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, and is 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 coextrusion 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 module packaging materials 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. EVA is widely used in fields such as photovoltaic, foaming, wires and cables, and hot melt adhesives because of its high transparency, durability, adhesion, low melting point, easy processing and other characteristics. EVA production process uses the ultra-high pressure process, with the complicated process flow, high difficulty in equipment maintenance, and high difficulty in production. Currently, global EVA production capacity is mainly concentrated in Asia, Western Europe, North America, and the Middle East, with Asia accounting for about two-thirds of the global EVA total capacity. The integration of EVA industry in China is developing rapidly, and China is the country with the largest EVA production capacity in Asia, even the world.

At present, the proportion of photovoltaic EVA in the downstream consumption demands for EVA products has exceeded 50%. Photovoltaic EVA are characterized by low crystal point, high melting index and high VA content

(28%-33%). It takes at least certain period for the new EVA unit 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 R&D ability of enterprises. According to the statistics of China Photovoltaic Industry Association, the output of photovoltaic modules in China exceeded 620GW in 2025, representing a year-on-year increase of more than 5.4%. Benefiting from the continuous increase in downstream photovoltaic demand, the demand for photovoltaic EVA particles, which are the major raw materials of photovoltaic film, is also showing a steady growth trend.

The Company's holding subsidiary, Sierbang Petrochemical, is a leading enterprise in the domestic EVA industry, maintaining a leading position in market share and technology level. By the end of 2025, Sierbang Petrochemical had an EVA production capacity of 900,000 tons/year, all of which can be used to produce photovoltaic-grade EVA particles, with product performance indicators reaching the advanced level of similar international products.

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 fields such as automobile parts, photovoltaic, wires and cables, mechanical tools, and seals.

With the increasing market penetration of N-type cells and bifacial double glass modules in the downstream photovoltaic industry, the demand for POE film and EPE film continues to grow, which in turn drives the increase in demand for the raw material, POE particles. At present, the global POE supply is mainly monopolized by overseas companies such as Dow Chemical, ExxonMobil, Mitsui Chemicals and LG Chemical. After overcoming multiple technical and industrial barriers such as the production of high-carbon α -olefins, the development of metallocene catalysts, and breakthroughs in solution polymerization technology, the industrialization process of domestic POE has begun to show results.

After years of independent research and development, the Company successfully launched a 100,000-ton/year POE plant in 2025, becoming one of the few domestic companies with independent core production technology for both photovoltaic-grade EVA and POE.

4. New energy vehicles and raw materials of their upstream lithium batteries grew steadily

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 2025 were 16.626 million and 16.49 million respectively, up by 29% and 28.2% respectively. Sales of new energy vehicles reached 47.9% of total new car sales, setting a new historical high in penetration rate. China's new energy vehicle industry continues to maintain rapid growth, becoming a key force in leading the global automotive industry transformation. With the rapid development of the new energy vehicle industry, 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 for 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. 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 key links of raw materials such as battery diaphragms and electrolyte solvents.

(V) Stable recovery 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 a pillar industry supporting 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 data from the National Bureau of Statistics, in 2025, the operating revenue of chemical fiber manufacturing enterprises above designated size nationwide fell by 7.3% year-on-year, and total profits fell by 4.5% year-on-year, while the total profits of the bio-based chemical fiber industry increased by 88.6% year-on-year. Overall, there is a significant contrast in profitability between large and small varieties. Under the pressure of declining downstream demand, the industry has bid farewell to the stage of scale expansion and shifted towards enhancing profitability resilience through technological innovation and product differentiation.

As the chemical fiber category with the largest proportion in China, polyester filament is an important raw material in the textile and garment industry. It has the characteristics of high strength, good elasticity, heat resistance, wear resistance, corrosion resistance, smooth surface and so on. It is widely used in clothing fabrics, lining materials, underwear, socks, bed quilt and other clothing materials and decorative materials. Polyester filament can be used industrially in fields such as construction, packaging, protective equipment, and agricultural and fishery equipment. 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 industrial concentration of polyester filament has gradually increased, and CR6 accounts for over 80% of the total capacity of the industry. It is expected that the industrial concentration of polyester filament will be further improved 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

Recycled polyester fiber is produced through a regeneration process such as melt direct spinning using the recycled polyester bottle chips, filament waste, waste fabric and other raw materials, 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. The Company's current total production capacity of recycled polyester fiber is about 600,000 tons/year, forming the world's largest recycled polyester fiber production base. 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.

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 landscape featuring the coordinated extension and development 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. The Shenghong Refining & Chemical Integration Project, as a basic raw material platform, has the largest single-unit atmospheric and vacuum distillation device in China. Adhering to the concept of "more chemicals, less oil, molecular refining", it produces 70% chemical products, aligning with the current development trend of the petroleum refining industry and allowing flexible adjustment of product structure based on market conditions. The ultra-large-scale and integrated layout of the Shenghong Refining & Chemical Integration Project brings cost advantages, providing the Company with a natural first-mover advantage in "strengthening, extending, and supplementing the industrial chains" the downstream fine chemical industry chain. In the future, the Company will firmly establish the "1+N" development model, with "1" core platform and "N" diversified industrial chains in new energy & new materials, electronic chemicals, and biotechnology, ensuring steady progress on the path of high-quality development.

(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 photovoltaic new materials, the Company is one of the few domestic leaders with independent R&D technology and large-scale production facilities for both photovoltaic-grade EVA and POE films. Product performance indicators have reached the advanced level of international counterparts, and several new technology products have achieved import substitution, filling domestic gaps. In the field of high-value-added new materials, products such as PETG, nitrile latex, EC/DMC, POSM, and polyols have been successfully started up for the first time. By the end of 2025, the Company had successfully launched an additional 400,000 tons/year EVA capacity and 100,000 tons/year POE capacity, further expanding its new energy and new materials industry matrix.

Over the years, the Company has focused on the research and development of civilian polyester filament products. It owns independent intellectual property in various functional fiber production technologies, has overcome technical barriers in ultra-fine fiber production, and has established a world-leading industrial chain with complete intellectual property for bio-based PDO monomers, PTT fibers, and recycled polyester fibers. The Company has built the world's first green product industrial chain "from carbon dioxide to polyester fibers".

Through scientific and technological innovation, the Company has made fruitful scientific achievements in products, processes, and equipment. As of the end of 2025, the Company had 844 patents, including 299 invention patents, 522 utility model patents, 9 appearance patents and 14 international patents.

(III) Advantages of differentiated competition

The integration project of Shenghong Refining & Chemical is the Company's basic raw material platform, featuring the largest single set of atmospheric and vacuum distillation units in China. It was designed for feasibility with an optimal oil-to-chemical ratio, focusing on ethylene and downstream olefin chemical products as the main product direction. With over 70% chemical product output, it is the industry's highest designed oil-to-chemical ratio. The refining production process allows for interconnection and mutual supply of materials, enhancing resource utilization and providing competitive product structure and costs in the industry.

Sierbang Petrochemical is an important production base for the Company's new energy and new materials. It has experience in successfully operating large-scale olefin chemical projects. Its MTO device ranks among the largest globally, and its supporting devices for acrylonitrile, MMA, EVA, EO, and derivatives have leading capacities in the industry, influencing regional product pricing.

In the field of polyester chemical fiber, the Company adheres to the idea of "avoiding repetitive capacity expansion, conventional products and conventional production technologies," and is rooted in a differentiated 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, new energy & new materials and polyester. After Shenghong Refining & Chemical's integration project is put into operation, the Company will realize 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.

From the perspective of refining and chemical industry layout, the Company has integrated large-scale raw material capacities, including 16 million tons/year refining and chemical integration, 2.4 million tons MTO, 700,000 tons/year PDH, and 6.3 million tons/year PTA, within the same industrial park. Large-scale devices are interconnected through park pipelines, significantly reducing transportation, storage, and other intermediate costs. Additionally, the Company has established a petrochemical operations and maintenance center to market surplus or recovered utility resources from production processes, supplying production resources to surrounding enterprises to increase revenue, fully leveraging the advantages of concentrated industrial layout and efficient operations. The Company has built a 300,000-ton crude oil berth in the park, along with six 50,000-ton, one 100,000-ton, one 80,000-ton, and one 10,000-ton liquid chemical berths. Supporting facilities include total tank capacity exceeding 5 million cubic meters, significantly reducing various production and operational costs, fully enhancing the Company's cost and operational advantages in the large chemical raw material platform, and laying a solid foundation for the Company's high-quality development.

(V) Location advantages

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

IV. Analysis of primary business

1. Overview

The Company's business includes refining, chemical new materials, and polyester fibers. During the reporting period, the profitability of polyester fiber and chemical new materials businesses was good. However, the international and domestic environment in 2025 was complex and volatile, with the petrochemical industry facing multiple challenges on both supply and demand sides. Crude oil prices are expected to fluctuate widely with a downward trend in the center, coupled with temporary pressure on demand in some downstream industries, which has somewhat impacted the Company's income growth.

2. Revenues and costs

(1) Breakdown of operating revenue

Monetary unit: RMB

	Year 2025		Year 2024		YOY changes
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	125,587,320,327.07	100%	137,674,557,166.85	100%	-8.78%
By industry					
Petrochemical and new chemical materials	99,471,958,660.57	79.21%	108,276,504,979.02	78.65%	-8.13%
Chemical fiber	23,957,344,277.38	19.08%	27,150,986,265.93	19.72%	-11.76%
Others	2,158,017,389.12	1.71%	2,247,065,921.90	1.63%	-3.96%

	Year 2025		Year 2024		YOY changes
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
By product					
Refinery products	27,086,885,626.33	21.57%	27,856,944,255.84	20.23%	-2.76%
Others petrochemical and new chemical materials	72,385,073,034.24	57.64%	80,419,560,723.18	58.42%	-9.99%
Polyester silk	22,893,473,187.86	18.23%	26,052,009,113.68	18.92%	-12.12%
Other chemical fiber products	1,063,871,089.52	0.85%	1,098,977,152.25	0.80%	-3.19%
Others	2,158,017,389.12	1.71%	2,247,065,921.90	1.63%	-3.96%
By region					
Domestic	118,856,078,285.57	94.64%	130,921,139,388.56	95.09%	-9.22%
Overseas	6,731,242,041.50	5.36%	6,753,417,778.29	4.91%	-0.33%

(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

Monetary unit: RMB

	Operating revenue	Operating costs	Gross profit margin	Increase/decrease of operating revenue when compared with the same period of last year	Increase/decrease of operating cost when compared with the same period of last year	Increase/decrease of gross profit margin when compared with the same period of last year
By industry						
Petrochemical and new chemical materials	99,471,958,660.57	87,845,424,947.45	11.69%	-8.13%	-11.23%	3.09%
Chemical fiber	23,957,344,277.38	22,628,803,323.55	5.55%	-11.76%	-10.92%	-0.89%
By product						
Refinery products	27,086,885,626.33	18,688,532,245.31	31.01%	-2.76%	-14.28%	9.27%
Others petrochemical and new chemical materials	72,385,073,034.24	69,156,892,702.14	4.46%	-9.99%	-10.37%	0.41%
Polyester silk	22,893,473,187.86	21,491,683,224.27	6.12%	-12.12%	-11.46%	-0.70%

	Operating revenue	Operating costs	Gross profit margin	Increase/decrease of operating revenue when compared with the same period of last year	Increase/decrease of operating cost when compared with the same period of last year	Increase/decrease of gross profit margin when compared with the same period of last year
By region						
Domestic	118,856,078,285.57	105,691,385,621.22	11.08%	-9.22%	-11.77%	2.58%
Overseas	6,731,242,041.50	6,372,615,455.55	5.33%	-0.33%	1.63%	-1.82%

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 ('0,000 tons)	Sales ('0,000 tons)	Revenue(RMB)	Trend of selling price during the reporting period	Reasons for changes
Refinery products	452.14	452.78	27,086,885,626.33	Fluctuating widely with a downward trend in the center.	Fluctuate in line with market conditions
Others petrochemical and new chemical materials	1,438.30	1,429.38	72,385,073,034.24		
Polyester silk	287.52	286.39	22,893,473,187.86		

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	The overall tax burden was relatively low, enjoying a preferential income tax rate.	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	Entity	Year 2025	Year 2024	YOY changes
Chemical fiber	Sales volume	10,000 tons	305.76	313.44	-2.45%
	Output	10,000 tons	307.46	313.76	-2.01%
	Inventory	10,000 tons	26.68	24.98	6.81%
Petrochemical and new chemical materials	Sales volume	10,000 tons	1,882.16	1,796.73	4.75%
	Output	10,000 tons	1,890.44	1,783.09	6.02%
	Inventory	10,000 tons	75.93	67.65	12.24%

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

Applicable Not Applicable

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

Applicable Not Applicable

(5) Breakdowns of operating costs

Monetary unit: RMB

Industry	Item	Year 2025		Year 2024		YOY changes
		Amount	Proportion in operating costs	Amount	Proportion in operating costs	
Petrochemical and new chemical materials	Raw materials	69,632,483,908.73	62.14%	80,702,202,872.83	64.02%	-13.72%
	Energy	8,419,339,955.26	7.51%	9,303,246,149.94	7.38%	-9.50%
	Labor	605,394,069.93	0.54%	626,415,279.29	0.50%	-3.36%
	Others	9,188,207,013.53	8.20%	8,331,231,815.16	6.61%	10.29%
Chemical fiber	Raw materials	16,922,760,499.58	15.10%	19,767,410,854.38	15.68%	-14.39%
	Energy	2,431,526,022.62	2.17%	2,499,985,708.51	1.98%	-2.74%
	Labor	1,227,625,478.21	1.09%	1,214,130,247.60	0.96%	1.11%
	Others	2,046,891,323.14	1.83%	1,920,672,219.16	1.52%	6.57%
Others		1,589,772,805.77	1.42%	1,696,822,984.20	1.35%	-6.31%

Descriptions

None

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

Yes No

The scope of consolidation increased by two companies and decreased by two companies this period. By the end of 2025, the Company had 52 companies included in the consolidated financial statements.

(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)	22,898,756,123.77
Proportion of total sales of top five customers in total annual sales	18.25%
Proportion of the sales of related parties included in the sales of top five customers in total annual sales	0.00%

Information about the Company's top five customers

No.	Customer name	Sales (RMB)	Proportion in total annual sales
1	Customer No.1	7,756,659,703.08	6.18%
2	Customer No.2	5,332,953,148.65	4.25%

3	Customer No.3	3,815,356,320.87	3.04%
4	Customer No.4	3,324,101,750.01	2.65%
5	Customer No.5	2,669,685,201.16	2.13%
Total	--	22,898,756,123.77	18.25%

Other descriptions of major customers

Applicable Not Applicable

Major suppliers of the Company

Total purchase amount from the top five vendors (dollars)	37,945,229,647.72
Percentage of total annual purchases by the top five vendors combined	39.77%
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	10,334,155,089.87	10.83%
2	Supplier No.2	10,297,245,593.22	10.79%
3	Supplier No.3	6,803,800,030.57	7.13%
4	Supplier No.4	6,267,905,838.95	6.57%
5	Supplier No.5	4,242,123,095.11	4.45%
Total	--	37,945,229,647.72	39.77%

Other descriptions of major suppliers

Applicable Not Applicable

During the reporting period, the income from the Company's trading business accounted for more than 10% of total income.

Applicable Not Applicable

3. Fee

Monetary unit: RMB

	Year 2025	Year 2024	YOY changes	Description of significant changes
Selling and distribution expenses	317,926,218.98	334,382,120.56	-4.92%	
General and administrative expenses	1,028,992,464.56	1,081,209,219.11	-4.83%	
Financial expenses	4,555,007,972.60	4,873,766,540.51	-6.54%	
Research and development expenditures	969,268,392.97	832,022,384.44	16.50%	

4. Investments in R&D

Applicable Not Applicable

R&D personnel of the Company

	Year 2025	Year 2024	Change ratio
Number of R&D personnel (persons)	3,855	3,797	1.53%
Proportion of R&D personnel	13.83%	12.86%	0.97%
Academic structure of R&D personnel			
Undergraduate	1,659	1,527	8.64%
Master	103	109	-5.50%
Doctor	30	25	20.00%
Age composition of R&D personnel			
Under 30 years old	1,282	1,237	3.64%
30-40 years old	2,129	2,081	2.31%

R&D investment by the Company

	Year 2025	Year 2024	Change ratio
R&D investment (RMB)	5,723,696,050.54	6,354,081,971.06	-9.92%
Proportion of R&D investment in revenue	4.56%	4.62%	-0.06%
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

The reason for the significant change in the proportion of R&D expenditure to operating revenue compared to the previous year

Applicable Not Applicable

The reasons for the significant change in the capitalization rate of R&D investment and its rationality

Applicable Not Applicable

5. Cash flows

Monetary unit: RMB

Item	Year 2025	Year 2024	YOY changes
Sub-total of cash inflows from operating activities	173,016,213,992.37	181,638,024,412.15	-4.75%
Sub-total of cash outflows from operating activities	156,963,227,484.98	171,163,198,731.20	-8.30%
Net cash flows from operating activities	16,052,986,507.39	10,474,825,680.95	53.25%
Sub-total of cash inflows from investing activities	1,717,736,057.80	1,124,799,844.44	52.71%
Sub-total of cash outflows from investing activities	9,386,647,889.21	13,223,546,139.94	-29.02%
Net cash flows from investing activities	-7,668,911,831.41	-12,098,746,295.50	36.61%
Sub-total of cash inflows from financing activities	98,618,675,565.04	103,590,998,820.04	-4.80%
Sub-total of cash outflows from financing activities	107,989,319,199.90	96,172,471,306.93	12.29%
Net cash flows from financing activities	-9,370,643,634.86	7,418,527,513.11	-226.31%
Net increase in cash and cash equivalents	-942,671,407.96	5,623,427,513.46	-116.76%

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

 Applicable Not Applicable

(1) Compared to the same period last year, net cash flow from operating activities increased, mainly due to a year-on-year decrease in cash outflows from operating activities;

(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 the current period.

(3) Compared with the same period of the previous year, the net cash flows from financing activities decreased, which was mainly due to the increase in cash paid for the repayment of bank borrowings.

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

Monetary unit: RMB

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
Investment	174,584,093.62	-69.01%	Mainly due to futures gains	No

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
income				
Profit or loss from changes in fair value	-36,125,582.02	14.28%	Mainly due to changes in the fair value of financial liabilities	No
Asset impairment	-424,188,991.21	167.68%	Mainly losses from inventory impairment	No
Non-operating revenue	57,474,893.04	-22.72%	Income from compensation and fines	No
Non-operating expenses	45,453,960.87	-17.97%	Mainly due to the impairment and write-off of non-current assets	No
Income from asset disposal	603,224,692.82	-238.45%	Mainly due to the disposal gain of non-current assets	No
Other income	1,366,685,314.55	-540.24%	Mainly due to the tax benefit of the additional deduction for input VAT	No

VI. Analysis on assets and liabilities

1. Significant changes in the composition of assets

Monetary unit: RMB

	As at the end of 2025		At the beginning of 2025		Increase/decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	13,111,247,176.85	6.39%	13,636,446,983.07	6.67%	-0.28%	
Financial assets held for trading	4,640,905.02	0.00%	106,594,928.00	0.05%	-0.05%	Mainly due to the sale of financial asset
Notes receivable	14,799,039.90	0.01%	97,777,618.59	0.05%	-0.04%	Mainly due to a decrease in held-to-maturity notes receivable
Accounts receivable	2,991,851,617.08	1.46%	2,327,702,449.86	1.14%	0.32%	
Receivables financing	277,522,606.25	0.14%	536,196,519.90	0.26%	-0.12%	Mainly due to an increase in notes receivable measured at fair value through other comprehensive income
Advances to suppliers	835,059,022.82	0.41%	525,281,644.21	0.26%	0.15%	Increase in advances to suppliers for goods

	As at the end of 2025		At the beginning of 2025		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Other receivables	1,992,685,795.56	0.97%	1,009,344,676.64	0.49%	0.48%	Mainly due to the increase in receivables
Inventories	17,037,492,920.06	8.30%	16,873,219,225.01	8.26%	0.04%	
Investment properties	587,062,523.33	0.29%	625,773,856.85	0.31%	-0.02%	
Long-term equity investments	131,960,615.60	0.06%	90,557,516.48	0.04%	0.02%	Mainly due to investment in associates
Other non-current assets	1,269,029,471.65	0.62%	2,521,178,872.31	1.23%	-0.61%	Mainly due to a decrease in advances for construction of long-term assets
Fixed assets	140,662,956,202.19	68.54%	127,298,464,476.19	62.31%	6.23%	
Construction in progress	12,796,233,629.90	6.24%	25,026,824,465.78	12.25%	-6.01%	Mainly due to project capitalization
Right-of-use assets	2,898,045,654.72	1.41%	3,083,272,607.18	1.51%	-0.10%	
Long-term deferred expenses	5,494,425.79	0.00%	2,478,240.80	0.00%	0.00%	Mainly due to the increase in other deferred expenses
Other non-current financial assets	8,492,900.00	0.00%	0.00	0.00%	0.00%	Mainly due to subsidiary equity investments
Short-term borrowings	49,354,274,045.13	24.05%	52,682,163,867.62	25.79%	-1.74%	
Financial liabilities held for trading	10,445,517.73	0.01%	0.00	0.00%	0.01%	Mainly due to changes in the fair value of derivative contracts
Contract liabilities	2,305,007,596.52	1.12%	2,484,508,305.51	1.22%	-0.10%	
Long-term borrowings	58,410,984,356.09	28.46%	60,988,432,664.33	29.85%	-1.39%	
Lease liabilities	2,770,515,601.83	1.35%	2,880,053,850.90	1.41%	-0.06%	
Notes payable	97,251,272.25	0.05%	0.00	0.00%	0.05%	Mainly due to the increase in bank acceptance notes payable

	As at the end of 2025		At the beginning of 2025		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Taxes and surcharges payable	1,421,094,519.05	0.69%	978,933,334.67	0.48%	0.21%	Mainly due to the increase in VAT and consumption tax payable
Other payables	2,871,293,477.33	1.40%	301,204,531.41	0.15%	1.25%	Mainly due to the increase in after-sales buyback and related party transactions
Other non-current liabilities	9,303,182.58	0.00%	14,345,006.56	0.01%	-0.01%	Mainly due to the decrease in deposits
Special reserves	22,502,177.17	0.01%	86,108,201.09	0.04%	-0.03%	Use of special reserves

Overseas assets with a higher proportion

Applicable Not Applicable

2. Assets and liabilities measured at fair value

Applicable Not Applicable

Monetary unit: RMB

Item	Beginning amount	Ending amount
1. Financial assets held for trading (excluding derivative financial assets)	74,183,711.94	0.00
2. Derivative financial assets	32,411,216.06	4,640,905.02
3. Other equity instrument investments	584,422,540.00	586,861,000.00
4. Other non-current financial assets		8,492,900.00
5. Receivables financing	536,196,519.90	277,522,606.25
Sub-total of financial assets	1,227,213,987.90	877,517,411.27
Total	1,227,213,987.90	877,517,411.27
Financial liabilities	0.00	10,445,517.73

Other changes

Not Applicable

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

Monetary unit: RMB

Item	Book value as at December 31, 2025	Reason for restriction
Monetary funds	2,044,134,022.68	For reasons of restriction, see Section VIII. VII. 1

Item	Book value as at December 31, 2025	Reason for restriction
Notes receivable	12,886,130.72	Endorsed but not yet matured notes
Fixed assets	72,773,790,926.00	Mortgaged for financing credit from financial institutions
Intangible assets	2,568,955,063.16	Mortgaged for financing credit from financial institutions
Construction in progress	454,626,850.83	Mortgaged for financing credit from financial institutions
Accounts receivable	[Note]	Pledged for financing credit from financial institutions
Total	77,854,392,993.39	

Note: within the consolidation scope, the wholly-owned subsidiary Lianyungang Guanghong Industrial Co., Ltd. pledges the collection rights of accounts receivable, accounted for RMB 191 million, from related parties within the consolidation to provide guarantees for bank loans.

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
1,436,733,806.84	5,788,880,809.37	-75.18%

2. Significant equity investments acquired during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

Monetary 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
Hongwei Chemical POSM and Polyol Project	Self-built	Yes	Chemical engineering	136,973,425.09	3,764,021,127.55	Self-owned fund + special borrowings	Put into operation	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	606,653,334.36	1,060,241,559.49	Self-owned fund + special borrowings	Under construction	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	Self-built	Yes	Chemical fiber manufacturing	8,020,670.60	2,274,980,742.24	Self-owned fund +	Put into operation	January 13, 2022	CNINFO: Announcement

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
differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons			industry			special borrowings			on the Investment and Construction of Recycled Differentiated and Functional Polyester Filament and Supporting Stretching Project with an Annual Output of 250,000 Tons - Phase II by Subsidiaries (Announcement No.: 2022-011)
Biodegradable material project (Phase I) of Hongke New Material	Self-built	Yes	Chemical engineering	13,966,689.54	320,348,654.33	Self-owned fund + special borrowings	Postponed	March 24, 2022, October 31, 2024	CNINFO, Announcement on the Project (Phase I) Engineering of Subsidiary's Investment in the Construction of the Degradable Materials (Announcement No.: 2022-047), and Announcement on the Project (Phase I) Engineering of Subsidiary's Temporary Suspension of the Degradable Materials (Announcement No.: 2024-069)
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	Self-built	Yes	Chemical engineering	609,182,164.71	4,079,025,537.32	Self-owned fund + special borrowings	Put into operation	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	1,306,321.53	160,703,197.84	Self-owned fund	Construction phase of the projects	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)
Acetic acid	Self-built	Yes	Chemical	60,631,201.01	636,912,455.11	Self-owned	Construction	April 26,	CNINFO,

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
project of 1 million tons/year			engineering			fund	phase of the projects	2024	<i>Announcement on Shenghong Refining & Chemical's Investment in the Construction of the 1 Million Tons/Year Acetic Acid Project (Announcement No.: 2024-035)</i>
Total	--	--	--	1,436,733,806.84	12,296,233,273.88	--	--	--	--

4. Financial assets investment

(1) Portfolio investment

Applicable Not Applicable

Monetary unit: RMB

Type of securities	Stock code	Abbreviation	Initial investment costs	Accounting measurement mode	Book value at January 1, 2025	Profit or loss from changes in fair value in this period	Accumulated changes in fair value included in equity	Purchase amount in the current period	Sale amount in the current period	Profit or loss during the reporting period	Book value as at December 31, 2025	Accounting of subjects	Source of funds
Domestic and overseas stocks	603323	Agricultural Bank of Suzhou	5,000,000.00	Measurement at fair value	74,183,711.94	-701,169.30	0.00	0.00	73,482,542.64	2,116,162.18	0.00	Financial assets held for trading	Self-owned fund
Other securities investments held at the end of the period			0.00	--	0.00	0.00	0.00	0.00	0.00	0.00	0.00	--	--
Total			5,000,000.00	--	74,183,711.94	-701,169.30	0.00	0.00	73,482,542.64	2,116,162.18	0.00	--	--

(2) Investment in derivatives

Applicable Not Applicable

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

Applicable Not Applicable

Monetary unit: RMB '0,000

Investment type	Amount as at January 1, 2025	Profit or loss from changes in fair value in 2025	Investment income in 2025	Amount as at December 31, 2025	Proportion of investment amount as at December 31, 2025 in the Company's net assets as at December 31, 2025
Commodity derivatives	32,005.61	-3,542.44	16,587.42	67,692.32	1.77%
Foreign exchange derivatives	0.00	0.00	614.24	0.00	0.00%
Total	32,005.61	-3,542.44	17,201.66	67,692.32	1.77%
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 <i>Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments</i> , <i>Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets</i> , <i>Accounting Standards for Business Enterprises No. 24 - Hedging</i> , and <i>Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments</i> and their guidelines, accounts for 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 136,592,200.
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 29, 2025
Date of disclosure of the announcement of the Shareholders' Meeting of shareholders on approving investment in derivatives	May 22, 2025

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.

VIII. Sales of significant assets and equity

1. Sales of significant assets

Applicable Not Applicable

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

Monetary unit: RMB '00,000,000

Company name	Company type	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenghong Refining & Chemical	Subsidiary	Production and sales of petrochemical	235.45	1,198.95	204.39	894.58	2.15	3.42

Company name	Company type	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
		products						
Sierbang Petrochemical	Subsidiary	R&D, production, and sales of fine chemicals	61.56	431.90	163.82	226.67	-0.22	0.10
Petrochemical Port Storage and Transportation	Subsidiary	Wharf and supporting facilities Construction and development; goods Warehousing services	13.10	49.99	16.06	6.03	0.30	0.37
Petrochemical Industry Group	Subsidiary	Chemical product sales; industrial investment	204.21	433.48	380.33	7.49	0.34	0.71
Honggang Petrochemical	Subsidiary	R&D, production, and sales of PTA	45.70	147.02	26.51	169.75	-1.46	-1.13
Shenghong Chemical Fiber	Subsidiary	R&D, production, and sales of PFY (polyester filament yarn)	0.5	322.94	138.26	240.72	0.55	1.12

Note: Data for the Petrochemical Industry Group is based on individual financial statements; data for Shenghong Refining & Chemical, Sierbang Petrochemical, Petrochemical Port Storage and Transportation, Honggang Petrochemical, and Shenghong Chemical Fiber are based on consolidated financial statements.

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not Applicable

Company name	Ways for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation and performance
Jiangsu Ruikong Technology Co., Ltd.	Direct establishment	Established based on business development needs
Shenghong Petrochemical (Hainan) Co., Ltd.	Direct establishment	Established based on business development needs
Jiangsu Shenghong Fiber Testing Co., Ltd.	Cancellation	Deregistered based on business development needs
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	Cancellation	Deregistered based on business development needs

Description of major holding and participating companies

During the reporting period, the Company had no significant information about important holding or participating companies to disclose.

X. Structured entities controlled by the Company

Applicable Not Applicable

XI. Prospects for the future development of the Company**(I) Corporate development strategy**

The Company is committed to excellence and leading the future, adhering to the philosophy of "focusing on business, seeking innovation through change, and pursuing strength through transformation". It aims to seize industry trends of high-end development, digital intelligence, and green transformation, explore the "innovation chain", and layout the "industrial chain". Centered on new energy materials, high-performance new materials, and low-carbon green industries, the Company continuously builds a "1+N" industrial structure consisting of core raw material platforms and diversified high-tech industrial chains. Meanwhile, the Company actively constructs and advances its artificial intelligence development strategy, promoting the integration and application of AI in production systems, R&D innovation systems, and management systems, striving to become a world-class energy and chemical enterprise in the AI era.

(II) Work plan for the next year

2026 marks the beginning of the 15th Five-Year Plan. On one hand, the Company will solidify the "1+N" strategy, adhere to quality improvement and efficiency enhancement, strengthen independent innovation, and further promote industrial high-end development, production scaling, technical specialization, and scientific management. On the other hand, the Company will leverage proprietary industrial big data to drive the construction of AI application platforms, focusing on production scenarios and management applications, deepening scenario empowerment, and advancing AI implementation to transform AI technology into intelligent productivity that enhances production and operational efficiency.

To this end, the Company will focus on the following tasks:

1. Persist in deepening AI integration to empower company development

In 2026, the Company will continue to explore the comprehensive application of AI technology across multi-level scenarios in the petrochemical industry, focusing on building and applying intelligent systems in areas such as smart factories, financial analysis, and bulk commodity and derivative trading, and actively promoting the construction of intelligent application platforms. In the manufacturing sector, the Company will enhance production efficiency and reduce costs in production optimization, automatic control, inventory management, and safety management sections through training and analysis of proprietary industrial big data. In the financial management sector, AI technology will cover the entire process from basic financial data collection and organization to in-depth sorting and analysis, strengthening the Company's ability to deeply analyze and mine financial data, providing support and basis for business decision-making. In addition, the Company will explore the integration and application of relevant technology in scenarios such as marketing, supply chain management, human resources, and R&D. Moreover, through technology empowerment, the Company will achieve a comprehensive transformation and development.

Based on the construction of AI intelligent systems, the Company will focus on three core business scenarios: safety, production, and equipment. It will advance the implementation of developing high-value applications such as device-level operational navigation, predictive equipment maintenance, and quality prediction. At the same time, the Company will strengthen organizational adaptation, data governance, and the cultivation of interdisciplinary talent, driving applications from "localized pilots" to "deep empowerment", achieving dual breakthroughs in cost reduction and efficiency improvement as well as model innovation.

2. Adhere to high-end, green, and digital-intelligent development, embrace industrial transformation.

High-end, green, and digital-intelligent development are definitive trends in the petrochemical industry's transformation, and the Company will continue to move firmly in this direction. In the future, the Company will focus on expanding high-end product chains and value chains, tackling critical technologies, and vigorously developing new energy materials, specialty fibers, electronic chemicals, high-end membrane materials, and other specialized chemicals to meet the needs of strategic emerging industries such as high-performance materials, new energy, and aerospace; it accelerates sustainable development planning, actively responds to the national "dual carbon" policy, utilizes green technologies, promotes green production, develops green products, and pursues innovative circular economy and collaborative efficiency in green development; it leverages new digital tools and intelligent technologies to enhance the digital-intelligent level of decision-making, management, R&D, marketing, and production, build a high-efficiency, high-quality, low-cost operational system, and establish a digital-intelligent development model of "data + algorithm + intelligent entity".

3. Focus on market-oriented quality improvement and efficiency enhancement, leverage industrial advantages.

By 2026, the Company will focus on improving profitability, consolidating the synergy of the industrial chain, exploring market opportunities, accelerating the transformation of industrial advantages into results, and continuously building cost competitiveness, technological innovation, and market leadership. Leveraging the advantages of refining and chemical integration, the Company will prioritize the development and mass production of high-profit products, dynamically adjust production and sales strategies based on market trends, and enhance product added value and market influence; the Company will streamline low-efficiency products by adjusting processing routes, developing comprehensive utilization measures, and exploring market demand to improve the profitability of low-efficiency products; the Company will enhance the professionalization, intensification, and refinement of equipment operations and further explore innovation and optimization in process routes, explore energy-saving potential through scientific planning and management optimization, the Company will enhance information management methods, better leverage upstream and downstream integration advantages, and continuously improve operational efficiency.

4. Adhere to management and talent development optimization to stimulate internal momentum

In 2026, the Company will continue to implement lean management, shorten decision-making and execution chains, enhance market responsiveness, and build an agile business organization under a large platform. On one hand, the Company will establish a collaborative assessment mechanism oriented towards overall business results, using digital tools to penetrate information barriers, create an efficient collaborative work atmosphere, and transform management activities into a "value creation center"; on the other hand, the Company will improve the management system of intensive operations and professional joint ventures, strengthen the Company's investment, planning, coordination, and supervision functions, and enhance the autonomous management and operational role of business units. Meanwhile, the Company will continuously improve talent development and performance mechanisms, optimize the cultivation, selection, and incentive mechanisms for key employees, promote institutional and systematic development of the cadre team, and create a work atmosphere of responsibility, competition, autonomy, and innovation to build a core combat team; on the other hand, the Company will improve the management system of intensive operations and professional joint ventures, strengthen the Company's investment, planning, coordination, and supervision functions, and enhance the autonomous management and operational role of business units.

(III) Risks faced by and countermeasures of the Company

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. Policy risk

In recent years, China's chemical and chemical fiber industry has developed rapidly, and relevant departments issued a series of policies 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, 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 exchange rate 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 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 29, 2025	Conference call	Telephone communication	Institutions	Online investor	Operation, future development of the Company	CNINFO, Investor Relations Activity Record: 2025-001
May 20, 2025	Value Online (https://www.ir-online.cn/).	Online communication via a network platform	Individuals, institutions, others	Online investor	Operation, future development of the Company	CNINFO, Investor Relations Activity Record: 2025-002
September 1, 2025	Conference call	Telephone communication	Institutions	Online investor	Operation, future development of the Company	CNINFO, Investor Relations Activity Record:

						2025-003
October 31, 2025	Conference call	Telephone communication	Institutions	Online investor	Operation, future development of the Company	CNINFO, Investor Relations Activity Record: 2025-004
December 2, 2025	Panorama Network "Investor Relations Interactive Platform" (https://ir.p5w.net)	Others	Institutions, individuals, others	Online investor	Operation, future development of the Company	CNINFO, Investor Relations Activity Record: 2025-005

XIII. Implementation of market value management system and valuation enhancement plan

Whether the Company has established a market value management system.

Yes No

To strengthen the Company's market value management and further standardize its practices, protect the legal rights of the Company, investors, and other stakeholders, the Company has established a Market Value Management System, which was approved at the 24th meeting of the 9th Board of Directors.

Whether the Company discloses its valuation enhancement plan?

Yes No

XIV. Implementation of the action plan of "quality promotion and return enhancement"

Whether the Company has disclosed the announcement on the action plan of "quality promotion and return enhancement" or not.

Yes No

The Company has earnestly implemented the guiding principles put forward at the meeting of the Political Bureau of the CPC Central Committee in 2023 that "we should invigorate the capital market and boost investor confidence", as well as the guiding principles proposed at the Executive Meeting of the State Council in 2024 that "we should strive to enhance the quality and investment value of listed companies", to firmly uphold an investor-centric philosophy, prioritize investor interests, and actively safeguard market stability. Based on confidence in the Company's future development prospects and recognition of its value, the Company has formulated an "Action Plan for Dual Enhancement of Quality and Returns", which was disclosed on the CNINFO on March 2, 2024. The Company is steadily enhancing the quality of the listed entity and driving high-quality development by focusing on five key areas: "maintaining strategic resolve, strengthening the core business, and deepening integrated development"; "embracing innovation to drive the future and leading the industry towards green and intelligent development"; "adhering to standardized operations and improving the effectiveness of corporate governance"; "prioritizing shareholder returns, with common growth to win-win results"; and "building multi-tiered investor relations, with value communication at the core of market capitalization management".

Details of the progress of the Action Plan for "Dual Enhancement of Quality and Returns" for 2025 can be found in the Company's Announcement on the Progress of the Action Plan for "Dual Enhancement of Quality and Returns", which was disclosed on CNINFO on April 29, 2026.

Section IV Corporate Governance, Environment and Society

I. Basic status of corporate governance

In strict accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shenzhen Stock 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 Shareholders' Meeting, the Board of Directors, and the senior managements, 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 sustainable and healthy development.

During the reporting period, the Company revised or formulated the Articles of Association, Rules of Procedure for the Shareholders' Meeting, Rules of Procedure for the Board of Directors, Working System for Independent Directors, System for Related-party Transactions, Remuneration Management System for Directors and senior managements, Management System for Raised Funds, Management System for Shares Held by Directors and senior managements in the Company and Their Changes, Rules of Procedure for the Audit Committee of the Board of Directors, Rules of Procedure for the Nomination Committee of the Board of Directors, Rules of Procedure for the Remuneration and Assessment Committee of the Board of Directors, Rules of Procedure for the Strategy Committee of the Board of Directors, Management System for Deferred and Exempted Information Disclosure, Departure Management System for Directors and Senior Managements, and other rules and systems to further strengthen internal control management and improve the construction of internal control systems.

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 and senior management of the Company are appointed by the Shareholders' Meeting 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 Shareholders' Meeting 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. Situation of directors and senior managements

1. Basic information

Name	Sex	Age	Post	Position state	Starting date of tenure	Expiration date of tenure	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares underweight in the current period	Other changes	Number of shares held at the end of the period	Reasons for increase/decrease in shares
Miao Han'gen	Male	60	Chairman and general manager	Current position	September 17, 2018	February 05, 2029	0	0	0	0	0	/
Yang Tianwei	Male	44	Vice Chairman	Current position	February 6, 2026	February 5, 2029	0	0	0	0	0	/
			Deputy General Manager	Resigned	July 2, 2024	February 06, 2026						
			Finance manager:	Resigned	October 18, 2024	February 06, 2026						
Ji Gaoxiong	Male	53	Director and Deputy General Manager	Current position	February 6, 2026	February 05, 2029	1,070,000	0	0	0	1,070,000	/
			Vice chairman and executive deputy general manager	Resigned	September 17, 2018	February 06, 2026						
Yao Xingjiang	Male	42	Employee Director	Current position	February 6, 2026	February 05, 2029	0	0	0	0	0	/
Yuan Jianxin	Male	60	Independent director	Current position	January 15, 2021	January 14, 2027	0	0	0	0	0	/
Xu Jinye	Male	57	Independent director	Current position	March 16, 2022	March 15, 2028	0	0	0	0	0	/
Ren Zhigang	Male	50	Independent director	Current position	February 10, 2023	February 05, 2029	0	0	0	0	0	/
Wang Jun	Male	54	Deputy general manager and secretary of the Board of Directors	Current position	December 5, 2019	February 05, 2029	776,600	0	0	0	776,600	/
Hu Guiyang	Male	34	Accounting principal	Current position	February 6, 2026	February 05, 2029	0	0	0	0	0	/
Qiu Hairong	Male	47	Director	Resigned	September 17, 2018	February 06, 2026	739,500	0	0	0	739,500	/
Yang Xiaowei	Male	47	Director	Resigned	February 10, 2023	February 06, 2026	0	0	0	0	0	/
Total	--	--	--	--	--	--	2,586,100	0	0	0	2,586,100	--

Note: On February 6, 2026, the Company completed the election of the 10th Board of Directors and held the 2nd extraordinary meeting of the Shareholders' Meeting in 2026 on February 6, 2026, to review and approve the *Proposal on Electing Non-independent Directors of the 10th Board of Directors* and the *Proposal on Electing Independent Directors of the 10th Board of Directors*. For details, please refer to the *Resolution Announcement of*

the 2nd Extraordinary Meeting of the Shareholders' Meeting in 2026 (Announcement No.: 2026-016) disclosed by the Company on the website of CNINFO on February 7, 2026; on January 29, 2026, the Employee Representative Conference was held to elect the Employee Director of the 10th Board of Directors. For details, please refer to the *Announcement on the Election of the Employee Director of the 10th Board of Directors by the Employee Representative Conference* (Announcement No.: 2026-017) disclosed by the Company on the website of CNINFO on February 7, 2026.

Whether there is any departure of Directors and senior managements during their term in the reporting period?

Yes No

Change in directors and senior managements

Applicable Not Applicable

2. Employment status

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

1. Directors

Miao Han'gen, male, born in August 1965, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, senior economist, representative of the 14th National People's Congress, executive director of the China Enterprise Confederation and China Enterprise Directors Association, vice chairman of the Jiangsu Federation of Industry and Commerce.

Since December 2002: chairman of Jiangsu Shenghong Technology Co., Ltd.; since May 2006: chairman of Shenghong Holding Group Co., Ltd.; since September 2018: chairman and general manager of the Company.

Mr. Miao Han'gen has successively won the "First Prize for Scientific and Technological Progress of the China National Textile and Apparel Council", "Second Prize for National Scientific and Technological Progress", and has been honored with titles such as "Outstanding Builder of Socialism with Chinese Characteristics among Non-public Economy Individuals", "National Excellent Entrepreneur", "Yuan Baohua Enterprise Management Gold Award", "Mundell World Manager Achievement Award", and "Model Worker of Jiangsu Province".

Yang Tianwei, male, born in February 1981, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, bachelor's degree in accounting and finance. December 2013 - December 2014, General Manager Assistant of the Finance Department at Sinochem Petroleum Exploration & Production Co., Ltd.; January 2015 - June 2017, Deputy Chief Financial Officer and Chief Financial Officer of Emerald Energy PLC; June 2017 - April 2020, Deputy Chief Financial Officer of the Energy Division at Sinochem Group Co., Ltd.; April 2020 - June 2024, Employee Representative Supervisor and Chief Financial Officer of Chinese enterprises at Syngenta Group Co., Ltd. July 2024 - February 2026, Deputy General Manager of the Company; October 2024 - February 2026, Chief Financial Officer of the Company; March 2025 - present, General Manager of the Company's AI Division; February 2026 onwards, Vice Chairman of the Company.

Ji Gaoxiong, male, born in November 1972, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, with a bachelor's degree in economic management.

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; September 2018 - February 2026: vice chairman and executive deputy general manager of the Company, since February 2026, director and deputy general manager of the Company.

Yao Xingjiang, male, born in August 1983, Han ethnicity, Chinese nationality, no permanent overseas residency, bachelor's degree in finance, intermediate accountant. December 2018 - present, served as department manager of the Oriental Thermal Power Division under the Company's financial management department, from February 2026, served as company employee director.

Yuan Jianxin, male, born in January 1965, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, PhD in economics, postgraduate education, professor.

From 1985 to December 2024: taught at Soochow University, served as dean of the Business School Soochow University, professor at the Business School, member of the Business School Party Committee, academic committee, and degree committee; head of the master's program in international trade and the master's program in international business; member of the Higher Vocational Teaching Steering Committee of Soochow University. Since January 2021: an independent director of the Company.

Xu Jinye, male, born in October 1968, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, Ph.D. in accounting, associate professor, Certified Public Accountant of China, Certified Appraiser of China.

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 ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, PhD in Geochemistry, professor and doctoral supervisor.

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

Qiu Hairong, male, born in September 1978, Han ethnicity, Chinese nationality, no permanent overseas residency, 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 Yuen Foong Yu Paper Mfg. (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, work for the Company; from September 2018 to October 2024: the Company's Financial Principal; from February 2023 to October 2024: deputy general manager of the Company; from September 2018 - February 2026 Director of the Company.

Yang Xiaowei, male, born in November 1978, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, 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; since June 2022: chairman of Jiangsu Shengze Investment Co., Ltd.; from February 2023 to February 2026, served as Director of the Company.

2. Senior managements

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

Yang Tianwei, from July 2024 to February 2026, serving as Deputy General Manager of the Company: from October 2024 to February 2026, serving as Chief Financial Officer of the Company (see "Directors" subsection in this section for details).

Ji Gaoxiong, from September 2018 to February 2026, served as Vice Chairman and Executive Deputy General Manager of the Company; since February 2026, serving as Director and Deputy General Manager of the Company (see "Directors" subsection in this section for details).

Wang Jun, male, born in December 1971, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, master's degree in economic law with legal qualifications.

From August 2002 to May 2016: worked at Zhejiang Orient Group Co., Ltd. and served 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 BLD-me Co., Ltd. and served 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.

Hu Guiyang, male, born in July 1991, Han ethnicity, Chinese nationality, no permanent overseas residency, member of the CPC, master's degree in accounting, Chinese Certified Public Accountant. From September 2015 to May 2019: Project Manager at BDO CHINA Shu Lun Pan Certified Public Accountants LLP.; Since June 2019: Manager and General Manager of the Company's Financial Management Department; Since February 2026: Chief Financial Officer of the Company.

The situation where controlling shareholders and actual controllers simultaneously serve as chairman and general manager of the Listed Company.

Applicable Not Applicable

Mr. Miao Han'gen is the actual controller of the Company. The Company's controlling shareholder, Jiangsu Shenghong Technology Co., Ltd., and Shenghong Petrochemical Group Co., Ltd. and Shenghong (Suzhou) Group Co., Ltd., which directly hold more than 5% of the Company's shares, are all enterprises controlled by Mr. Miao Han'gen.

Mr. Miao Han'gen, as the actual controller of the Company, simultaneously serving as chairman and general manager of the Company is conducive to unified decision-making and execution, improving operational efficiency, and ensuring the stable implementation of long-term strategies. The Company has stipulated in its Articles of Association that “the actual controller and the controlling shareholder shall ensure the integrity of the Company’s assets and the independence of its personnel, finances, organization and operations, and shall not influence the Company’s independence in any way”; The powers and responsibilities of the Board of Directors and the General Manager have been reasonably defined through regulations such as the Articles of Association, the Rules of Procedure for Board Meetings and the Detailed Rules for the Work of Management Personnel; the Management System for the Prevention of Misappropriation of Funds by Controlling Shareholders and Other Related Parties has been implemented to prevent any misappropriation of funds by controlling shareholders, actual controllers and related parties. The Company has established a sound checks and balances and supervision mechanism, which can effectively ensure the Company's independence.

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
	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	August 2011		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	October 2017		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
	Jiangsu Shenghong Technology Co., Ltd.	Chairman	December 2002		No
	Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Executive director	June 2019		No
	Suzhou Hongda Business Service Co., Ltd.	Executive director	June 2019		No
	Jiangsu Shenghong Import and Export Co., Ltd.	Executive director	January 2020		No
	Shenghong New Energy (Shanghai) Co., Ltd.	Executive director	November 2020		No
	Jiangsu Shengbang Holding Group Co., Ltd.	Executive director	March 2022		No
	Shenghong Ligend Power Technology (Jiangsu) Co., Ltd.	Chairman:	November 2022	December 2025	No
	Shanghai Shenghong Private Fund Management Co., Ltd.	Executive director	February 2023		No
	HONWELL (Hong Kong) Holding Group Co., Ltd.	Director			No
	Jiangsu Siborui New Material Technology Co., Ltd.	Executive director	August 2024		No
	Shenghong Chemical (Singapore) Co., Ltd.	Director	April 2025		No
Yang Xiaowei	Jiangsu Wujiang Silk Group Co., Ltd.	Chairman, executive director	July 2022		No
Statement of the position held in shareholding entity	None				

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	Director	March 2017		No

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
	Co., Ltd.				
Yang Xiaowei	Jiangsu Shengze Investment Co., Ltd.	Chairman, executive director	June 2022		Yes
	Wujiang Shengze Urban Old City Renovation Asset Operation Co., Ltd.	Executive director	July 2022		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	October 2025	Yes
Xu Jinye	Fujian Fengzhu Textile Technology Co., Ltd.	Independent director	April 2019	June 2025	Yes
	Shanghai Accessen Co., Ltd.	Independent director	October 2020		Yes
	Shanghai Wangdao Financial Consulting Co., Ltd.	Supervisor	January 2009		No
Statement of the position held in other entities	None				

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

Applicable Not Applicable

3. Remuneration details for directors and senior managements

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

(1) Decision-making process for remuneration of directors and senior managements

The remuneration of directors and is subject to the deliberation of the Shareholders' Meeting of the Company; and the remuneration of senior managements is subject to the deliberation of the Board of Directors of the Company.

(2) Basis for deciding the remuneration of directors and senior managements

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

② Pursuant to the Company's internal remuneration management system, directors who concurrently serve as senior management shall be remunerated in accordance with the compensation policies for senior management. The Company's senior management adopts an annual salary system, where the level of annual salary is linked to their responsibilities, risks, and operating performance. The Remuneration and Appraisal Committee of the Board of Directors proposes the annual compensation plan for senior management, and the annual compensation of senior management is subject to approval by the Board of Directors. The specific disbursement of position-based salaries is set out in the table below.

(3) Actual payout of remuneration for directors and senior managements

During the reporting period, the total pre-tax remuneration obtained by the Company's directors and senior managements was RMB 8.2643 million. The Remuneration and Appraisal Committee of the Board of Directors of Company reviewed the remuneration of directors and senior managements of the Company disclosed in the Company's 2025 annual report, and issued the following review opinions:

The directors and senior managements 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 and senior managements of the Company shall comply with the regulations; The remuneration of directors and senior managements disclosed in the 2025 annual report of the Company is true and accurate, and consistent with the actual distribution.

Remuneration of directors and senior managements during the reporting period

Monetary 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	60	Chairman and general manager	Current position	270.38	No
Yang Tianwei	Male	44	Vice chairman	Current position	200.86	No
			Deputy general manager and financial head	Resigned		No
Ji Gaoxiong	Male	53	Director and deputy general manager	Current position	164.41	No
			Vice chairman and executive deputy general manager	Resigned		No
Qiu Hairong	Male	47	Director	Resigned	0	Yes
Yang Xiaowei	Male	47	Director	Resigned	0	Yes
Yuan Jianxin	Male	60	Independent director	Current position	15	No
Xu Jinye	Male	57	Independent director	Current position	15	No
Ren Zhigang	Male	50	Independent director	Current position	15	No
Wang Jun	Male	54	Deputy general manager and secretary of the Board of Directors	Current position	145.78	No
Total	--	--	--	--	826.43	--

Assessment basis for actual remuneration obtained by all directors and senior managements at the end of the reporting period	Determined according to the Company's specific regulations, remuneration system, and performance evaluation system
Completion status of the assessment for actual remuneration obtained by all directors and senior managements at the end of the reporting period.	Completed
Deferred payment arrangements for actual remuneration obtained by all directors and senior managements at the end of	Not Applicable

the reporting period.	
Stop payment and recourse situation for actual remuneration obtained by all directors and senior managements at the end of the reporting period.	Not Applicable

Notes to other circumstances

Applicable Not Applicable

VI. Directors' performance of duties during the reporting period

1. Attendance of directors at meetings of the Board of Directors and the Shareholders' Meeting

Attendance of directors at meetings of the Board of Directors and the Shareholders' 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 Shareholders' Meeting
Miao Han'gen	11	1	10	0	0	No	0
Ji Gaoxiong	11	1	10	0	0	No	3
Qiu Hairong	11	1	10	0	0	No	2
Yang Xiaowei	11	0	11	0	0	No	0
Yuan Jianxin	11	1	10	0	0	No	2
Xu Jinye	11	1	10	0	0	No	2
Ren Zhigang	11	1	10	0	0	No	1

Explanations for personal absence from the meeting for two consecutive times

None

2. 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.

3. 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, Qiu Hairong, Ren Zhigang	1	April 27, 2025	<i>Proposals on Renaming the Social Responsibility Management Committee, Adjusting Its Members, and Revising the Social Responsibility Management System, Company Development Strategy, and the Company's 2024 Environmental, Social, and Governance Report</i>	Deliberation and approval of meeting matters	None	None
Audit Committee	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei	6	January 11, 2025	<i>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</i>	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		April 9, 2025	<i>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</i>	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		April 27, 2025	<i>Reports on the Company's Financial Final Accounts for 2024, Special Report on the Company's Deposit and Use of Raised Funds for 2024, Company's Internal Control Evaluation Report for 2024, Proposal on Paying the Audit Fees for 2024, Proposal on Asset Impairment Provisions for 2024, Full Text and Summary of the Company's 2024 Annual Report, Proposal on Appointing Financial and Internal Control Audit Institutions for 2025, Proposal on Conducting Commodity Hedging Business, Proposal</i>	Deliberation and approval of meeting matters	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
				<i>on Conducting Foreign Exchange and Interest Rate Derivatives Transactions, Company's 2025 Internal Audit Work Plan, Company's Q1 2025 Report, Report on the Board of Directors Audit Committee's Performance and 2024 Audit Work, and the Evaluation Report on the Accounting Firm's 2024 Performance and Supervision Duties by the Audit Committee under the Board of Directors.</i>			
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		August 29, 2025	<i>Full Text and Summary of 2025 Semi-annual Report of the Company</i>	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		October 29, 2025	<i>Proposal on Asset Impairment Provisions for the First Three Quarters of 2025 and the Company's Q3 2025 Report</i>	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang, Yang Xiaowei		December 5, 2025	<i>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</i>	Deliberation and approval of meeting matters	None	None
Remuneration and Assessment Committee	Ren Zhigang, Xu Jinye, Yuan Jianxin, Ji Gaoxing	3	January 22, 2025	<i>Proposal on the Remuneration Plan for Senior Managements of the Company in 2024, Proposal on the Remuneration of Senior Managements of the Company in 2024, and Proposal on the Remuneration of Key Management Personnel of the Company in 2024</i>	Deliberation and approval of meeting matters	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
	Ren Zhigang, Xu Jinye, Yuan Jianxin, Ji Gaoxiang	2	April 27, 2025	<i>Review Opinions on Remuneration of Directors and Senior Managements in the 2024 Annual Report</i>	Deliberation and approval of meeting matters	None	None
	Ren Zhigang, Xu Jinye, Yuan Jianxin, Ji Gaoxiang		June 27, 2025	<i>Proposal on Adjusting Matters Related to the Company's Second Employee Stock Ownership Plan</i>	Deliberation and approval of meeting matters	None	None
Special Meeting of Independent Directors	Xu Jinye, Yuan Jianxin, Ren Zhigang	2	August 8, 2025	<i>Proposal on Controlling Shareholders and Related Parties Providing Loans to the Company and Its Subsidiaries, Constituting a Related-Party Transaction</i>	Deliberation and approval of meeting matters	None	None
	Xu Jinye, Yuan Jianxin, Ren Zhigang		December 26, 2025	<i>Proposal on Expected Daily Related-party Transactions in 2026</i>	Deliberation and approval of meeting matters	None	None

VII. Work Status of the Audit Committee

Whether the audit committee identified any risks during Its supervisory activities in the reporting period

Yes No

The audit committee has no objections to the supervision matters during the reporting period.

VIII. Company Employee

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)	444
Number of in-service employees of main subsidiaries at the end of the reporting period (person)	27,434
Total number of in-service employees at the end of the reporting period (person)	27,878
Total number of salaried employees in the current period (person)	27,878
Number of retired employees required to be paid by the parent company and its major subsidiaries (person)	0

Professional composition	
Category of professional composition	Number of professional composition staff (person)
Production staff	19,224
Sales staff	497
Technical staff	4,862
Financial staff	357
Administrative staff	1,378
Other staff	1,560
Total	27,878
Education background:	
Education level	Number (person)
Doctor/post-doctor	30
Postgraduate	283
Undergraduate	8,296
Junior college	7,870
High school and below	11,399
Total	27,878

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 establishes a comprehensive employee training, incentive, and development system, values personal development, and helps each employee clarify their development direction to realize self-value. The Company's talent development is tailored to local conditions, close to the site and employees, offering elite training classes to comprehensively enhance the quality of the workforce, using skill competitions as a line, focusing on selecting and cultivating high-skilled talents, and implementing a dual-channel system for professional skills and management sequences to provide a development platform for outstanding talents. 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

IX. 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

The Company's 2024 profit distribution plan is: no cash dividends, no bonus shares, and no increase in share capital from capital reserves for 2024. This plan has been approved by the 2024 Annual Shareholders' Meeting held on May 21, 2025, in accordance with the Articles of Association and the resolutions of the Shareholders'

Meeting. The *Announcement on the Proposed Non-distribution of Profits for 2024* (Announcement No.: 2025-023) was disclosed on the CNINFO on April 29, 2025.

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 Shareholders' Meeting:	Yes
Whether the dividend standard and proportion are clear and definite:	Not Applicable
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:	The Company values reasonable investment returns for investors and will strive to improve profitability, promote high-quality development, actively implement the Company's profit distribution policy, and share the Company's development achievements with investors in the future.
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 was profitable during the reporting period and the parent company's profit available for distribution to shareholders is positive but no cash dividend distribution plan has been proposed

Applicable Not Applicable

The reason why the Company was profitable during the reporting period and the parent company's profit available for distribution to shareholders is positive but no cash dividend distribution plan has been proposed	The use and utilization plan of the Company's undistributed profits.
The global chemical industry landscape is undergoing accelerated restructuring and with the supply pattern undergoing further adjustments at present. The Company will continue to build "1+N" industrial structure—a core raw material platform coupled with a diversified high-tech industrial chain—while capitalizing on the industry trends toward high-end, digital-intelligent, and green development. Considering the industrial feature, profits condition of year 2025, future development plans, funding needs, shareholders' long-term interests and other factors, to ensure the Company maintaining the necessary and sufficient funds to address the current changes in the external macroeconomic environment and development needs, the Board of Directors has proposed the following profit distribution plan: no cash dividends will be distributed for the year 2025, no bonus shares will be issued, and no transfer of capital reserve to increase share capital will take place.	The Company's undistributed profits for 2025 will be carried forward to the next year and, in accordance with the Company's development plan, will be used for working capital needs related to production and operations, thereby providing reliable support for the smooth implementation of the Company's medium- to long-term development strategy. Such arrangement does not harm the interests of the Company's shareholders, particularly minority shareholders.

The Board of Directors has reviewed and approved the profit distribution plan(including no cash dividend and no bonus share issuance)

Applicable Not Applicable

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

Applicable Not Applicable

No cash dividends will be distributed for the year 2025, no bonus shares will be issued, and no transfer of capital reserve to increase share capital will take place.

X. 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 managements of the Company

Applicable Not Applicable

Evaluation mechanism and incentive of senior managements

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 II	2,011	116,630,870	For details, please refer to the Company's announcement titled Announcement on Adjusting Matters Related to the Second Phase Employee Stock Ownership Plan (Announcement No.: 2025-057) disclosed on June 28, 2025	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	For details, please refer to the Company's announcement titled Announcement on Adjusting Matters Related to the Third Phase Employee Stock Ownership Plan (Announcement No.: 2026-005) disclosed on	1.32%	

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
				January 14, 2026		
	Phase IV	169	81,113,123	None	1.23%	

Changes in asset management institutions during the reporting period

Applicable Not Applicable

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

Applicable Not Applicable

Exercise of shareholders' rights during the reporting period

None

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

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

Applicable Not Applicable

Other description:

On June 27, 2025, the Company held the 28th meeting of the 9th Board of Directors and the 16th meeting of the 9th Board of Supervisors, during which the *Proposal on Adjusting Matters Related to the Second Phase Employee Stock Ownership Plan* was reviewed and approved. It was agreed to extend the duration of the Company's second phase employee stock ownership plan from 36 months to 60 months, and adjustments were made to the management model and procedures of the second phase employee stock ownership plan. The Proposal on Adjusting Matters Related to the Second Phase Employee Stock Ownership Plan has been approved by holders representing more than two-thirds of the shares at the second phase employee stock ownership plan holders' meeting and reviewed by the Board of Directors' Remuneration and Assessment Committee. For specific details, please refer to the Company's announcement titled *Announcement on Adjusting Matters Related to the Second Phase Employee Stock Ownership Plan* (Announcement No.: 2025-057) disclosed on June 28, 2025.

On January 13, 2026, the Company held the 36th meeting of the 9th Board of Directors, during which the *Proposal on Adjusting Matters Related to the Third Phase Employee Stock Ownership Plan* was reviewed and approved. It was agreed to extend the duration of the Company's third phase employee stock ownership plan from 36 months to 60 months, and adjustments were made to the management model and procedures of the third phase employee stock ownership plan. The *Proposal on Adjusting Matters Related to the Third Phase Employee Stock Ownership Plan* has been approved by holders representing more than two-thirds of the shares at the third phase

employee stock ownership plan holders' meeting and reviewed by the Board of Directors' Remuneration and Assessment Committee. See the Company's announcement on January 14, 2026, titled Announcement on Adjusting Matters Related to the Third Phase Employee Stock Ownership Plan (Announcement No. 2026-005) for details.

3. Other employee incentive measures

Applicable Not Applicable

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

1. Construction and implementation of internal control

The Company establishes and continuously improves its internal control system, integrating compliance requirements and awareness throughout the system construction process, covering all aspects of business processes, while continuously strengthening system learning, promotion, and execution to ensure effective implementation. 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

XII. 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 Shareholders' Meeting and the Board of Directors. 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.

There are anomalies in the management control of subsidiaries.

Yes No

XIII. 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 29, 2026	
Index of disclosure of the full text of the internal control evaluation report	CNINFO: 2025 Internal Control Evaluation Report	
Proportion of total assets of units included in the scope of evaluation to total assets stated in the Company's consolidated financial statements	99.55%	
Proportion of revenues of units included in the scope of evaluation to the revenues stated in the Company's consolidated financial statements	99.92%	
Deficiency identification criteria		
Category	Financial Statements	Non-financial Statements
Qualitative criteria	1. Significant deficiencies: the deficiencies that may, alone or together with other deficiencies, result in the failure to prevent or detect and correct material misstatements in	The following circumstances are identified as significant deficiencies, and other circumstances are identified as

	<p>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 and senior managements; (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>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, 2025.	
Disclosure of internal control audit report	Disclosure
Date of disclosure of the full text of the internal control audit report	April 29, 2026
Index of disclosure of the full text of the internal control audit report	CNINFO: Internal Control Audit Report (Xin Kuai Shi Bao Zi [2026] No. ZA11541)
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

Whether a non-standard audit opinion on internal control was issued during the reporting period or last year?

Yes No

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

Not Applicable

XV. Environmental Information Disclosure

Whether the Company and its major subsidiaries included in the list of enterprises required to disclose environmental information by law

Yes No

Number of enterprises included in the list of enterprises required to disclose environmental information by law		12
No.	Name of enterprise	Query index for the environmental information disclosure report
1	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Website of Department of Ecology and Environment of Jiangsu Province - "Environmental Face" information disclosure platform - Enterprise information disclosure by law, website: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
2	Jiangsu Sierbang Petrochemical Co., Ltd.	
3	Jiangsu Honggang Petrochemical Co., Ltd.	
4	Shenghong Refining & Chemical (Lianyungang) Co., Ltd. (Outer Tank Area)	
5	Jiangsu Hongwei Chemical Co., Ltd.	
6	Jiangsu Hongjing New Materials Co., Ltd.	
7	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	
8	Jiangsu Guowang High-tech Fiber Co., Ltd.	
9	Suzhou Tangnan Sewage Treatment Co.,	

	Ltd.	
10	Guowang High-tech Fibre (Suqian) Co., Ltd.	
11	Jiangsu Reborn Technology Co., Ltd.	
12	Shengze Thermal Power Plant of Jiangsu Eastern Shenghong Co., Ltd.	

Environmental accidents of listed companies

Not Applicable

XVI. Social Responsibility

The 3th meeting of the 10th Board of Directors of the Company reviewed and approved the *Environmental, Social, and Governance Report for 2025*, 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 29, 2026.

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

Details of the Company's implementation of the rural revitalization strategy during the reporting period can be found in the Company's *Environmental, Social, and Governance Report for 2025* disclosed on CNINFO on April 29, 2026.

Section V Important 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	Zhu Hongmei	Other commitments	I sold 300,000 shares of the Company on November 9, 2016, and bought 234,000 shares of the 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 Company within 6 months before the suspension of the 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 Company, I was not aware of matters related to the major asset restructuring of the Company, and the behavior of trading shares of the 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 Company. At the same time, I commit that all the proceeds obtained from the disposal of the shares of the Company purchased within 6 months before the suspension of the Company for major asset restructuring would be vested in the Company.	August 18, 2017	Effective in the long term	As of the end of 2025, no shares were sold
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemicals	Commitment on share restrictions	1. The newly issued shares of the Company acquired by us as a result of this restructuring shall not be transferred in any way or entrusted to others for	January 27, 2022	To January 26, 2025	Shares were listed and circulated on January

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
	Il Group Co., Ltd.		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 Profit Forecast Compensation Agreement have not yet been fulfilled, the aforesaid lock-up period shall be extended to the date when the compensation obligor has fulfilled them. 2. Within 6 months after acquiring the shares of the Company, if the closing price of the shares of the Company is lower than the issuance price for 20 consecutive trading days, or if the closing price of the shares of the Company is lower than the issuance price at the end of the period of 6 months after acquiring the shares of the 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 Company shall also comply with the above agreement. 3. If the aforementioned commitment on the lock-up period of the shares of 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			27, 2025, and the commitments have been fulfilled.

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
			corresponding adjustments in accordance with the relevant regulatory opinions. 4. In case of violation of the above statements and commitments, we are willing to bear the corresponding legal responsibilities.			
Commitments made at IPO or refinancing	Jiangsu Shenghong Technology Co., Ltd.; Jiangsu Shenghong New Material Group Co., Ltd.	Other commitments	They will comply with Article 38 of the Provisions on the Supervision and Administration of Depository Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges, 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.	December 28, 2022	To December 27, 2025	Fulfilled, as of the end of 2025, no transfer of depository receipts occurred.
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 2025, the commitment performance conditions have not been met
Other commitments	Jiangsu Shenghong Technology Co., Ltd., Shenghong	Commitments under the Shareholding	The Company's controlling shareholder Shenghong Technology and its persons acting in concert, Shenghong Petrochemical	November 14, 2024	To May 13, 2025	Shareholding increase commitments

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
	Petrochemical Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd.	Increase Plan	and Shenghong Suzhou, plan to increase their holdings of the Company's A-shares through centralized bidding transactions on the Shenzhen Stock Exchange within six months starting from November 14, 2024. They commit not to reduce their holdings during the increase period and the statutory period, and will strictly comply with relevant laws, regulations, and normative documents of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, refraining from insider trading, trading during sensitive periods, and short-term trading.			fulfilled
	Shenghong (Suzhou) Group Co., Ltd.	Commitments under the Shareholding Increase Plan	The persons acting in concert with the Company's controlling shareholders, Shenghong Technology, and Shenghong Suzhou, a shareholder of the Company holding more than 5%, plan to increase their holdings of the Company's A-shares through centralized bidding transactions on the Shenzhen Stock Exchange within six months starting from June 17, 2025. They commit to completing this increase plan within the implementation period and promise not to reduce their holdings during the increase period and the statutory period. They will strictly comply with relevant laws, regulations, and normative documents of the China Securities Regulatory Commission and the Shenzhen Stock Exchange, avoiding insider trading, short-term trading, and other behaviors.	June 17, 2025	December 16, 2025	Shareholding increase commitments fulfilled
Whether the commitments are fulfilled on time				Yes		
If the commitments are overdue and not fulfilled, the specific reasons for				N/A		

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
the failure to fulfill and the next work plan shall be explained in detail.						

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

3. Performance commitments involved in the Company

Applicable Not Applicable

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

Applicable Not Applicable

The Company had no non-operational appropriation of funds by the controlling shareholder and other related parties to the 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, 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

For the changes in accounting policies, refer to Section VIII. V. 34 Changes in significant accounting policies and accounting estimates.

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

Applicable Not Applicable

The scope of consolidation increased by 2 companies and decreased by 2 companies during this period. By the end of 2025, the Company included 52 companies in the consolidated financial statements.

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)	378
Consecutive years of audit services provided by domestic accounting firm	8 years
The names of the certified public accountants of the domestic accounting firm	Yan Shenghui, Lu Yaomin
Consecutive years of audit services provided by certified public accountants of domestic accounting firm	1 year

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 2025, and the internal control audit remuneration was RMB 0.6 million.

IX. Delisting after annual report disclosure

Applicable Not Applicable

X. Matters related to bankruptcy and reorganization

Applicable Not Applicable

During the reporting period, there were no matters related to bankruptcy and reorganization of the Company.

XI. Significant litigation and arbitration

Applicable Not Applicable

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

XII. Punishment and rectification

Applicable Not Applicable

There was no punishment or 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 transactions	Pricing principle of related transactions	Related transaction price	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	Available market price for similar transactions	Disclosure date	Disclosure index
Lianyungang Hongyang Thermolectricity Co., Ltd.	Other related-party transactions	Procurement of fuel and power, etc. from related parties	Steam etc.	Steam trading is priced according to the government's guidance of price determination	Government-guided pricing	411,694.91	99.98%	638,200	No	Settled monthly	Not Applicable	December 28, 2024	CNINFO: Announcement on Expected Daily Related-party Transactions in 2025(Announcement No.: 2024-081)
Total				--	--	411,694.91	--	638,200	--	--	--	--	--
Details of large-value sales return				None									
Where the total amount of daily related transactions to occur in the current period is estimated by category, state the actual performance in the reporting period				During the reporting period, please refer to "XIV. Related parties and related transaction" in Section VIII for other related transactions related to daily operations between the Company and related parties.									
Reason for the large difference between the transaction price and the market reference price				Not Applicable									

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

Applicable Not Applicable

During the reporting period, there was no related transaction of asset or equity acquisition or sale.

3. Related transactions of 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 payable to related parties

Related party	Relationship	Forming reason	Balance as at January 1, 2025 (RMB'0,000)	Increases in 2025 (RMB'0,000)	Refund in 2025 (RMB'0,000)	Interest rate	Interest in 2025 (RMB'0,000)	Balance as at December 31, 2025 (RMB'0,000)
Jiangsu Shenghong Technology Co., Ltd.	Controlled by the same actual controller	Borrowing/used for repaying interest-bearing liabilities	0	189,322.90	39,970	Interest rate varies from 0.1% to 3.3%, determined by Shenghong Technology's actual financing cost	27.77	149,352.90 (Note)
The impact of related debts on the Company's operating results and financial position		No influence						

Note: Not includes interest.

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 VIII 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	Disclosure date of temporary announcement	Name of temporary announcement disclosure website
<i>Announcement on Estimated Daily Related transactions in 2025</i> (Announcement No.: 2024-081)	December 28, 2024	CNINFO
<i>Announcement on Related-party Transaction of Loans Provided by Controlling Shareholders and Related Parties to the Company and Its Subsidiaries</i> (Announcement No.: 2025-063)	August 9, 2025	CNINFO

XV. Major contracts and performance thereof

1. Matters concerning trusteeship, contracting and leasing

(1) Trusteeship situation

Applicable Not Applicable

There was no trusteeship during the reporting period.

(2) Contracting status

Applicable Not Applicable

There was no contracting during the reporting period.

(3) Lease situation

Applicable Not Applicable

There was no lease during the reporting period.

2. Major guarantee

Applicable Not Applicable

Monetary 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		Total actual amount of external guarantee during the reporting period (A2)		0				
Total amount of external guarantee approved as at the end of the reporting period (A3)		0		Total actual balance of external guarantees as at the end of the reporting period (A4)		0				
Guarantees of the Company to its subsidiaries										
Name of guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual guaranteed amount	Guarantee type	Collateral	Counter-guarantee	Guaranty period	Whether the guarantee has been discharged	Whether to be guaranteed by the related party
Shengze Gas Turbine Thermal Power	March 13, 2018	80,000	September 10, 2019	43,500	Joint liability guarantee			2037/9/10	No	No
Honggang Petrochemical	August 31, 2019	270,000	September 20, 2019	164,844.33	Joint liability guarantee			2032/9/20	No	No
Shenghong Refining & Chemical	July 4, 2020	4,150,000	November 13, 2020	3,358,976.66	Joint liability guarantee			2038/11/12	No	No
Guowang (Suqian)	July 17, 2021	275,000	August 23, 2021	170,450	Joint liability guarantee			2031/3/1	No	No
Reborn Technology	December 16, 2021	250,000	December 21, 2021	52,600	Joint liability guarantee			2031/12/20	No	No
Reborn Technology			January 20, 2022	43,864.74	Joint liability guarantee			2032/1/20	No	No
Hongjing New Materials	January 13, 2023	840,000	March 24, 2023	840,000	Joint liability guarantee			2041/3/23	No	No
Hongwei Chemical	January 13, 2023	400,000	February 6, 2023	260,256.03	Joint liability guarantee			2037/3/23	No	No
Zhonglu Technology	December 28, 2024	[Note]	October 31, 2024	10,000	Joint liability guarantee			2030/10/30	No	No
Rongtai Chemical Warehousing	December 28, 2024		October 29, 2024	26,400	Joint liability guarantee			2032/10/28	No	No
Lianyungang Shunmeng	December 28, 2024		September 15, 2025	336.66	Joint liability guarantee			2029/9/15	No	No
Shenghong (Shanghai) New Materials	December 28, 2024		October 31, 2024	25,905.58	Joint liability guarantee			2037/9/21	No	No
Liaoning Province Petroleum-	December 28, 2024		January 15, 2025	1,322	Joint liability guarantee			2029/6/6	No	No

chemical Industry Planning & Design Institute Co., Ltd.									
Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	December 28, 2024	December 26, 2025	116	Joint liability guarantee			2029/12/12	No	No
Yiyang Environmental Energy	December 28, 2024	March 21, 2025	11,934.01	Joint liability guarantee			2035/12/28	No	No
Shenghong Fibers	December 28, 2024	February 08, 2025	30,000	Joint liability guarantee			2029/3/24	No	No
Guowang High-Tech	December 28, 2024	December 23, 2024	93,700	Joint liability guarantee			2030/4/22	No	No
Guowang High-Tech	December 28, 2024	December 23, 2024	2,485.54	Joint liability guarantee			2029/2/25	No	No
Guowang High-Tech	December 28, 2024	January 13, 2025	30,000	Joint liability guarantee			2029/4/23	No	No
Guowang High-Tech	December 28, 2024	February 26, 2025	20,000	Joint liability guarantee			2029/4/29	No	No
Guowang High-Tech	December 28, 2024	March 26, 2024	112,693.88	Joint liability guarantee			2034/3/21	No	No
Guowang High-Tech	December 28, 2024	February 29, 2024	30,000	Joint liability guarantee			2030/2/28	No	No
Guowang High-Tech	December 28, 2024	February 08, 2024	25,000	Joint liability guarantee			2029/2/8	No	No
Guowang High-Tech	December 28, 2024	September 27, 2024	7,400	Joint liability guarantee			2029/3/20	No	No
Guowang High-Tech	December 28, 2024	August 15, 2025	3,500	Joint liability guarantee			2029/4/11	No	No
Guowang High-Tech	December 28, 2024	February 08, 2025	10,000	Joint liability guarantee			2029/4/22	No	No
Guowang High-Tech	December 28, 2024	May 12, 2022	15,000	Joint liability guarantee			2029/5/16	No	No
Guowang High-Tech	December 28, 2024	August 19, 2024	24,000	Joint liability guarantee			2029/11/7	No	No
Guowang High-Tech	December 28, 2024	September 18, 2024	28,110.85	Joint liability guarantee			2029/12/26	No	No
Guowang High-Tech	December 28, 2024	November 27, 2024	59,800	Joint liability guarantee			2029/11/20	No	No
Guowang High-Tech	December 28, 2024	November 29, 2024	33,702.31	Joint liability guarantee			2029/11/16	No	No
Guowang High-Tech	December 28, 2024	November 28, 2025	16,631.62	Joint liability guarantee			2029/11/27	No	No
Guowang High-Tech	December 28, 2024	June 26, 2025	15,000	Joint liability guarantee			2029/6/24	No	No
Guowang High-Tech	December 28, 2024	July 03,	11,573	Joint			2029/7/1	No	No

Tech	2024		2025		liability guarantee					
Guowang High-Tech	December 28, 2024		July 4, 2025	15,000	Joint liability guarantee			2029/7/2	No	No
Guowang High-Tech	December 28, 2024		January 9, 2025	15,165.29	Joint liability guarantee			2029/6/18	No	No
Guowang High-Tech	December 28, 2024		November 11, 2025	30,000	Joint liability guarantee			2030/2/25	No	No
Reborn Technology	December 28, 2024		March 24, 2022	89,383.74	Joint liability guarantee			2033/3/24	No	No
Reborn Technology	December 28, 2024		June 1, 2022	24,736.55	Joint liability guarantee			2031/8/2	No	No
Shenghong Refining & Chemical	December 28, 2024		June 30, 2022	332,000	Joint liability guarantee			2036/6/29	No	No
Shenghong Refining & Chemical	December 28, 2024		October 30, 2025	350,000	Joint liability guarantee			2029/8/23	No	No
Shenghong Refining & Chemical	December 28, 2024		September 02, 2025	80,000	Joint liability guarantee			2030/8/22	No	No
Shenghong Refining & Chemical	December 28, 2024		August 22, 2025	70,000	Joint liability guarantee			2030/8/22	No	No
Shenghong Refining & Chemical	December 28, 2024		July 25, 2024	149,800	Joint liability guarantee			2029/7/25	No	No
Shenghong Refining & Chemical	December 28, 2024		August 28, 2024	99,800	Joint liability guarantee			2029/8/28	No	No
Shenghong Refining & Chemical	December 28, 2024		October 31, 2025	405,800	Joint liability guarantee			2029/10/31	No	No
Shenghong Refining & Chemical	December 28, 2024		October 28, 2025	68,866.04	Joint liability guarantee			2029/10/28	No	No
Shenghong Refining & Chemical	December 28, 2024		December 26, 2024	776	Joint liability guarantee			2028/12/31	No	No
Shenghong Refining & Chemical	December 28, 2024		September 05, 2025	146,211.77	Joint liability guarantee			2029/8/14	No	No
Shenghong Refining & Chemical	December 28, 2024		August 25, 2025	149,201.15	Joint liability guarantee			2029/1/14	No	No
Shenghong Refining & Chemical	December 28, 2024		December 18, 2025	139,273.66	Joint liability guarantee			2029/12/10	No	No
Shenghong Refining & Chemical	December 28, 2024		March 4, 2025	89,147.44	Joint liability guarantee			2029/9/17	No	No
Shenghong Refining & Chemical	December 28, 2024		March 4, 2025	399,793.23	Joint liability guarantee			2029/9/17	No	No
Shenghong Refining & Chemical	December 28, 2024		June 4, 2025	39,988	Joint liability guarantee			2029/5/29	No	No
Shenghong Refining & Chemical	December 28, 2024		March 31, 2025	19,900	Joint liability guarantee			2029/9/28	No	No
Shenghong Refining & Chemical	December 28, 2024		February 25, 2025	95,938.93	Joint liability guarantee			2029/2/24	No	No
Shenghong Refining & Chemical	December 28, 2024		September 19, 2025	21,800	Joint liability			2029/9/18	No	No

Chemical					guarantee					
Shenghong Refining & Chemical	December 28, 2024		August 29, 2024	74,463.75	Joint liability guarantee			2029/12/23	No	No
Shenghong Refining & Chemical	December 28, 2024		August 29, 2024	224,786.24	Joint liability guarantee			2029/12/10	No	No
Shenghong Refining & Chemical	December 28, 2024		February 19, 2025		Joint liability guarantee			2029/7/16	No	No
Shenghong Refining & Chemical	December 28, 2024		May 29, 2025	297,925.34	Joint liability guarantee			2029/5/28	No	No
Shenghong Refining & Chemical	December 28, 2024		December 31, 2025	91,007.3	Joint liability guarantee			2029/12/31	No	No
Shenghong Refining & Chemical	December 28, 2024		December 16, 2025	144,669.45	Joint liability guarantee			2029/12/16	No	No
Shenghong Refining & Chemical	December 28, 2024		December 26, 2025	107,991.01	Joint liability guarantee			2029/12/26	No	No
Shenghong Refining & Chemical	December 28, 2024		September 15, 2023	86,841.9	Joint liability guarantee			2031/9/15	No	No
Shenghong Refining & Chemical	December 28, 2024		March 28, 2025	10,000	Joint liability guarantee			2029/2/28	No	No
Shenghong Refining & Chemical	December 28, 2024		November 6, 2025	38,884.88	Joint liability guarantee			2029/11/5	No	No
Shenghong Refining & Chemical	December 28, 2024		December 3, 2025	10,000	Joint liability guarantee			2028/6/1	No	No
Shenghong Refining & Chemical	December 28, 2024		July 22, 2025	10,000	Joint liability guarantee			2029/1/22	No	No
Shenghong Refining & Chemical	December 28, 2024		August 13, 2025	10,000	Joint liability guarantee			2028/2/9	No	No
Shenghong Refining & Chemical	December 28, 2024		November 27, 2025	14,600	Joint liability guarantee			2029/11/26	No	No
Shenghong Refining & Chemical	December 28, 2024		December 20, 2025	190,590.39	Joint liability guarantee			2029/12/19	No	No
Shenghong Refining & Chemical	December 28, 2024		May 14, 2025	150,000	Joint liability guarantee			2029/5/13	No	No
Shenghong Refining & Chemical	December 28, 2024		May 14, 2025	150,000	Joint liability guarantee			2029/5/13	No	No
Shenghong Refining & Chemical	December 28, 2024		September 01, 2025	50,000	Joint liability guarantee			2029/8/31	No	No
Shenghong Refining & Chemical	December 28, 2024		March 18, 2025		Joint liability guarantee			2029/3/18	No	No
Shenghong Refining & Chemical	December 28, 2024		May 21, 2024	41,605.84	Joint liability guarantee			No maturity date	No	No
Petrochemical (Singapore)	December 28, 2024		February 27, 2025	49,900	Joint liability guarantee			2030/2/27	No	No
Petrochemical (Singapore)	December 28, 2024		January 10, 2025		Joint liability guarantee			2028/4/14	No	No
Petrochemical (Singapore)	December 28, 2024		August 30, 2024	140,000	Joint liability guarantee			2028/8/30	No	No

Petrochemical (Singapore)	December 28, 2024		September 19, 2025	47,000	Joint liability guarantee			2029/9/19	No	No
Petrochemical (Singapore)	December 28, 2024		January 20, 2025	70,000	Joint liability guarantee			2026/7/16	No	No
Petrochemical (Singapore)	December 28, 2024		January 2, 2025	60,000	Joint liability guarantee			2028/11/24	No	No
Petrochemical (Singapore)	December 28, 2024		January 1, 2025	87,477.42	Joint liability guarantee			2025/12/31	No	No
Sierbang Petrochemical	December 28, 2024		November 26, 2024	20,000	Joint liability guarantee			2029/8/23	No	No
Sierbang Petrochemical	December 28, 2024		November 26, 2024	30,000	Joint liability guarantee			2029/8/23	No	No
Sierbang Petrochemical	December 28, 2024		June 25, 2025	60,000	Joint liability guarantee			2029/6/25	No	No
Sierbang Petrochemical	December 28, 2024		December 16, 2024	19,800	Joint liability guarantee			2029/12/17	No	No
Sierbang Petrochemical	December 28, 2024		April 9, 2025	52,358.27	Joint liability guarantee			2029/12/2	No	No
Sierbang Petrochemical	December 28, 2024		October 29, 2025	10,000	Joint liability guarantee			2029/10/11	No	No
Sierbang Petrochemical	December 28, 2024		November 29, 2024	5,000	Joint liability guarantee			2028/9/29	No	No
Sierbang Petrochemical	December 28, 2024		July 19, 2024	216.35	Joint liability guarantee			2028/7/17	No	No
Sierbang Petrochemical	December 28, 2024		August 25, 2025	42,048.85	Joint liability guarantee			2029/1/14	No	No
Sierbang Petrochemical	December 28, 2024		November 28, 2024	68,295.65	Joint liability guarantee			2028/12/31	No	No
Sierbang Petrochemical	December 28, 2024		January 29, 2023	2,083.33	Joint liability guarantee			2029/1/15	No	No
Sierbang Petrochemical	December 28, 2024		January 29, 2023	2,500	Joint liability guarantee			2029/1/15	No	No
Sierbang Petrochemical	December 28, 2024		February 07, 2024	7,500	Joint liability guarantee			2030/2/15	No	No
Sierbang Petrochemical	December 28, 2024		February 07, 2024	11,250	Joint liability guarantee			2030/2/15	No	No
Sierbang Petrochemical	December 28, 2024		January 7, 2025	30,000	Joint liability guarantee			2030/1/7	No	No
Sierbang Petrochemical	December 28, 2024		April 25, 2025	36,312.72	Joint liability guarantee			2033/4/27	No	No
Sierbang Petrochemical	December 28, 2024		April 25, 2025	33,670.7	Joint liability guarantee			2030/4/27	No	No
Sierbang Petrochemical	December 28, 2024		April 15, 2024	6,232.22	Joint liability guarantee			2028/4/14	No	No
Sierbang Petrochemical	December 28, 2024		April 15, 2025	57,766.7	Joint liability guarantee			2029/4/14	No	No

Sierbang Petrochemical	December 28, 2024		August 29, 2024	24,998.18	Joint liability guarantee			2029/12/25	No	No
Sierbang Petrochemical	December 28, 2024		August 29, 2024	22,927.33	Joint liability guarantee			2029/12/22	No	No
Sierbang Petrochemical	December 28, 2024		June 25, 2023	29,986.13	Joint liability guarantee			2031/6/25	No	No
Sierbang Petrochemical	December 28, 2024		March 28, 2025	5,000	Joint liability guarantee			2029/3/28	No	No
Sierbang Petrochemical	December 28, 2024		March 13, 2025	30,000	Joint liability guarantee			2028/12/31	No	No
Sierbang Petrochemical	December 28, 2024		April 29, 2025	25,000	Joint liability guarantee			2029/4/27	No	No
Sierbang Petrochemical	December 28, 2024		December 17, 2024	68,000	Joint liability guarantee			2028/12/17	No	No
Sierbang Petrochemical	December 28, 2024		December 28, 2024	9,389.85	Joint liability guarantee			December 4, 2026	No	No
Hongjing New Materials	December 28, 2024		December 28, 2024	9,089.68	Joint liability guarantee			December 4, 2026	No	No
Shenghong Refining & Chemical	December 28, 2024		December 19, 2024	-	Joint liability guarantee			December 10, 2026	No	No
Sierbang Petrochemical	December 28, 2024		December 19, 2024	58.07	Joint liability guarantee			December 10, 2026	No	No
Hongjing New Materials	December 28, 2024		December 19, 2024	26,941.48	Joint liability guarantee			December 10, 2026	No	No
Shenghong Refining & Chemical	December 28, 2024		March 7, 2025	3,933.39	Joint liability guarantee			January 16, 2026	No	No
Sierbang Petrochemical	December 28, 2024		March 7, 2025	679.37	Joint liability guarantee			January 16, 2026	No	No
Shenghong Refining & Chemical	December 28, 2024		November 24, 2025	9.36	Joint liability guarantee			August 18, 2026	No	No
Hongwei Chemical	December 28, 2024		November 24, 2025	10,000.00	Joint liability guarantee			August 18, 2026	No	No
Shenghong Refining & Chemical	December 28, 2024		June 19, 2025	11,077.64	Joint liability guarantee			March 25, 2026	No	No
Sierbang Petrochemical	December 28, 2024		June 19, 2025	2,070.12	Joint liability guarantee			March 25, 2026	No	No
Hongjing New Materials	December 28, 2024		June 19, 2025	10,632.04	Joint liability guarantee			March 25, 2026	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (B1)			[Note]	Total actual amount of guarantees for subsidiaries during the reporting period (B2)						6,207,679.17
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (B3)			[Note]	Total actual balance of guarantees for subsidiaries as at the end of the reporting period (B4)						11,354,255.97
Guarantees by subsidiaries to the Company and subsidiaries										
Guarantee object	Disclosure date of announcements related to	Guarantee amount	Date of actual occurrence	Actual guaranteed amount	Guarantee type	Collateral	Counter-guarantee	Guaranty period	Whether the guarantee has been	Whether to be guaranteed by the

	guarantee amount								discharged	related party
Ganghong Fiber	December 28, 2024		June 28, 2021	31,053	Joint liability guarantee			2031/7/6	No	No
Ganghong Fiber	December 28, 2024		December 24, 2024	10,000	Joint liability guarantee			2029/1/19	No	No
Ganghong Fiber	December 28, 2024		September 27, 2024	5,000	Joint liability guarantee			2029/3/19	No	No
Ganghong Fiber	December 28, 2024		October 30, 2025	30,000	Joint liability guarantee			2029/4/29	No	No
Ganghong Fiber	December 28, 2024		December 20, 2023	22,000	Joint liability guarantee			2029/1/14	No	No
Ganghong Fiber	December 28, 2024		November 8, 2024	38,000	Joint liability guarantee			2029/7/13	No	No
Ganghong Fiber	December 28, 2024		December 10, 2024	19,800	Joint liability guarantee			2029/6/19	No	No
Ganghong Fiber	December 28, 2024		December 11, 2025	2,001.5	Joint liability guarantee			2029/8/11	No	No
Ganghong Fiber	December 28, 2024		September 24, 2025	18,333.33	Joint liability guarantee			2031/9/20	No	No
Shenghong Fibers	December 28, 2024		November 8, 2024	29,813.75	Joint liability guarantee			2029/6/26	No	No
Shenghong Fibers	December 28, 2024		December 23, 2024	9,300	Joint liability guarantee			2029/6/11	No	No
Shenghong Fibers	December 28, 2024	[Note]		113.66	Joint liability guarantee				No	No
Shenghong Fibers	December 28, 2024		February 14, 2025	20,000	Joint liability guarantee			2029/3/29	No	No
Shenghong Fibers	December 28, 2024		August 15, 2025	10,000	Joint liability guarantee			2029/11/18	No	No
Zhonglu Technology	December 28, 2024		November 8, 2024	15,956.98	Joint liability guarantee			2029/6/1	No	No
Zhonglu Technology	December 28, 2024		December 20, 2023	5,000	Joint liability guarantee			2029/5/28	No	No
Zhonglu Technology	December 28, 2024		December 25, 2024	1,000	Joint liability guarantee			2029/11/25	No	No
Zhonglu Technology	December 28, 2024		October 28, 2025	10,000	Joint liability guarantee			2030/1/28	No	No
Suzhen Bioengineering	December 28, 2024		September 27, 2024	5,000	Joint liability guarantee			2029/3/17	No	No
Reborn Technology	December 28, 2024		June 4, 2025	6,858.25	Joint liability guarantee			2029/6/24	No	No
Jiangsu Shenghong Petrochemical Sales Co., Ltd.	December 28, 2024		January 1, 2025	131.84	Joint liability guarantee			2026/1/31	No	No
Shenghong Refining & Chemical	December 28, 2024		September 22, 2023	3,358,976.66	Joint liability guarantee	Pledge of Sierbang Petrochemical equity held by Jiangsu		2038/11/12	No	No

						Shenghong Petrochemical Industry Group Co., Ltd.				
Petrochemical (Singapore)	December 28, 2024		March 17, 2025	23,150.76	Joint liability guarantee			2027/4/15	No	No
The Company	December 28, 2024		January 1, 2022	47,700	Joint liability guarantee			2029/12/28	No	No
	December 28, 2024		February 28, 2022	6,300	Joint liability guarantee			2029/12/28	No	No
	December 28, 2024		March 29, 2022	6,000	Joint liability guarantee			2029/12/28	No	No
	December 28, 2024		April 15, 2022	24,000	Joint liability guarantee			2029/12/28	No	No
	December 28, 2024		December 8, 2023	72,000	Joint liability guarantee	Equity pledge of Guanghong Industrial and Shenghong Petrochemical Port Storage & Transportation held by Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.		2028/12/01	No	No
	December 28, 2024		December 8, 2023	29,640	Joint liability guarantee	Equity pledge of Guanghong Industrial and Shenghong Petrochemical Port Storage & Transportation held by Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.		2028/12/01	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (C1)			[Note]	Total actual amount of guarantees for subsidiaries during the reporting period (C2)						408,959.33
Total amount of guarantees for subsidiaries approved at the end of the reporting period (C3)			[Note]	Total actual balance of guarantees for subsidiaries at the end of the reporting period (C4)						3,857,129.73
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)			12,442,300	Total actual amount of guarantees during the reporting period (A2+B2+C2)						6,616,638.50
Total approved amount of guarantees at the end of the reporting period (A3+B3+C3)			18,707,300	Total actual balance of guarantee at the end of the reporting period (A4+B4+C4)						15,211,385.70
Proportion of total guarantee balance (i.e., A4+B4+C4) to the Company's net assets										445.99%
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)										13,092,189.86
Excess of total guarantees over 50% of net assets (F)										13,506,019.00
Total of the above three guarantees (D+E+F)										26,598,208.86

Notes to the occurrence of guarantee liability during the reporting period, or evidence of the possibility of joint and several liability for unexpired guarantee contracts (if any)	None
Notes to external guarantees in violation of prescribed procedures (if any)	None

Note: On December 27, 2024, the Company held the 24th meeting of the 9th Board of Directors, where the *Proposal on the Estimated Mutual Guarantee Limit for 2025* was reviewed and unanimously approved. The mutual guarantee limit for 2025 is expected not to exceed the equivalent of RMB124.423 billion, with the guarantee limit valid for 12 months from the date of approval by the Company's first extraordinary meeting of the Shareholders' Meeting in 2025. After the approval of this guarantee, the total amount of guarantees provided by the Company and its subsidiaries will not exceed the equivalent of RMB187.073 billion. This proposal was deliberated and adopted at the Company's first extraordinary meeting of the Shareholders' Meeting in 2025 on January 14, 2025.

3. 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.

4. Other major contracts

Applicable Not Applicable

Company name on contract	Counterparty name on contract	Contract subject	Signing date of the contract	Book value of assets involved in the contract (RMB 10,000)	Appraised value of assets involved in the contract (RMB 10,000)	Name of appraisal institution	Appraisal base date	Pricing principles	Transaction price (RMB 10,000)	Related-party transaction or not	Relationship	Execution status as of the end of the reporting period	Disclosure date	Disclosure index
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Xuzhou Haotong New Material Technology Co., Ltd.	Waste catalyst assets	December 16, 2024	198,558.25	None	None	None	Adopting three modes: market price order, limit price order, and instant order	/	No	No	Some contract target assets have been delivered to Xuzhou Haotong New Material Technology Co., Ltd., and the contract is being executed normally.	December 14, 2024	CNINFO, Announcement on the Sale of Precious Metal-Containing Waste Catalyst Assets by a Subsidiary (Announcement No.: 2024-077)

XVI. Use of raised funds

Applicable Not Applicable

The Company had no use of raised funds during the reporting period.

XVI. Explanation of other important matters

Applicable Not Applicable

1. Increase in the Company shares by controlling shareholders and persons acting in concert

On November 14, 2024, the Company disclosed the *Announcement on the Plan of Controlling Shareholders and Their Persons Acting in Concert to Increase Company Shares Using Self-owned funds and Special Loans* (Announcement No.: 2024-073). As of the end of this report period, the increase has been completed. From November 14, 2024 to May 13, 2025, Shenghong Technology, the controlling shareholder of the Company, together with its persons acting in concert, namely Shenghong Petrochemical and Shenghong Suzhou, increased a total of 223,712,060 shares of the Company through centralized bidding on the Shenzhen Stock Exchange, accounting for 3.38% of the Company's total share capital (based on the total share capital of 6,611,226,689 shares as of May 13, 2025), with a total increase amount of RMB 2,020.3104 million (excluding transaction fees).

2. Increase in the Company shares by controlling shareholders' persons acting in concert and shareholders holding more than 5% of shares

On June 17, 2025, the Company disclosed the *Announcement on the Plan of Controlling Shareholders' Persons Acting in Concert and Shareholders Holding More Than 5% of Shares to Increase Company Shares* (Announcement No.: 2025-054). From June 17, 2025 to December 16, 2025, persons acting in concert with controlling shareholders Shenghong Technology and Shenghong Suzhou, a shareholder of the Company holding more than 5%, increased their holdings of the Company's shares by 60,918,631 shares through centralized bidding transactions on the Shenzhen Stock Exchange, accounting for 0.92% of the Company's total share capital (based on the Company's total share capital of 6,611,230,317 shares as of December 16, 2025). The increase amounted to RMB 576.8147 million (excluding transaction fees). This shareholding increase plan has been fully implemented.

3. Government grants

On January 18, 2025, the Company disclosed the *Announcement on Receiving Government Grants* (Announcement No.: 2025-008). The Company's wholly-owned subsidiary Shenghong Refining & Chemical received government grant approval documents and is expected to receive government grants related to income amounting to RMB 336.55732 million. As of the end of this report period, Shenghong Refining & Chemical has not yet received the government grants.

4. 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 rights to 8,310,000 GDRs through Qualified Domestic Institutional Investor overseas securities investment products and equity swap contracts. Shenghong New Materials holds rights to 19,390,000 GDRs through Qualified Domestic Institutional Investor overseas securities investment products. 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.

At the end of the reporting period, 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	Disclosure date	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), etc.
	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)

5 Governance of the Company

On December 5, 2025, the Company convened the 33rd meeting of the 9th Board of Directors and reviewed and approved the Proposal on Amending the Articles of Association and Adjusting the Company's Internal Supervision Mechanism. In accordance with the Company Law of the People's Republic of China, the Guidelines for Articles of Association of Listed Companies, and the transitional arrangements related to the implementation of supporting rules for the new Company Law issued by the CSRC, combined with the Company's actual situation, the Company decided to no longer set up a Board of Supervisors and supervisors. The duties of the Board of Supervisors will be exercised by the Audit Committee of the Board of Directors. The Rules of Procedure for the Board of Supervisors and other related systems of the Board of Supervisors will be abolished accordingly, and the Articles of Association will be amended.

6. Issuance of exchangeable corporate bonds by the Company's controlling shareholders

Shenghong Technology completed the issuance of exchangeable bonds on December 22, 2025. The exchangeable bonds are referred to as "25 Shenghong EB", with bond code "117246". The actual issuance scale was RMB 3 billion, with a term of 3 years, a coupon rate of 0.10%, and an initial conversion price of RMB12.50/share. The exchange period for this exchangeable bond is from the first trading day after six months from the end of issuance to the trading day before maturity, i.e., from June 23, 2026 to December 21, 2028.

XVIII. Major matters of the Company's subsidiary

Applicable Not Applicable

Section VI Changes in shares and shareholders' information

I. Changes in shares

1. Changes in shares

Unit: share

	Before this change		Changes (+, -)					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	1,114,202,898	16.85%				-1,111,528,326	-1,111,528,326	2,674,572	0.04%
1. State-owned shares									
2. State-owned legal person's shares									
3. Shares held by other domestic capital	1,114,202,898	16.85%				-1,111,528,326	-1,111,528,326	2,674,572	0.04%
Including: shares held by domestic legal person	1,111,528,326	16.81%				-1,111,528,326	-1,111,528,326	0	0.00%
Shares held by domestic natural person	2,674,572	0.04%				0	0	2,674,572	0.04%
4. Foreign shareholding									
Including: shares held by overseas legal person									
Shares held by overseas natural person									
II. Shares without restrictive conditions for sales	5,497,018,809	83.15%				1,111,536,936	1,111,536,936	6,608,555,745	99.96%
1. RMB common shares	5,497,018,809	83.15%				1,111,536,936	1,111,536,936	6,608,555,745	99.96%
2. Foreign shares listed domestically									
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	6,611,221,707	100.00%				8,610	8,610	6,611,230,317	100.00%

Reason for change in share

 Applicable Not Applicable**(1) Convertible bonds into equities**

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, 2021. 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 8,610 shares.

(2) Restricted shares listed and circulated

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* (ZJXK [2021] No. 4179) issued by the CSRC, Jiangsu Eastern Shenghong Co., Ltd. is approved to issue 1,052,404,479 shares to Shenghong Petrochemical Group Co., Ltd. and 59,123,847 shares to Lianyungang Bohong Industrial Co., Ltd. to purchase related assets. These shares were listed on the Shenzhen Stock Exchange on January 27, 2022, with a restricted period of 36 months. The restricted shares were listed and circulated on January 27, 2025.

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 8,610 in the current period. The basic earnings per fully diluted share in the first half of 2025 was RMB 0.02 per share, and the net assets attributable to shareholders of the Listed Company was RMB 5.16 per share.

4. Other contents that the Company deems necessary to be disclosed or required to be disclosed by the securities regulatory authority

 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 2025	Number of shares lifted from sales restrictions in 2025	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	1,052,404,479	0	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in January 2022	Restricted shares were listed and circulated on January 27, 2025
Lianyungang Bohong Industrial Co., Ltd.	59,123,847	0	59,123,847	0		
Ji Gaoxiong	802,500	0	0	802,500	Locked shares of directors and	Release of restricted sale
Ni Genyuan	734,997	0	0	734,997		

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares increased in 2025	Number of shares lifted from sales restrictions in 2025	Number of restricted shares at the end of the period	Reason for restriction	Release date
Qiu Hairong	554,625	0	0	554,625	senior managements	by installments in accordance with relevant regulations
Wang Jun	582,450	0	0	582,450		
Total	1,114,202,898	0	1,111,528,326	2,674,572	--	--

II. Securities issuance and listing

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

Shareholder's name	Nature of shareholder	Shareholding ratio	Number of shares held at the end of the reporting period	Increase/ decrease in the reporting period	Number of shares with restricted conditions	Number of shares subject to no restrictions	Pledging, marking or freezing	
							Shares status	Quantity
Total number of ordinary shareholders as at the end of the reporting period								
69,540		Total of common shareholders at the end of the previous month before the annual report disclosure date		78,149		Total number of preferred shareholders whose voting rights have been restored at the end of the reporting period		0
0		Total of preferred shareholders holding resumed voting rights at the end of the previous month before the annual report disclosure date		0				
Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders(excluding shares lent through refinancing)								
Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	43.24%	2,858,492,440	68,946,962	0	2,858,492,440	Not Applicable	0
Shenghong Petrochemical Group Co., Ltd.	Domestic non-state-owned legal person	16.92%	1,118,692,575	43,485,682	0	1,118,692,575	Pledge	146,450,000
Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned	7.00%	462,897,123	106,535,749	0	462,897,123	Not Applicable	0

	legal person							
Citibank, National Association	Overseas legal person	4.19%	277,000,000	0	0	277,000,000	Not Applicable	0
Jiangsu Wujiang Silk Group Co., Ltd.	State-owned legal person	1.86%	122,662,170	0	0	122,662,170	Not Applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.44%	94,970,923	13,695,548	0	94,970,923	Not Applicable	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	Not Applicable	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	0	0	65,657,432	Not Applicable	0
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	Others	0.96%	63,756,084	0	0	63,756,084	Not Applicable	0
Lianyungang Bohong Industrial Co., Ltd.	Domestic non-state-owned legal person	0.89%	59,123,847	0	0	59,123,847	Not Applicable	0
Strategic investors or general corporations becoming top 10 shareholders as a result of placing new shares	Not Applicable							
Description of the above shareholders' affiliation or concerted action	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., and Lianyungang Bohong Industrial Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.							
Explanation of the above-mentioned shareholders entrusting others to vote or entrusted to vote on behalf of others and waiving voting rights	Not Applicable							
Special note on the existence of repurchase special accounts among the top 10 shareholders	Not Applicable							

Shareholdings of the top 10 ordinary shareholders not subject to sales restrictions (excluding shares lent through refinancing and shares locked for senior managements)			
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.	2,858,492,440	RMB common share	2,858,492,440
Shenghong Petrochemical Group Co., Ltd.	1,118,692,575	RMB common share	1,118,692,575
Shenghong (Suzhou) Group Co., Ltd.	462,897,123	RMB common share	462,897,123
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
Hong Kong Securities Clearing Company Ltd.	94,970,923	RMB common share	94,970,923
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
Lianyungang Bohong Industrial Co., Ltd.	59,123,847	RMB common share	59,123,847
Explanation on the associated relationship or concerted action among the top 10 holders of shares not subject to sales restrictions, and between the top 10 holders of shares not subject to sales restrictions and the top 10 holders of shares	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., and Lianyungang Bohong Industrial Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.		
Description of the participation of top 10 common shareholders in securities margin trading	Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund, holds 0 share of the Company through an ordinary securities account, holds 63,756,084 shares of the Company through a credit securities account, and actually holds a total of 63,756,084 shares of the Company.		

Participation of shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders not subject to sales restrictions in lending of shares through refinancing

Applicable Not Applicable

Changes in the top 10 shareholders and the top 10 shareholders not subject to sales restrictions from the previous period due to lending/return of shares through refinancing

Applicable Not Applicable

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

The Company's top 10 shareholders of ordinary shares and top 10 shareholders of ordinary shares not subject to sales restrictions did not conduct agreed repurchase transactions during the reporting period.

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; 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)</p>
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 controllers and their persons acting in concert

Nature of the actual controller: domestic natural person

Type of actual controller: natural person

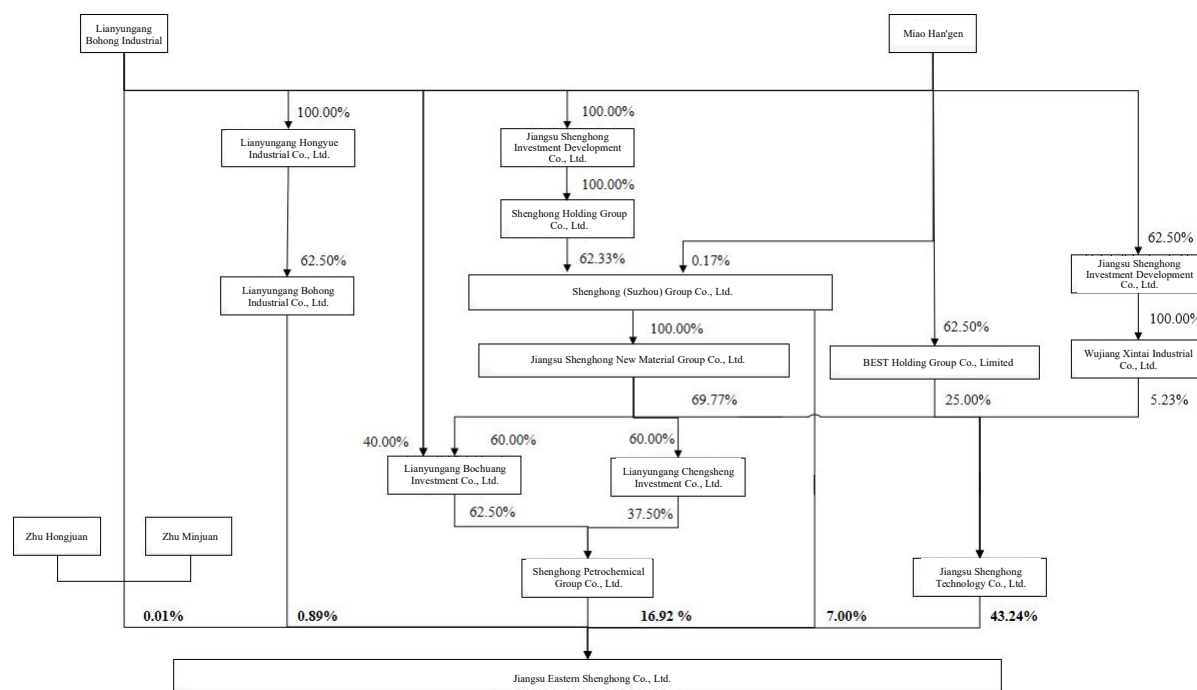
Name of the actual controller	Relationship with the actual controller	Nationality	Whether to obtain the right of abode in other countries or regions
Miao Han'gen	Per se	China	No
Zhu Hongmei	Per se	China	No
Main occupation and position	Mr. Miao Han'gen is the chairman and general manager of the Listed 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		

Changes in the actual controller during the reporting period

Applicable Not Applicable

The actual controller of the Company did not change during the reporting period.

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



Note: The above shareholding percentages are the direct shareholding percentages of Shenghong Technology

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 Hazardous Chemicals Operation License). (Operating activities subject to approval according to law shall be carried out only after obtaining the approval of relevant departments)

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

V. Preferred Shares

Applicable Not Applicable

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

Section VII 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. Issuance of convertible bonds

Upon approval by the Official Reply of the CSRC on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXK [2021] No.512), the Company publicly issued 50 million convertible bonds with the face value of RMB 100 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 RMB 14.20 per share.

2. Guarantors and top ten holders of convertible bonds during the reporting period

Convertible corporate bond name	Shenghong Convertible Bond				
Number of convertible bond holders at end of period	6,319				
Guarantor of the Company's convertible bonds	None				
Significant changes in the profitability, asset position and credit standing of the guarantor	Not Applicable				
Top ten convertible bond holders are as follows:					
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	22,774,010	2,277,401,000.00	45.57%
2	China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bond & Exchangeable Bond Index ETF	Others	3,452,826	345,282,600.00	6.91%
3	Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	1,800,000	180,000,000.00	3.60%
4	Agricultural Bank of China Co., Ltd. - China Post Ruixin	Others	1,529,560	152,956,000.00	3.06%

	Enhanced Bond Securities Investment Fund				
5	Bank of Beijing Co., Ltd. - Penghua Double Bond Plus Bond Securities Investment Fund	Others	1,034,542	103,454,200.00	2.07%
6	Agricultural Bank of China Co., Ltd. - China Post Pure Bond Hengli Bond Securities Investment Fund	Others	1,000,000	100,000,000.00	2.00%
7	China Galaxy Securities Co., Ltd.	State-owned legal person	839,840	83,984,000.00	1.68%
8	China Construction Bank Corporation - Huashang Credit Enhanced Bond Securities Investment Fund	Others	732,070	73,207,000.00	1.46%
9	Bank of Communications Co., Ltd. - China Post Stable Income Bond Securities Investment Fund	Others	639,745	63,974,500.00	1.28%
10	Bank of Beijing Co., Ltd. - Jingshun Great Wall Jingyi Dual Income Bond Securities Investment Fund	Others	632,630	63,263,000.00	1.27%

3. Convertible bond changes during the reporting period

Applicable Not Applicable

Monetary unit: RMB

Convertible corporate bond name	Before this change	Changes (+, -)			After this change
		Conversion	Redemption	Buy-back	
Shenghong Convertible Bond	4,997,574,200.00	113,900.00	0.00	1,900.00	4,997,458,400.00

4. Cumulative conversion status

Applicable Not Applicable

Convertible corporate bond name	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 (shares)	Proportion of the number of shares to be transferred to the total issued shares of the Company before the commencement date of equity transfer	Amount not yet converted into shares (RMB)	Proportion of the amount not converted to shares in the total amount of issue
Shenghong Convertible Bond	From September 27, 2021 to March 21, 2027	50,000,000	5,000,000,000.00	2,539,700.00	184,016	0.00%	4,997,458,400.00	99.95%

5. Previous adjustments and corrections to the conversion price

Convertible corporate bond name	Adjustment date of conversion price	Adjusted conversion price (RMB)	Disclosure time	Explanation of conversion price adjustment	Latest conversion price as of the end of this report period (RMB)
Shenghong Convertible Bond	June 18, 2021	14.10	June 10, 2021	According to the resolution of the Company's 2020 annual Shareholders' Meeting, the Company would implement the 2020 annual dividend distribution plan in June 2021. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.20 per share to RMB14.10 per share, and the effective date of the conversion price adjustment was June 18, 2021.	13.21
	January 27, 2022	13.53	January 24, 2022	According to the <i>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</i> (ZJXX [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 Convertible Bond" was adjusted from RMB 14.10 per share to RMB 13.53 per share, and the effective date of the adjustment of the conversion price was January 27, 2022	
	May 27, 2022	13.38	May 20, 2022	According to the resolution of the Company's 2021 annual Shareholders' Meeting, the Company would implement the 2021 annual dividend distribution plan in May 2022. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.53 per share to RMB13.38 per share, and the effective date of the conversion price adjustment was May 27, 2022.	
	July 20, 2022	13.46	July 15, 2022	According to the <i>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</i> (ZJXX [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 per share to RMB13.46 per	

Convertible corporate bond name	Adjustment date of conversion price	Adjusted conversion price (RMB)	Disclosure time	Explanation of conversion price adjustment	Latest conversion price as of the end of this report period (RMB)
				share, and the effective date of the conversion price adjustment was July 20, 2022.	
	December 28, 2022	13.41	December 28, 2022	According to the <i>Official Reply on Approving the Initial Public Offering of Global Depository Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on the SIX Swiss Exchange</i> (ZJXK [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 per share to RMB13.41 per share, and the effective date of the conversion price adjustment was December 28, 2022.	
	May 22, 2023	13.31	May 16, 2023	According to the resolution of the 2022 annual Shareholders' Meeting of the Company, the Company implemented the 2022 annual dividend distribution program in May 2023. After the implementation of this equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.41 per share to RMB13.31 per share, and the effective date of the conversion price adjustment was May 22, 2023.	
	June 7, 2024	13.21	May 31, 2024	According to the resolution of the Company's 2023 annual Shareholders' Meeting, the Company would implement the 2023 annual dividend distribution plan in June 2024. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB 13.31 per share to RMB 13.21 per share, and the effective date of the adjustment of the conversion price was June 7, 2024.	

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

Key financial indicators of the Company are detailed in this report under "Section VII: VIII. Key accounting data and financial indicators of the Company for the past two years as of the end of the report period".

On June 25, 2025, the Company disclosed the *2025 Tracking Rating Report on Publicly Issued Convertible Corporate Bonds* (LH [2025] No. 4890). China Lianhe Credit Rating Co., Ltd. conducted tracking analysis and evaluation of the Company's entity and related bonds' credit status, confirming to maintain the Company's entity

long-term credit rating as AA+ and the credit rating of "Shenghong Convertible Bond" as AA+, with a stable rating outlook.

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

Monetary unit: RMB'0,000

Item	At the end of the reporting period	At the end of last year	YoY increase or decrease
Current ratio	39.78%	40.09%	-0.77%
Asset-liability ratio	81.38%	81.66%	-0.28%
Quick ratio	21.83%	21.77%	0.28%
	Reporting period	Same period of last year	YOY changes during the reporting period
Net profits after deducting non-recurring profit or loss	-54,308.67	-265,383.20	79.54%
EBITDA all debt ratio	8.68%	5.87%	2.81%
Interest coverage multiple	0.8921	0.2392	272.95%
Cash interest coverage multiple	4.7076	3.2150	46.43%
EBITDA interest coverage multiple	2.5200	1.5895	58.54%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

Section VIII Financial Report

I. Auditor's Report

Audit opinion type	Standard unqualified opinion
Signing date of auditor's report (English Translation for Reference Only)	April 27, 2026
Name of auditor	BDO CHINA Shu Lun Pan Certified Public Accountants (LLP)
Index of the audit report	Xin Kuai Shi Bao Zi [2026] No. ZA11540
Name of the certified public accountant	Yan Shenghui, Lu Yaomin

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, 2025, the consolidated and Company's income statements, the consolidated and Company's statements of cash flows, and the consolidated and Company's statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and Company's financial position as at December 31, 2025 and the consolidated and Company's financial performance and cash flows for the year then ended in accordance with the requirements of Accounting Standards for Business Enterprises.

(II) Basis for Opinion

We conducted our audit in accordance with China Standards on Auditing ("CSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of this auditor's report. We are independent of the Company in accordance with *China Independence Standard for Certified Public Accountants No. 1 - Independence for Audit and Review Engagements* and *China Code of Ethics for Certified Public Accountants* ("the CICPA Code") and have fulfilled our other ethical responsibilities in accordance with the CICPA Code. We adhered to the independence requirements for audits of public interest entities during the audit. 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 matters are matters we deem the most significant to the audit of financial statements based on our professional judgment. These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon. 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. 14 and VII. 15 to the financial statements, as at December 31, 2025, the book value of fixed assets and constructions in progress in the consolidated financial statements of the Company was RMB 153,459,189,800, accounting for 74.78% of the Company's total assets. The following judgments made by the management of the Company (the "Management") could affect the book value of fixed assets and constructions in progress and the depreciation policy for fixed assets, including: (1) determining the expenditures eligible for capitalization; (2) determining the time of transferring constructions in progress to fixed assets and accruing	The audit procedures we implemented for the book value of fixed assets and construction 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 construction in progress (including estimated useful life and residual 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 interest capitalization rate and

Key Audit Matters	How these matters were addressed in the audit
<p>depreciation; and (3) estimating the useful life of the corresponding fixed assets.</p> <p>The determination of the book value of fixed assets and constructions in progress involves significant accounting estimates by the Management and is material to the consolidated financial statements, so that recognition of book value of fixed assets and constructions in progress is determined as a key audit matter.</p>	<p>evaluating the calculation of capitalized interest on construction in progress based on the capitalized expenditures and interest rate of the loan contracts;</p> <p>(4) Reviewing the acceptance report or project supervision report to evaluate the accuracy of the time of transferring constructions in progress to fixed assets.</p>
(II) Goodwill impairment	
<p>As shown in Note VII. 18 to the financial statements, the book value of goodwill in the consolidated financial statements of the Company as of December 31, 2025 was RMB736.5612 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:</p> <p>(1) Evaluating the Management's determination of the asset group or combination of asset groups to which goodwill is allocated;</p> <p>(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;</p> <p>(3) Evaluating the valuation method for goodwill impairment testing;</p> <p>(4) Evaluating the appropriateness of key assumptions for goodwill impairment testing;</p> <p>(5) Evaluating the reasonableness of the parameters cited for testing;</p> <p>and (6) Evaluating the impact of goodwill impairment testing.</p>
(III) Revenue recognition	
<p>As shown in Note VII. 48 to the financial statements, the Company's revenues of RMB 125,587.3203 million for 2025 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:</p> <p>(1) Understanding and testing the design and execution of the Company's internal control system and financial accounting system related to sales and collections;</p> <p>(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;</p> <p>(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;</p> <p>(4) Implementing correspondence procedures with major customers to confirm the amount of sales and the balance of transactions for the current period;</p> <p>(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;</p> <p>(6) Checking the adequacy and appropriateness of the presentation and disclosure of information related to</p>

Key Audit Matters	How these matters were addressed in the audit
	revenue recognition in the financial statements.

(IV) Other information

Management of the Company ("Management") is responsible for other information. The other information comprises information of the 2025 annual report of the Company but excludes the financial statements and our Auditor's report.

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

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

If, based on the work we have performed on the other information, we conclude that there is a material misstatement of other information, we are required to report that fact. However, 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, the Management is responsible for assessing the Company's ability to continue as a going concern, disclosing, if applicable, matters related to going concern and using the going concern basis of accounting unless the Management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

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

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

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

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
3. Evaluate the appropriateness of accounting policies used by and the reasonableness of accounting estimates and related disclosures made by the Management.
4. Conclude on the appropriateness of the Management's use of the going concern basis of accounting. 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 the Management 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 for 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

1. Consolidated Balance Sheet

Prepared by: Jiangsu Eastern Shenghong Co., Ltd.

December 31, 2025

Monetary unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	13,111,247,176.85	13,636,446,983.07
Settlements provision		
Loans to banks and other financial institutions		
Financial assets held for trading	4,640,905.02	106,594,928.00
Derivative financial assets		
Notes receivable	14,799,039.90	97,777,618.59
Accounts receivable	2,991,851,617.08	2,327,702,449.86
Receivables financing	277,522,606.25	536,196,519.90
Advances to suppliers	835,059,022.82	525,281,644.21
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserves receivable		
Other receivables	1,992,685,795.56	1,009,344,676.64
Including: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	17,037,492,920.06	16,873,219,225.01

Item	Ending balance	Beginning balance
Including: data resource		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,483,122,815.71	1,813,789,331.40
Total current assets	37,748,421,899.25	36,926,353,376.68
Non-current assets:		
Loans and advances		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	131,960,615.60	90,557,516.48
Other equity instrument investments	586,861,000.00	584,422,540.00
Other non-current financial assets	8,492,900.00	
Investment properties	587,062,523.33	625,773,856.85
Fixed assets	140,662,956,202.19	127,298,464,476.19
Construction in progress	12,796,233,629.90	25,026,824,465.78
Productive biological assets		
Oil and gas assets		
Right-of-use assets	2,898,045,654.72	3,083,272,607.18
Intangible assets	4,776,868,294.10	4,886,226,719.15
Including: data resource		
Development expenses		
Including: data resource		
Goodwill	736,561,153.10	736,561,153.10
Long-term deferred expenses	5,494,425.79	2,478,240.80
Deferred income tax assets	3,019,830,359.50	2,530,374,877.37
Other non-current assets	1,269,029,471.65	2,521,178,872.31
Total non-current assets	167,479,396,229.88	167,386,135,325.21
Total assets	205,227,818,129.13	204,312,488,701.89
Current liabilities:		
Short-term borrowings	49,354,274,045.13	52,682,163,867.62
Borrowings from central bank		
Loans from banks and other financial institutions		
Financial liabilities held for trading	10,445,517.73	
Derivative financial liabilities		
Notes payable	97,251,272.25	
Accounts payable	14,679,599,773.43	14,250,773,680.27
Advances from customers	31,438,311.63	32,388,603.72

Item	Ending balance	Beginning balance
Contract liabilities	2,305,007,596.52	2,484,508,305.51
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	425,339,188.88	485,515,353.28
Taxes and surcharges payable	1,421,094,519.05	978,933,334.67
Other payables	2,871,293,477.33	301,204,531.41
Including: interest payable		
Dividends payable	830,990.60	830,990.60
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	23,427,188,231.44	20,569,157,000.24
Other current liabilities	266,889,627.88	314,452,670.54
Total current liabilities	94,889,821,561.27	92,099,097,347.26
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	58,410,984,356.09	60,988,432,664.33
Bonds payable	4,761,216,079.43	4,569,453,956.81
Including: preferred stocks		
Perpetual bonds		
Lease liabilities	2,770,515,601.83	2,880,053,850.90
Long-term payables	3,275,475,803.72	3,373,670,655.65
Long-term employee compensation payable		
Estimated liabilities	7,754,143.23	7,194,735.20
Deferred income	2,399,537,783.82	2,400,104,976.66
Deferred income tax liabilities	495,400,510.32	507,991,628.99
Other non-current liabilities	9,303,182.58	14,345,006.56
Total non-current liabilities	72,130,187,461.02	74,741,247,475.10
Total liabilities	167,020,009,022.29	166,840,344,822.36
Owners' equity		
Share capital	9,599,630,025.16	9,599,621,415.16
Other equity instruments	906,716,316.52	906,737,326.76
Including: preferred stocks		
Perpetual bonds		

Item	Ending balance	Beginning balance
Capital reserves	19,307,586,976.46	19,278,754,730.78
Less: treasury stocks		
Other comprehensive income	63,705,900.45	89,166,875.13
Special reserves	22,502,177.17	86,108,201.09
Surplus reserves	640,513,186.71	629,926,949.95
General risk reserves		
Retained earnings	3,566,679,486.81	3,443,519,405.76
Total equity attributable to owners of the parent company	34,107,334,069.28	34,033,834,904.63
Minority equity	4,100,475,037.56	3,438,308,974.90
Total owners' equity	38,207,809,106.84	37,472,143,879.53
Total liabilities and owners' equity	205,227,818,129.13	204,312,488,701.89

Legal representative: Miao Han'gen Accounting principal: Hu Guiyang Head of accounting department: Hu Guiyang

2. Parent Company's Balance Sheet

Monetary unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	681,819,613.98	992,097,219.91
Financial assets held for trading		74,183,711.94
Derivative financial assets		
Notes receivable	300,000,000.00	500,000,000.00
Accounts receivable	44,606,433.65	120,167,065.54
Receivables financing		
Advances to suppliers	710,617.50	507,361.39
Other receivables	2,300,726,378.65	1,478,957,507.14
Including: interest receivable		
Dividends receivable		
Inventories	10,440,153.12	23,785,498.57
Including: data resource		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	5,642,637.16	18,264,325.80
Total current assets	3,343,945,834.06	3,207,962,690.29
Non-current assets:		
Debt investments		
Other debt investments		
Long-term receivables		
Long-term equity investments	53,929,648,481.56	54,059,356,390.00

Item	Ending balance	Beginning balance
Other equity instrument investments	586,861,000.00	584,422,540.00
Other non-current financial assets		
Investment properties	4,106,870.92	4,275,006.03
Fixed assets	283,397,787.77	311,254,674.38
Construction in progress	7,467,938.74	1,297,063.78
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	61,634,672.01	66,016,065.28
Including: data resource		
Development expenses		
Including: data resource		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets		65,200.00
Total non-current assets	54,873,116,751.00	55,026,686,939.47
Total assets	58,217,062,585.06	58,234,649,629.76
Current liabilities:		
Short-term borrowings	1,505,170,230.69	2,691,348,412.88
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	200,000,000.00	200,000,000.00
Accounts payable	1,502,973,406.60	1,660,598,273.54
Advances from customers	3,305,337.34	31,330,490.24
Contract liabilities	2,685,267,685.68	2,732,687,056.77
Employee compensation payable	19,765,389.29	20,634,431.72
Taxes and surcharges payable	2,694,231.82	4,746,043.58
Other payables	2,896,219,772.53	3,592,415,461.07
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	2,416,810,151.43	1,694,367,856.44
Other current liabilities	348,067,328.38	354,159,682.43
Total current liabilities	11,580,273,533.76	12,982,287,708.67
Non-current liabilities:		
Long-term borrowings	2,825,600,000.00	1,856,400,000.00
Bonds payable	4,761,216,079.43	4,569,453,956.81
Including: preferred stocks		

Item	Ending balance	Beginning balance
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	211,500,125.10	279,912,628.16
Other non-current liabilities	9,303,182.58	14,345,006.56
Total non-current liabilities	7,807,619,387.11	6,720,111,591.53
Total liabilities	19,387,892,920.87	19,702,399,300.20
Owners' equity		
Share capital	6,611,230,317.00	6,611,221,707.00
Other equity instruments	906,716,316.52	906,737,326.76
Including: preferred stocks		
Perpetual bonds		
Capital reserves	29,750,882,765.72	29,750,065,569.07
Less: treasury stocks		
Other comprehensive income	70,770,750.00	68,941,905.00
Special reserves		
Surplus reserves	727,756,828.68	698,328,259.36
Retained earnings	761,812,686.27	496,955,562.37
Total owners' equity	38,829,169,664.19	38,532,250,329.56
Total liabilities and owners' equity	58,217,062,585.06	58,234,649,629.76

3. Consolidated Income Statement

Monetary unit: RMB

Item	Year 2025	Year 2024
I. Total operating revenue	125,587,320,327.07	137,674,557,166.85
Including: operating revenue	125,587,320,327.07	137,674,557,166.85
Interest income		
Premiums earned		
Income from handling charges and commissions:		
II. Total operating costs	127,476,312,916.90	141,590,267,612.80
Including: operating costs	112,064,001,076.77	126,062,118,131.07
Interest expenses		
Handling charges and commissions expenses:		
Surrenders		
Net amount of compensation payout		
Net amount withdrawn for		

Item	Year 2025	Year 2024
insurance liability reserves		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	8,541,116,791.02	8,406,769,217.11
Selling and distribution expenses	317,926,218.98	334,382,120.56
General and administrative expenses	1,028,992,464.56	1,081,209,219.11
Research and development expenses	969,268,392.97	832,022,384.44
Financial expenses	4,555,007,972.60	4,873,766,540.51
Including: interest expenses	4,621,677,028.50	4,996,149,469.46
Interest income	161,356,200.49	163,843,073.13
Plus: other income	1,366,685,314.55	972,010,521.45
Investment income ("-" for losses)	174,584,093.62	159,381,677.96
Including: income from investment in associates and joint ventures	5,069,799.12	-364,514.73
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)	-36,125,582.02	39,709,845.02
Losses from credit impairment ("-" for losses)	-60,183,991.87	-9,045,777.49
Losses from asset impairment ("-" for losses)	-424,188,991.21	-727,353,586.34
Gains from disposal of assets ("-" for losses)	603,224,692.82	10,478,873.82
III. Operating profits ("-" for losses)	-264,997,053.94	-3,470,528,891.53
Plus: non-operating revenue	57,474,893.04	69,587,586.75
Less: non-operating expenses	45,453,960.87	312,741,116.02
IV. Total profits ("-" for total losses)	-252,976,121.77	-3,713,682,420.80
Less: income tax expenses	-371,870,223.59	-1,429,808,775.98
V. Net profit ("-" for net loss)	118,894,101.82	-2,283,873,644.82
(I) Classified by operating sustainability		
1. Net profit from continued operation ("-" for net loss)	118,894,101.82	-2,283,873,644.82
2. Net profit from discontinued operation (- for net loss)		
(II) Classified by ownership		

Item	Year 2025	Year 2024
1. Net profits attributable to shareholders of the parent company	133,746,317.81	-2,296,841,255.74
2. Income attributable to minority shareholders	-14,852,215.99	12,967,610.92
VI. Other comprehensive income, net of tax	-25,460,974.68	13,557,776.77
Other comprehensive income, net of tax, attributable to owners of the parent company	-25,460,974.68	13,557,776.77
(I) Other comprehensive income that cannot be reclassified into profit or loss	1,828,845.00	1,743,285.00
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 instruments	1,828,845.00	1,743,285.00
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	-27,289,819.68	11,814,491.77
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve	5,742,387.14	
6. Exchange differences on translation of foreign currency financial statements	-33,032,206.82	11,814,491.77
7. Others		
Other comprehensive income, net of tax attributable to minority shareholders		
VII. Total comprehensive income	93,433,127.14	-2,270,315,868.05
Total comprehensive income attributable to owners of the parent company	108,285,343.13	-2,283,283,478.97
Total comprehensive income attributable to minority	-14,852,215.99	12,967,610.92

Item	Year 2025	Year 2024
shareholders		
VIII. earnings per share:		
(I) Basic earnings per share	0.02	-0.35
(II) Diluted earnings per share	0.02	-0.35

Legal representative: Miao Han'gen Accounting principal: Hu Guiyang Head of accounting department: Hu Guiyang

4. Parent Company's Income Statement

Monetary unit: RMB

Item	Year 2025	Year 2024
I. Operating revenue	894,652,303.59	988,157,837.17
Less: operating costs	490,298,597.35	635,000,748.94
Taxes and surcharges	18,514,246.70	33,093,502.97
Selling and distribution expenses	440,397.80	1,122,088.84
General and administrative expenses	79,056,003.15	102,069,198.28
Research and development expenses		
Financial expenses	586,274,197.02	701,985,883.10
Including: interest expenses	634,788,672.02	740,725,355.51
Interest income	59,228,517.34	50,924,219.32
Plus: other income	314,350.82	356,332.25
Investment income ("-" for losses)	504,593,777.05	4,000,392.78
Including: income from investment in associates and joint ventures	3,958,791.56	252,358.66
Gains from derecognition of financial assets measured at amortized cost ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	-701,169.30	18,588,274.18
Losses from credit impairment ("-" for losses)	273,206.93	370,356.42
Losses from asset impairment ("-" for losses)		
Gains from disposal of assets ("-" for losses)	24,970.85	-6,645,305.37
II. Operating profits ("-" for losses)	224,573,997.92	-468,443,534.70
Plus: non-operating revenue	946,950.97	13,035,990.67
Less: non-operating expenses	257,373.73	301,002.92
III. Total profits ("-" for total losses)	225,263,575.16	-455,708,546.95
Less: income tax expenses	-69,022,118.06	181,685,071.14
IV. Net profit ("-" for net loss)	294,285,693.22	-637,393,618.09

Item	Year 2025	Year 2024
(I) Net profit from continued operation ("-" for net loss)	294,285,693.22	-637,393,618.09
(II) Net profit from discontinued operation ("-" for net loss)		
V. Other comprehensive income, net of tax	1,828,845.00	1,743,285.00
(I) Other comprehensive income that cannot be reclassified into profit or loss	1,828,845.00	1,743,285.00
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 instruments	1,828,845.00	1,743,285.00
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 debt investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other debt investment		
5. Cash flow hedging reserve		
6. Exchange differences on translation of foreign currency financial statements		
7. Others		
VI. Total comprehensive income	296,114,538.22	-635,650,333.09
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

Monetary unit: RMB

Item	Year 2025	Year 2024
I. Cash flows from operating activities:		
Cash received from sale of goods	164,836,110,099.93	170,231,575,366.91

Item	Year 2025	Year 2024
and rendering of services		
Net increase in deposits from customers and deposits in 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	1,374,294,302.46	1,223,919,119.43
Cash received from other operating activities	6,805,809,589.98	10,182,529,925.81
Sub-total of cash inflows from operating activities	173,016,213,992.37	181,638,024,412.15
Cash paid for goods purchased and services received	135,627,385,838.54	147,322,850,976.75
Net increase in customers' loans and advances		
Net increase in deposits with central bank and with banks and other 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	4,256,690,628.61	4,450,689,414.66
Cash paid for taxes and surcharges	9,679,153,702.23	10,488,841,871.54
Cash paid for other operating activities	7,399,997,315.60	8,900,816,468.25
Sub-total of cash outflows from	156,963,227,484.98	171,163,198,731.20

Item	Year 2025	Year 2024
operating activities		
Net cash flows from operating activities	16,052,986,507.39	10,474,825,680.95
II. Cash flows from investing activities:		
Cash received from disposal of investments	526,890,793.93	275,848,842.26
Cash received from investment income	72,344,853.12	21,968,917.42
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	806,655,822.69	302,601,543.60
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	311,844,588.06	524,380,541.16
Sub-total of cash inflows from investing activities	1,717,736,057.80	1,124,799,844.44
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	8,659,944,194.89	12,700,852,089.68
Cash paid for investments	380,775,402.56	176,468,649.38
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		51,842,508.14
Cash paid for other investing activities	345,928,291.76	294,382,892.74
Sub-total of cash outflows from investing activities	9,386,647,889.21	13,223,546,139.94
Net cash flows from investing activities	-7,668,911,831.41	-12,098,746,295.50
III. Cash flows from financing activities		
Cash received from absorption of investments	996,000,000.00	4,837,550,000.00
Including: cash received by subsidiaries from investment by minority shareholders	996,000,000.00	4,837,550,000.00
Cash received from borrowings	92,557,114,360.91	94,584,353,737.73
Cash received from other financing activities	5,065,561,204.13	4,169,095,082.31
Sub-total of cash inflows from financing activities	98,618,675,565.04	103,590,998,820.04
Cash paid for debt repayments	100,634,948,595.11	87,160,685,796.59
Cash paid for distribution of	4,628,574,594.16	5,444,082,823.72

Item	Year 2025	Year 2024
dividends and profits or payment of interest		
Including: dividends and profits paid to minority shareholders by subsidiaries	291,280,000.00	
Cash paid for other financing activities	2,725,796,010.63	3,567,702,686.62
Sub-total of cash outflows from financing activities	107,989,319,199.90	96,172,471,306.93
Net cash flows from financing activities	-9,370,643,634.86	7,418,527,513.11
IV. Impact of fluctuation in exchange rate on cash and cash equivalents	43,897,550.92	-171,179,385.10
V. Net increase in cash and cash equivalents	-942,671,407.96	5,623,427,513.46
Plus: beginning balance of cash and cash equivalents	12,009,784,562.13	6,386,357,048.67
VI. Ending balance of cash and cash equivalents	11,067,113,154.17	12,009,784,562.13

6. Parent Company's Statement of Cash Flows

Monetary unit: RMB

Item	Year 2025	Year 2024
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	16,301,466,914.78	21,666,143,425.48
Refund of taxes and surcharges		
Cash received from other operating activities	9,205,287,967.11	10,316,356,802.70
Sub-total of cash inflows from operating activities	25,506,754,881.89	31,982,500,228.18
Cash paid for goods purchased and services received	14,305,814,234.24	19,978,303,515.21
Cash paid to and on behalf of employees	105,350,015.58	111,794,503.27
Cash paid for taxes and surcharges	36,104,752.24	118,910,297.98
Cash paid for other operating activities	9,105,585,445.20	9,470,907,872.47
Sub-total of cash outflows from operating activities	23,552,854,447.26	29,679,916,188.93
Net cash flows from operating activities	1,953,900,434.63	2,302,584,039.25
II. Cash flows from investing activities:		
Cash received from disposal of investments	135,439,375.01	1,044,979.00

Item	Year 2025	Year 2024
Cash received from investment income	572,344,853.12	20,858,535.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	321,726.34	1,392,735.00
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	708,105,954.47	23,296,249.12
Cash paid for purchase and construction of fixed assets, intangible assets and other long-term assets	14,953,192.91	10,107,811.07
Cash paid for investments		280,850,000.00
Net cash paid for acquisition of subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	14,953,192.91	290,957,811.07
Net cash flows from investing activities	693,152,761.56	-267,661,561.95
III. Cash flows from financing activities		
Cash received from absorption of investments		
Cash received from borrowings	6,976,481,666.62	4,320,837,833.33
Cash received from other financing activities	3,357,550,000.00	5,000,000,000.00
Sub-total of cash inflows from financing activities	10,334,031,666.62	9,320,837,833.33
Cash paid for debt repayments	7,945,901,904.96	8,263,850,000.00
Cash paid for distribution of dividends and profits or payment of interest	385,610,401.58	1,068,276,158.69
Cash paid for other financing activities	4,999,850,000.00	1,635,458,296.02
Sub-total of cash outflows from financing activities	13,331,362,306.54	10,967,584,454.71
Net cash flows from financing activities	-2,997,330,639.92	-1,646,746,621.38
IV. Impact of fluctuation in exchange rate on cash and cash equivalents	-162.20	126,678.90

Item	Year 2025	Year 2024
V. Net increase in cash and cash equivalents	-350,277,605.93	388,302,534.82
Plus: beginning balance of cash and cash equivalents	709,997,219.91	321,694,685.09
VI. Ending balance of cash and cash equivalents	359,719,613.98	709,997,219.91

7. Consolidated Statement of Changes in Owners' Equity

Year 2025

Monetary unit: RMB

Item	Year 2025														
	Equity attributable to owners of the parent company												Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others			Sub-total
	Preferred stocks	Perpetual bonds	Others												
I. Balance as at December 31, 2024	9,599,621,415.16			906,737,326.76	19,278,754,730.78		89,166,875.13	86,108,201.09	629,926,949.95		3,443,519,405.76		34,033,834,904.63	3,438,308,974.90	37,472,143,879.53
Plus: changes in accounting policies															
Correction of accounting errors in prior year															
Others															
II. Balance as at January 1, 2025	9,599,621,415.16			906,737,326.76	19,278,754,730.78		89,166,875.13	86,108,201.09	629,926,949.95		3,443,519,405.76		34,033,834,904.63	3,438,308,974.90	37,472,143,879.53
III. Increases/ decreases in 2025 ("-" for decreases)	8,610.00			-21,010.24	28,832,245.68		-25,460,974.68	-63,606,023.92	10,586,236.76		123,160,081.05		73,499,164.65	662,166,062.66	735,665,227.31
(I) Total comprehensive income							-25,460,974.68				133,746,317.81		108,285,343.13	-14,852,215.99	93,433,127.14
(II) Capital contributed or reduced by owners	8,610.00			-21,010.24	278,519,109.30								278,506,709.06	718,484,638.13	996,991,347.19
1. Common stock contributed by owners					277,526,819.78								277,526,819.78	718,473,180.22	996,000,000.00
2. Capital contributed by the holders of other equity instruments	8,610.00			-21,010.24	118,030.82								105,630.58		105,630.58
3. Amounts of share-based payments recognized in owners' equity															
4. Others					874,258.70								874,258.70	11,457.91	885,716.61
(III) Profit distribution					-249,965,997.12				10,586,236.76		-10,586,236.76		-249,965,997.12	-41,314,002.88	-291,280,000.00
1. Withdrawal of surplus reserves									10,586,236.76		-10,586,236.76				
2. Withdrawal of general risk															

Item	Year 2025														
	Equity attributable to owners of the parent company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Sub-total		
	Preferred stocks	Perpetual bonds	Others												
reserves															
3. Profit distributed to owners (or shareholders)					-249,965,997.12								-249,965,997.12	-41,314,002.88	-291,280,000.00
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								-63,606,023.92					-63,606,023.92	-152,356.61	-63,758,380.53
1. Amount withdrawn in 2025								369,103,900.43					369,103,900.43	6,895,597.23	375,999,497.66
2. Amount used in 2025								432,709,924.35					432,709,924.35	7,047,953.83	439,757,878.18
(VI) Others					279,133.50								279,133.50		279,133.50
IV. Balance as at December 31, 2025	9,599,630,025.16			906,716,316.52	19,307,586,976.46		63,705,900.45	22,502,177.17	640,513,186.71		3,566,679,486.81		34,107,334,069.28	4,100,475,037.56	38,207,809,106.84

Year 2024

Monetary unit: RMB

Item	Year 2024														
	Equity attributable to owners of the parent company												Minority equity	Total owners' equity	
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others			Sub-total
	Preferred stocks	Perpetual bonds	Others												
I. 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
Plus: changes in accounting policies															
Correction of accounting errors in prior year															
Others															
II. Balance as at January 1, 2024	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
III. Increases/decreases in 2024 ("-" for decreases)	8,029.00			-19,286.58	1,536,660,173.04		13,557,776.77	-9,502,234.48	20,514,392.00		2,978,477,092.74		-1,417,258,242.99	3,397,221,051.54	1,979,962,808.55
(I) Total comprehensive income							13,557,776.77				2,296,841,255.74		-2,283,283,478.97	12,967,610.92	-2,270,315,868.05
(II) Capital contributed or reduced by owners	8,029.00			-19,286.58	1,560,175,653.01								1,560,164,395.43	3,277,481,683.25	4,837,646,078.68
1. Common stock contributed by owners					1,560,068,316.75								1,560,068,316.75	3,277,481,683.25	4,837,550,000.00
2. Capital contributed by the holders of other equity instruments	8,029.00			-19,286.58	107,336.26								96,078.68		96,078.68
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution									20,514,392.00		-681,635,837.00		-661,121,445.00		-661,121,445.00
1. Withdrawal of surplus reserves									20,514,392.00		-20,514,392.00				
2. Withdrawal of general risk reserves															

Item	Year 2024														
	Equity attributable to owners of the parent company													Minority equity	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Retained earnings	Others	Sub-total		
	Preferred stocks	Perpetual bonds	Others												
3. Profit distributed to owners (or shareholders)											-661,121,445.00		-661,121,445.00		-661,121,445.00
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								-9,502,234.48					-9,502,234.48	170,371.67	-9,331,862.81
1. Amount withdrawn in 2024								336,295,638.00					336,295,638.00	796,177.77	337,091,815.77
2. Amount used in 2024								345,797,872.48					345,797,872.48	625,806.10	346,423,678.58
(VI) Others					-23,515,479.97								-23,515,479.97	106,601,385.70	83,085,905.73
IV. Balance as at December 31, 2024	9,599,621,415.16			906,737,326.76	19,278,754,730.78		89,166,875.13	86,108,201.09	629,926,949.95		3,443,519,405.76		34,033,834,904.63	3,438,308,974.90	37,472,143,879.53

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

Year 2025

Monetary unit: RMB

Item	Year 2025											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
I. Balance as at December 31, 2024	6,611,221,707.00			906,737,326.76	29,750,065,569.07		68,941,905.00		698,328,259.36	496,955,562.37		38,532,250,329.56
Plus: changes in accounting policies												
Correction of accounting errors in prior year												
Others												
II. Balance as at January 1, 2025	6,611,221,707.00			906,737,326.76	29,750,065,569.07		68,941,905.00		698,328,259.36	496,955,562.37		38,532,250,329.56
III. Increases/ decreases in 2025 ("-" for decreases)	8,610.00			-21,010.24	817,196.65		1,828,845.00		29,428,569.32	264,857,123.90		296,919,334.63
(I) Total comprehensive income							1,828,845.00			294,285,693.22		296,114,538.22
(II) Capital contributed or reduced by owners	8,610.00			-21,010.24	817,196.65							804,796.41
1. Common stock contributed by owners												
2. Capital contributed by the holders of other equity instruments	8,610.00			-21,010.24	118,030.82							105,630.58
3. Amounts of												

Item	Year 2025											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
share-based payments recognized in owners' equity												
4. Others				699,165.83								699,165.83
(III) Profit distribution								29,428,569.32	-29,428,569.32			
1. Withdrawal of surplus reserves								29,428,569.32	-29,428,569.32			
2. Profit distributed to owners or shareholders												
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 2025											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in 2025												
2. Amount used in 2025												
(VI) Others												
IV. Balance as at December 31, 2025	6,611,230,317.00			906,716,316.52	29,750,882,765.72		70,770,750.00		727,756,828.68	761,812,686.27		38,829,169,664.19

Year 2024

Monetary unit: RMB

Item	Year 2024											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
I. 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
Plus: changes in accounting policies												
Correction of accounting errors in prior year												

Item	Year 2024											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
Others												
II. Balance as at January 1, 2024	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
III. Increases/ decreases in 2024 ("-" for decreases)	8,029.00			-19,286.58	107,336.26		1,743,285.00			1,298,515,063.09		-1,296,675,699.41
(I) Total comprehensive income							1,743,285.00			-637,393,618.09		-635,650,333.09
(II) Capital contributed or reduced by owners	8,029.00			-19,286.58	107,336.26							96,078.68
1. Common stock contributed by owners												
2. Capital contributed by the holders of other equity instruments	8,029.00			-19,286.58	107,336.26							96,078.68
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution										-661,121,445.00		-661,121,445.00
1. Withdrawal of surplus reserves												
2. Profit distributed to owners or shareholders										-661,121,445.00		-661,121,445.00

Item	Year 2024											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
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 earnings												
5. Carry- forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												

Item	Year 2024											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stocks	Other comprehensive income	Special reserves	Surplus reserves	Retained earnings	Others	Total owners' equity
		Preferred stocks	Perpetual bonds	Others								
1. Amount withdrawn in 2024												
2. Amount used in 2024												
(VI) Others												
IV. Balance as at December 31, 2024	6,611,221,707.00			906,737,326.76	29,750,065,569.07		68,941,905.00		698,328,259.36	496,955,562.37		38,532,250,329.56

III. Company profile

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

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

As of December 31, 2025, the Company's total share capital is 66,112.303 million shares, registered capital is RMB66,112.303 million, registered address: No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province, headquarters address: No. 289 Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.

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

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

The financial statements were approved by the Board of Directors of the Company for disclosure on April 27, 2026.

IV. Basis for preparation of the financial statements

1 Basis of preparation

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 the Company's financial position of the Company as at December 31, 2025, and the consolidated and the parent company's operating results 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. Stock premium in the capital reserve should be adjusted according to the difference between the book value of net asset acquired from the combinations and that of consideration (or total face value of the shares issued) paid. In case the stock premium in the capital reserve is not enough, the retained earnings need to be adjusted.

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

Direct relevant expenses arising from the business combination are included in the current profit or loss upon occurrence. Trading expenses on issuing equity securities or debt securities for the business combination are included in the initially recognized amount of the equity securities or the debt securities.

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

Criteria for judging control

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

Procedures of 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 exceeds the balances arising from the shares enjoyed by the minority shareholder in the owners' equity of the subsidiary at the beginning of the period, 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, the Company has acquired the subsidiaries or business from the business combination not under common control, they are included in the consolidated financial statements based on the fair values of various identifiable assets, liabilities and contingent liabilities recognized 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. The equity of the acquiree held before the acquisition date involved other comprehensive income that can be reclassified into profit or loss later, and changes in other owners' equity under the equity method are converted into current investment income on the acquisition date.

(2) Disposal of subsidiaries

① General method of disposal

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

② Disposal of subsidiaries by stages

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

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

Where various transactions belong to a package deal, accounting treatment shall be made by the Company on the transactions as a transaction to dispose subsidiaries and lose the control; the difference between each disposal cost and net asset share in the subsidiaries corresponding to each disposal of investments before loss of the control should be recognized as other comprehensive income in the consolidated financial statements and should be transferred into the current profit or loss at the loss of the control.

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

(3) Purchase of minority interest of subsidiaries

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

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

The capital 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 capital premium is insufficient to offset, retained earnings will be adjusted.

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

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

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

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

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Revenues from sale of output enjoyed by it from the joint operation;
- (4) Revenues from sale of output from the joint operation based on its percentage; and
- (5) Separate costs and costs for the joint operation based on 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 financial statements

Foreign currency transactions

Foreign currency transactions will be translated at the spot exchange rate on the transaction date and be accounted for at RMB.

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

Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; owners' equity items, except for the item of "undistributed profits", are translated at the spot exchange rates on the dates when the transactions occur. The income and expenses items in income statements are translated at the spot exchange rate prevailing on the date when transactions occur.

When the Company disposes of an overseas business, the translation differences in foreign currency financial statement related to such overseas business shall be transferred in the current profit or loss from the owner's equity.

10. Financial instruments

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

Classification of financial instruments

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

Financial assets not designated to be measured at fair value through the current profit or loss in line with the following conditions will be reclassified into the financial assets measured at amortized cost:

- the business model is adopted for the purpose of obtaining the contractual cash flow;
- the contractual cash flows are only the payments for the principal and the interest based on the outstanding principal amount.

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 current profit or loss as the financial assets (debt instruments) measured at fair value through other comprehensive income:

- the purpose of the business model is to collect contractual cash flows and sell such financial assets;
- the contractual cash flows are only the payments for the principal and the interest based on the outstanding principal amount.

At the initial recognition, the Company irrevocably designates the non-trading equity instrument investments as financial assets (equity instruments) measured at fair value through the 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 management personnel 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 debt investments, which are initially measured at fair value; 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 under 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 debt investment, of which initial measurement is made at fair value, and relevant transaction costs are included in the initially recognized amount. The financial assets are subsequently measured at fair value. Changes in fair value, except for interest calculated with the effective interest method, impairment losses or gains and exchange gains and losses, shall be included in other comprehensive income.

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

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

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

When the financial assets are derecognized, the accumulated gains or losses previously included in other comprehensive income shall be transferred from other comprehensive income and included in 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 the financial assets held for trading, derivative financial assets and other non-current financial assets, etc., 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 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 financial liabilities are subsequently measured at fair value. Changes in fair value shall be included in the current profit or loss.

Difference between the fair value and the consideration paid is included in the current profit or loss upon derecognition.

(6) Financial liabilities measured at amortized cost

Financial liabilities measured at amortized costs include short-term borrowings, notes payable, 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 under 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 derecognition and transfer of financial assets

Where financial assets satisfy any of the following requirements, the Company shall derecognize them:

- The contractual right of collecting cash flows of the 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.

If the Company and the counterparty modify or renegotiate the contract and it constitutes a substantial amendment, the original financial asset shall be terminated and a new financial asset shall be recognized in accordance with the revised 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 shall not be derecognized.

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

The Company shall classify the transfer of the financial assets into the entire transfer and the partial transfer of financial assets. Where the entire transfer of a financial asset meets the derecognition criteria, the difference of the following two amounts will 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 fair value originally 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 partial transfer of a financial asset meets the derecognition criteria, the entire book value of the financial asset transferred shall be allocated between the derecognized part and the recognized part based on the relative fair value, and the difference between the following two amounts shall 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 a financial liability are dissolved in whole or in part, such financial liability or part thereof will be derecognized. Where the Company enters into an agreement with a creditor so as to substitute the existing financial liability with any new financial liability, and the new financial liability is substantially different from the existing one in terms of contractual terms, it shall derecognize the existing financial liability, and shall recognize new financial liability at the same time.

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

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 transferred out or new financial liabilities borne) shall be included in the current profit or loss.

Where the Company repurchases partial financial liability, the entire book value of such financial liability shall be split into the continuously-recognized part and derecognized part according to respective fair value on the repurchase date. The difference between the book value allocated to the derecognized part and the considerations paid (including non-cash assets surrendered or new financial liabilities assumed) shall be included in the current profit or loss.

Method of determining the fair value of financial assets and financial liabilities

The fair value of a financial instrument having an active market is determined on the basis of quoted prices 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 Group shall adopt the valuation technique that is applicable to the current circumstance and is supported by sufficient available data and other information to select the input values consistent with the assets or liabilities characteristics that are taken into account by market participants in transactions of relevant assets and liabilities, and shall give priority in use of observable input values. And the unobservable input values may be used only when the observable input values are unable or unpractical to be obtained.

Testing method and accounting treatment of depreciation of financial instruments

The Company performs accounting treatment of impairment for financial assets measured at amortized cost, financial assets (debt instruments) measured at fair value through other comprehensive income and financial guarantee contracts based on the expected credit loss.

By considering such reasonable and well-founded information as relevant matters in the past, current conditions and prediction of future economic conditions, the Company calculates the probability weighted amount, weighted by default risk, of the present value of the difference between the cash flows receivable under the contract and the cash flows expected to be received, to determine the expected credit loss.

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

For lease receivables from transactions regulated by the *Accounting Standards for Business Enterprises No. 21 - Lease*, the Company always makes the provision for loss at the amount equivalent to the lifetime expected credit loss.

For other financial instruments, the Company assesses the change in the credit risk of the relevant financial instruments since initial recognition on each balance sheet date.

By comparing the default risk in financial instruments on the balance sheet date with the default risk in financial instruments on the initial recognition date, the Company determines the relative change in default risk in financial instruments during the estimated duration to assess whether the credit risk of financial instruments has greatly increased following the initial recognition of such financial instruments. Generally, the Company believes that the credit risk of the financial instrument has significantly increased over 30 days after the due date, unless there is solid evidence that the credit risk of the financial instrument has not increased significantly since initial recognition.

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 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 expected credit loss over the entire duration 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 expected credit loss within 12 months in the future 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. For financial assets (debt instruments) measured at fair value through other comprehensive income, the Company recognizes its loss provision in other comprehensive income, and includes the impairment loss or gain into the current profit or loss, without deduction of book value of such financial assets listed in the balance sheet.

If there is objective evidence that any receivables have credit impairment, the Company shall make provision for loss of the receivables on a single basis.

Except for the accounts receivable with provision for bad debt made on an individual basis, the Company divides other financial instruments into several portfolios according to the credit risk characteristics, and determines the expected credit loss on the portfolio basis. The Company's portfolio type and determination basis of the provision for expected credit losses on notes receivable, accounts receivable, receivables financing, other receivables, contract assets and long-term receivables, etc. are as follows:

(1) 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 portfolio	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, the expected credit loss is calculated based on the default risk exposure and the 12-month or lifetime expected credit loss ratio.
Portfolio of related parties	Related party	
Portfolio of government receivables	Non-operating receivables from government agencies and tax refund receivables during the credit period Portfolio of offshore company	

	trade payments Nature of payment	
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(2) 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	Receivables from central government customers during the credit period	
Portfolio of trade payment of overseas companies	Nature of payment	

②Accounts 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

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.

11. Inventory

Classification and cost of inventories

Inventory can be classified into goods in transit, raw materials, finished goods, work in progress, goods dispatched, consigned processing materials, etc.

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

Measurement method of inventories dispatched

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

Inventory system

Perpetual inventory system is adopted.

Amortization method for low-cost consumables and packaging materials

(1) Low-cost consumables: Lump-sum amortization method;

(2) One-off write-off method is adopted for packaging materials.

Determination basis and provision method of inventory depreciation reserves

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 net realizable values, the provision for inventory depreciation should be made. The 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.

Net realizable values of merchandise inventories held directly for sale, such as finished goods, stock commodities and available-for-sale materials, are measured at the estimated selling prices less estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of material inventories which need further processing are measured at the estimated selling prices less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges in the normal production process. Net realizable values of inventories held for the purpose of fulfillment of sales contracts or service contracts are calculated on the basis of the contract prices; if the quantity of inventories held exceeds that stated in the contract, the net realizable values of the excessive part are calculated on the basis of normal selling prices.

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 shall be reversed from the amount of provision for inventory depreciation originally made, and the reversed amount shall be included in the current profit or loss.

12. Contract assets

Recognition method and standards for contract assets

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The right of the Company to the charge of consideration via goods transfer or service rendering to the customer (and the right depends on other factors except for the time lapses) shall be presented as contract assets. The contract assets and contract liabilities under the same contract are presented by their net amounts. The Company presents as its receivables its right to receive consideration from customers unconditionally (only depending on the time lapses).

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.

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 can be done only upon the approval of relevant authorities or regulatory authorities of the Company as required by relevant provisions, the approval has been obtained.

For any non-current assets (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 asset impairment held for sale is made.

Discontinued operation

Discontinued operations refer to the component that meets any of the following conditions, can be separately distinguished and has been disposed by the Company or classified as held for sale by the Company:

- (1) the component represents an independent major business or a sole major business area;
- (2) the component is a part of 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 listed respectively 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 shall be an associate of the Company.

Determination of initial investment cost

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

For long-term equity investments in subsidiaries acquired from business combinations under common control, the initial investment cost thereof shall be recognized at the share of book value of the owner's equity of the combinee in the consolidated financial statements of the ultimate controller on the acquisition date. The share premium in the capital reserve is adjusted according to the difference between the initial investment cost of long-term equity investment and the book value of the consideration paid; if there is no sufficient share premium in the capital reserve for write-downs, the retained earnings are 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 capital premium. If the capital 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 investment 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 gains and losses

(1) Long-term equity investments 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 investments accounted for under equity method

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

identifiable assets in the investee when the investment is made, the difference will be included in the current profit or loss, meanwhile the costs of long-term equity investments will be adjusted.

The Company 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.

When recognizing the share of the investee's net profit or loss, other comprehensive income and changes in other owners' equity that the Company shall enjoy, based on fair value of various identifiable assets and others of the investee on acquisition and according to accounting policies and accounting periods of the Company, the Company shall recognize such share after making adjustments to the investee's net profit and other comprehensive income.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit or loss on investments on such basis except that the assets invested or sold constitute business. Where the losses from internal transactions that are not realized between the Company and the investee fall into the scope of losses from asset impairment, the full amount of such losses shall be recognized.

The Company's net loss incurred by a joint venture or an associate, except for the obligation to assume additional losses, is limited to a write-down to zero of the book value of the long-term equity investments and other long-term interests that substantially constitute a net investment in the joint venture or associate. Where any joint venture or associate realize net profit in the future, the Company shall 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 purchase price is 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 should be made by the equity method, and an adjustment should be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained should be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method should be carried forward to the current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets should be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same should be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained should be carried forward in full.

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment should be made by taking each transaction as the transaction where the subsidiaries' equity investments are disposed and the corresponding control is lost; before the loss of control, the difference between the disposal price and the book value of the long-term equity

investment corresponding to the equity disposed should be firstly recognized as other comprehensive income in the individual financial statements, and at the loss of control, all transferred to the profit or loss for the period when the control is lost. Where the aforesaid disposal does not belong to a package deal, the accounting treatment should be made respectively for each transaction.

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 Company and its cost can be measured reliably, should be recorded in the cost of investment properties; otherwise, they should be recorded into the current profit or loss when occur.

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

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

16. Fixed assets

Recognition and initial measurement of fixed assets

Fixed assets refer to the tangible assets held for the purpose of producing commodities, rendering services, renting or business management with useful lives exceeding one accounting year. Fixed assets are recognized when they simultaneously meet the following conditions:

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

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

The subsequent expense relating to fixed assets are included in the costs of fixed assets when relevant economic benefits are likely to flow in the Company and their costs can be measured reliably; as for the part replaced, the book value thereof is derecognized; all other subsequent expenses are included in the current profit or loss when they occur.

Depreciation method

Depreciation of the Company's fixed assets is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For 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.

The depreciation method, depreciation life, residual value rate and annual depreciation rate of fixed assets are as follows:

Category	Depreciation method	Depreciation life (year)	Residual value 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

Category	Depreciation method	Depreciation life (year)	Residual value rate (%)	Annual depreciation rate (%)
Transportation equipment	Straight-line method	5~14	3~5	6.79~19.40
Office equipment and other equipment	Straight-line method	2~20	0.3~5.65	4.75~50.00

Disposal of fixed assets

When fixed assets are disposed of or are expected to fail to generate economic benefits after the use or disposal, the fixed assets shall be derecognized. The difference between the revenue from the sales, transfer, scrapping or damage of fixed assets and the sum of the book value of the fixed assets and relevant taxes and surcharges should be included in the current profit or loss.

17 Construction in process

According to the costs actually incurred, the Company measures its construction in progress. 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 disbursements, 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 their intended use or sale status.

Period of suspension for capitalization

If the acquisition and 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 their intended use or sale status, 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 asset restarts.

Calculation method of capitalization rate and capitalization amount of borrowing costs

As for special borrowings borrowed for acquiring and constructing or producing assets eligible for capitalization, borrowing costs of special borrowing actually incurred in the current period less the interest income of the

borrowings unused and deposited in bank or return on temporary investment should be recognized as the capitalization amount of borrowing costs.

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

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

19 Intangible assets

Measurement method for intangible assets

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

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

(2) Subsequent measurement

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

For intangible assets with definite useful lives, the Company makes the amortization thereof within the period during which they can bring economic benefits to the Company; if such period cannot be forecast, those intangible assets will be taken as intangible assets with indefinite useful lives and not be amortized.

Estimate of useful lives of intangible assets with definite useful lives

Item	Estimated useful life (year)	Basis
Land use right and sea area use right	36~50	Duration indicated on the certificate
Software	2~10	Benefit period
Patent use right	20	Benefit period
Others	10	Benefit period

Determination basis and procedure for review of useful life for intangible assets with indefinite useful life

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

The useful 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

(1) Personnel and manpower expenses

Personnel labor costs include wages and salaries of the Company's R&D personnel, basic pension insurance, basic medical insurance, unemployment insurance, work injury insurance, maternity insurance, and housing provident fund, as well as labor costs for externally hired R&D personnel.

For R&D personnel serving multiple research and development projects, labor costs are recognized based on the time records provided by the Company's management department and allocated proportionally among different research and development projects.

For personnel directly engaged in R&D activities and externally hired R&D personnel also engaged in non-R&D activities, the Company allocates their actual personnel labor costs between R&D expenses and production and operation expenses based on reasonable methods such as the proportion of actual working hours in different positions.

(2) Direct investment expenses

Direct input costs refer to the actual expenses incurred by the Company for implementing research and development activities. Including: 1) costs of directly consumed materials, fuel, and power; 2) costs for mold, process equipment development and manufacturing for intermediate tests and product trials, purchase costs for samples, prototypes, and general testing methods that do not constitute fixed assets, and inspection costs for trial products; 3) expenses for the operation, maintenance, adjustment, inspection, testing, and repair of instruments and equipment used in research and development activities.

(3) Depreciation expenses and long-term deferred expenses

Depreciation expenses refer to the depreciation costs of instruments, equipment, and buildings used in research and development activities.

For instruments, equipment, and buildings used in both R&D and non-R&D activities, necessary records of their usage should be kept, and the actual depreciation expenses should be allocated between R&D expenses and production and operation expenses using reasonable methods based on actual working hours and usage area.

Long-term deferred expenses refer to expenses incurred during the renovation, modification, decoration, and repair of R&D facilities, which are collected based on actual expenditures and amortized evenly over the specified period.

(4) Amortization expenses of intangible assets

Amortization expenses of intangible assets refer to the amortization costs of software, Intellectual Property, non-patented technology (proprietary technology, licenses, designs, and calculation methods, etc.) used in research and development activities.

(5) Design expenses

Design expenses refer to costs incurred for the conception, development, and manufacturing of new products and processes, including design activities related to process, technical specifications, procedure formulation, and operational characteristics, as well as expenses related to creative design activities for innovative, creative, and breakthrough products.

(6) Equipment debugging expenses and testing expenses

Equipment debugging costs refer to expenses incurred during the tooling preparation process for research and development activities, including the development of special and dedicated production machines, changes to production and quality control procedures, or the formulation of new methods and standards.

Routine tooling preparation and industrial engineering costs for large-scale mass production and commercialization are not included in the collection scope.

Testing costs include clinical trial fees for new drug development, field testing fees for exploration and development technologies, and field trial fees.

(7) Outsourced research and development costs

Outsourced research and development costs refer to expenses incurred by the Company for commissioning domestic or foreign institutions or individuals to conduct research and development activities (the results of the research and development activities are owned by the Company and are closely related to the Company's main business operations).

(8) Other costs

Other costs refer to expenses directly related to research and development activities other than the aforementioned costs, including technical book and material fees, translation fees, expert consultation fees, high-tech R&D insurance fees, fees for retrieval, demonstration, review, appraisal, and acceptance of R&D results, application fees, registration fees, and agency fees for Intellectual Property, as well as meeting fees, travel expenses, and communication fees.

Specific criteria for classifying research and development stages

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

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 the capitalization of expenditures during the development stage

The expenditures in research phase will be included in the current profit or loss on occurrence. Expenditures in the development phase will be recognized as intangible assets only when the following conditions are simultaneously satisfied, and included in the current profit or loss if the following conditions are not satisfied:

- (1) In respect of the technology, it is feasible to finish the intangible asset for use or sale;
- (2) It is intended to finish and use or sell the intangible assets;
- (3) The ways how the intangible assets generate economic benefits include the way where it is able to prove that the products made by using the intangible assets exist a market or that the intangible assets themselves have the market, and the way where the serviceability of the intangible assets can be proved in case they are used internally;
- (4) It is able to finish the development of the intangible assets and to use or sell the same with the support of sufficient technologies, financial resources and other resources; and
- (5) The expenditure attributable to the intangible assets during its development phase can be measured reliably.

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

20 Long-term asset 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 an 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 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.

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 shall be presented at net amount.

23 Employee compensation

Accounting treatment of short-term compensation

During the accounting period of an employee' providing services, the Company recognizes the short-term compensation actually incurred as liabilities and includes them in the current profit or loss or the related asset costs.

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 assets-related cost 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 Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in current profit or loss or costs associated with assets. In addition, the Company also participates in the enterprise annuity plans/supplementary pension funds approved by the relevant state authorities. 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.

The deficit or surplus arising from the balance of the present value of the obligations of the defined benefit plans net of the fair value of assets thereof is recognized as a net liability or net asset of 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 plan 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 asset costs; 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 retained earnings.

For the settlement of the defined benefit plan, the balance between the present value and the settlement price in regard to the defined benefit plan confirmed on the settlement date is recognized and settled as gains or losses.

Accounting treatment of dismissal benefits

Where the Company provides dismissal benefits to employees, employee compensation incurred from dismissal benefits are recognized as liabilities and recorded 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 related to restructuring concerning payment of dismissal benefits.

24. Provisions

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as Provisions 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 the 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 the contingency involves a single item, the best estimate shall be determined at the most likely outcome; or
- If the contingency involves multiple items, the best estimate shall be recognized at the various possible outcomes and the associated probabilities.

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

On the balance sheet date, the Company will reexamine the book value of the estimated liabilities. If there is conclusive evidence that the best estimate cannot be reflected truthfully, the Company will make corresponding adjustments to the book value according to the current best estimate.

25. Share-based payment

The Company's share-based payments are transactions in which the Company grants equity instruments or undertakes equity-instrument-based liabilities in return for services from employees [or other parties]. The Company's share-based payments include equity-settled share-based payments and cash-settled share-based payments.

Equity-settled share-based payment and equity instruments

The equity-settled share-based payment in return for employee services shall be measured at the fair value of the equity instruments granted to the employees. As for share-based payment transaction that can be exercised immediately after the grant, it should be included in the relevant costs or expenses at the fair value of the equity instrument on the date of grant. The capital reserves should be increased accordingly. As for the share-based payment transaction whose right may not be exercised after the grant until the waiting period comes to an end or until the specified performance conditions are met, then the services obtained in the current period shall be included in the relevant costs or expenses based on the best estimate of the equity instruments with exercisable rights on each balance sheet date within the waiting period and according to the fair value on the grant date.

If the terms of the equity-settled share-based payments were modified, the services received should be recognized at least in accordance with the unmodified terms. Moreover, the modification of fair value of equity instruments granted from any increase, or beneficial changes to the employee on the modification date should be recognized as increases in services obtained.

If the Company cancelled equity instruments granted during the waiting period, it shall treat such cancellation as acceleration of the exercisable rights and shall immediately include the amount that should be recognized during the remaining waiting period in the current profit and loss. Capital reserves should be also recognized. However, if new equity instruments are granted, which are recognized as the replacement of the canceled equity instrument on the grant date, the granted equity instrument for replacement shall be handled in the same way with the disposal of revision of provisions on the original equity instrument and conditions.

Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liabilities calculated and confirmed based on shares or other equity instruments undertaken by the Company. The Company includes the share-based payment for which relevant right can be exercised subsequent to the grant of equity instruments in relevant costs or expenses on the grant date at the fair value of the liability it assumes, and increase liabilities accordingly. For the share-based payment for which relevant right can be exercised after the grant of equity instruments only when the services during the waiting period are completed or the specified performance conditions are met, on each balance sheet date within the waiting period, the Company, based on the best estimate on the situation of exercising relevant right, includes the services acquired during that period in relevant costs or expenses and in liabilities according, at the fair value of the liability the Company assumes. On each balance sheet date and settlement date prior to the settlement of relevant liabilities, the fair value of liability should be remeasured through the current profit or loss.

The Company modifies a cash-settled share-based payment to an equity-settled share-based payment clarifies that, if an enterprise modifies the terms and conditions in a cash-settled share-based payment agreement to make it an equity-settled share-based payment, on the date of modification (whether it occurs during the waiting period or after the end of the period), it should measure the equity-settled share-based payment at the fair value of the equity instrument granted on the date of modification, with the acquired services recorded in capital reserves and the liability recognized for cash-settled share-based payments on the date of modification derecognized, and include the difference between the two in the current profit or loss. If the waiting period is extended or shortened due to the modification, the Company conducts the accounting treatment for the modified waiting period.

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 income 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 Company 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 can control the commodities under construction during the Company's performance.
- The commodities produced by the Company during the performance of the contract have irreplaceable uses, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

For performance obligations 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 income based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes income based on the amount of commissions or handling fees to which it expects to be entitled.

Recognition and measurement methods for disclosure of specific revenue by business type

(1) Sales of petrochemical and chemical new material products

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) Sales of electricity and thermal energy

Electricity and thermal energy services have been provided, and the realization of sales income is confirmed.

(3) Real estate leasing business

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.

(4) Revenue from rendering of services

The service contracts between the Company and customers mainly include engineering design and supervision obligations. Since the goods produced during the Company's performance have irreplaceable uses and the Company has the right to collect payments for the completed performance over the entire contract period, the Company considers it as a performance obligation fulfilled over a period of time, recognizing income based on the progress of performance, except when the progress cannot be reasonably determined. When the performance progress cannot be reasonably determined, if the cost incurred by the Company can be expected to be compensated, the revenue shall be recognized according to the amount of the cost incurred until the performance progress can be reasonably determined.

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.
- The costs increase the resource which will be used by the Company for obligation performance.

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

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

- (1) The remaining consideration expected to be obtained 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; if 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) When the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.
- (2) Where the finance department directly appropriates the discount funds to the Company, the Company will use the corresponding interest discount to offset related borrowing costs.

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 from the business combination or transactions or matters directly recognized in the owners' equity (including other comprehensive income), and the Company will record the current income tax and deferred income tax into the current profit or loss.

The deferred income tax assets and deferred income tax liabilities are calculated and recognized based on the differences (temporary differences) between the tax bases of assets and liabilities and the book values of the same.

Deferred income tax assets are recognized for deductible temporary differences to the extent that it shall not exceed the taxable income probably obtained in future period to be against the deductible temporary difference. For deductible losses and tax credits that can be carried forward to subsequent periods, deferred tax assets arising therefrom are recognized to the extent that future taxable income will be probable to be available against deductible losses and tax credits.

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

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

- Initial recognition of goodwill;
- Transaction or event that it is not a business combination, and it affects neither accounting profit nor taxable income (or deductible loss), and the initially recognized assets and liabilities do not result in transactions or events that give rise to equal taxable temporary differences and deductible temporary differences.

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For deductible temporary differences arising from investments in associates and joint ventures, when the temporary difference will reverse in the foreseeable future and taxable profit will be available against which the deductible temporary differences can be used, the deferred tax asset will be recognized.

On the balance sheet date, the Company measures the deferred income tax assets and deferred income tax liabilities at the tax rate as specified in the tax law and applicable to the period where such assets will be recovered or the liabilities will be discharged.

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 against the benefit of deferred tax assets, the book value of deferred tax assets shall be written down. When it is likely to obtain sufficient taxable income, the write-down amount shall be reversed.

If the Company has the legal right to settle in net amounts and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current income tax assets and current income tax liabilities of the Company shall be presented based on 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 rights to settle income tax assets and income tax liabilities for the current period with net amount;
- 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.

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 contract commencement date, the Company recognizes the leases other than short-term leases and leases of low-value assets 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 of the Company;

The costs incurred of the Company for demolishing and removing leased assets, restoring the site where the leased assets are located, or restoring the leased assets to the state agreed in the lease term, excluding the costs incurred for the production of inventories.

The Company subsequently makes the provision for depreciation of right-of-use assets under the straight-line method. Where the Group can reasonably confirm that the ownership of the leased assets can be obtained at the expiration of the lease term, the provision for depreciation of right-of-use assets should be made over the remaining useful life for the leased assets; otherwise, such provision should be made over the lease term or the remaining useful life for the leased assets, whichever is shorter.

The Company 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

As at the beginning of the lease period, the Company recognizes the leases other than short-term leases and leases of low-value assets as lease liabilities. Lease liabilities are initially measured at the present value of the lease payments that have not been paid. Lease payments include:

For fixed payments (including substantial fixed payments), if there is any lease incentive, the relevant amount of the lease incentive shall be deducted;

variable lease payments depending on the index or ratio;

Payments expected to be payable based on the residual value of the guarantee provided by the Company;

The exercise price of purchase option, provided that the Hotel 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 lease commencement date, in case of the following situations, the Company will remeasure the lease liabilities and adjust the corresponding right-of-use assets. If the book value of right-of-use assets has been reduced to zero, but the lease liabilities still need to be reduced, the Company will include the difference in the current profit or loss:

If the Company’s assessment result of call option, renewal option or lease termination option changes, or the actual execution situation of the aforesaid option is inconsistent with the original assessment result, the Company will remeasure the lease liabilities at the present value calculated based on the lease payment after the change at the revised discount rate;

When there is a change in the substantive fixed payment amount, a change in the amount expected to be payable for the guaranteed residual value, or a change in the index or rate used to determine the lease payment amount, the Company remeasures lease liabilities based on the lease payments after change and the present value calculated at original discount rate. However, if the changes in lease payments result from changes in floating interest rates, the present value is calculated 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 leases refer to the leases that do not exceed 12 months on the commencement date of the lease term and do not include any purchase option. Low-value asset 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 change as an individual lease for accounting treatment:

Such lease change has expanded the lease scope by adding one or more rights to the use of leased assets;

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

Where the lease change is taken as an individual lease for accounting treatment, on the effective date of lease change, the Company re-amortizes the contract consideration after change, re-determines the lease term, and remeasures the lease liabilities based on the present value calculated based on the changed lease payment at the revised discount rate.

If the lease 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 change causes the remeasurement of lease liabilities, the Company will adjust the book value of right-of-use assets 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 financing lease, regardless of whether the ownership is ultimately transferred. The operating lease refers to other leases 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 lease

The lease receipt from operating lease is recognized as the rent revenue by the straight-line method during each periods within the lease term. 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. Variable lease payments not included in the lease receipt are recognized in the current profit or loss when they are actually incurred. 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 leases

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 unguaranteed 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.

Variable lease payment not included in the net lease investment for measurement is included in the current profit or loss when it is actually incurred.

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;

The increase in 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.

After the lease commencement date, the subsequent measurement of the right-of-use assets and lease liabilities and the lease changes are detailed in "V. 30 Leases The Company as the lessee". In its subsequent measurement of a lease liability arising from a sale-leaseback transaction, the lease payments or changed lease payments shall not be determined in a manner that would result in the lessee recognizing a profit or loss related to the right to use the land acquired under the leaseback.

If the asset transfer in the sale-and-leaseback transaction does not belong to the sale, the Company, as the lessee, continues to confirm the transferred assets and recognizes a financial liability equivalent to the transfer income. Please refer to Note V. 10. financial instruments for the accounting treatment for financial liabilities.

(2) As the lessor

If the assets transfer under leaseback belongs to sales, the Company, as the lessor, will carry out the accounting treatment for assets purchase, and make the accounting treatment for assets lease-out according to "The Company acts as the lessor" mentioned above; if the assets transfer under leaseback does not belong to sales, the Company, as the lessor, will not recognize the transferred assets, but will recognize a financial asset equal to the transfer revenue at the same time. Please refer to Note 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) A "hedging of net investment in an overseas operation" refers to a hedging of the foreign exchange risk arising from net investment in an overseas operation. Net investment in an overseas operation refer to the equity proportion of an enterprise in net assets in an overseas operation.

Designation of hedging relationship and recognition of hedging effectiveness:

At the commencement of the 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 hedging effectiveness, and ensures that whether the hedging meets the requirement for effectiveness by use of the hedging accounting during the accounting period designated as to the hedging relationship. If it doesn't meet the requirement, the hedging relationship will be terminated.

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 hedges:

Changes in fair value of the hedging derivative shall be included in the current profit or loss. Changes in fair value of the hedged item attributable to hedged risk shall be included in the current profit or loss, and book value of the hedged item shall be adjusted simultaneously.

For fair value hedges related to financial instruments measured at the amortized cost, an adjustment made to the book value of the hedged item should be amortized during the remaining period from the adjustment date to the maturity date and should be recorded in the current profit or loss. Amortization pursuant to effective interest method can be conducted hereupon after the adjustment of book value, but shall not be later than the date, when the hedged item terminates adjustment on changes in fair value due to hedging risks.

If the hedged item is derecognized, the unamortized fair value should be recognized as the current profit or loss.

If the 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 included in the current profit or loss. Changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

(2) Cash flow hedges

The portion of profit or loss on the hedging instrument attributable to the effective hedge shall be directly recognized as other comprehensive income, which attributable to the ineffective hedge shall be recorded in the current profit or loss.

Where the hedged transaction affects current profit or loss, the amount recognized in other comprehensive income shall be transferred in the current profit or loss, if recognition of hedged financial revenue or financial expenses or anticipated sales occurs. If the hedged item is the cost of a non-financial asset or non-financial liability, then the amount previously recognized in other comprehensive income should be transferred into the initially recognized amount of the non-financial asset or the non-financial liability (or then the amount previously recognized in other comprehensive income should be transferred in the same period when the non-financial asset or the non-financial liability affects profit or loss and should be included in the current profit or loss).

If the forecast transaction or definite undertaking is not expected to occur, the gains or losses of the hedging instrument included in other comprehensive income will be transferred out and included in the current profit or loss. If the hedging instrument has matured or been sold, or the contract is terminated or has been exercised (or not replaced or renewed), or the Company revokes the designation of the hedge relationship, amounts previously recognized in other comprehensive income shall not be transferred out until the forecast transaction or definite undertaking affects the current profit or loss.

(3) Hedging of net investment in an overseas operation

A hedge of net investment in an overseas operation includes the hedge of a monetary item as a part of net investment and shall be treated according to the provisions similar to cash flow hedging. The portion of profit or

loss on the hedging instrument attributable to the effective hedge shall be recognized as other comprehensive income, which attributable to the ineffective hedge shall be recorded in the current profit or loss. When overseas operation is disposed, any accumulated profit or loss recognized in other comprehensive income shall be transferred out and included in the current profit or loss.

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 similar economic characteristics, meeting certain conditions, they can be combined into one operating segment.

33. Determining method and selecting basis of importance criterion

Applicable Not Applicable

Item	Importance criterion
Significant construction in progress	The Company identifies a construction in progress as significant if its budget exceeds 0.5% of total assets or if the Company considers it important.
Significant accounts payable with the aging over 1 year	The Company identifies accounts payable as significant if a single amount exceeds 5% of accounts payable or exceeds RMB100 million.
Significant other payables with the aging over 1 year	The Company identifies other payables as significant if a single amount exceeds 5% of other payables or exceeds RMB100 million.
Significant contract liabilities with the aging over 1 year	The Company identifies contract liabilities as significant if a single amount exceeds 1% of total liabilities.
Significant non-wholly-owned subsidiaries	The Company identifies a subsidiary as a significant non-wholly owned subsidiary if its total assets exceed 3% of the Company's total assets.
Major associates	The Company identifies an associate as a significant associate if its book value of investment exceeds 0.5% of the Company's total assets.
Important commitments	The Company identifies a commitment or other matters as significant if a single amount exceeds 3% of total assets or has a significant impact on investor decisions.
Significant contingencies	The Company identifies contingent matters or other matters that significantly affect investors' decisions or with a single amount exceeding 3% of total assets, as important contingent matters.
Significant post balance sheet events	The Company identifies post-balance sheet profit distribution and other matters that significantly affect investors' decisions as important post-balance sheet matters.

34. Changes in significant accounting policies and accounting estimates

(1) Changes in significant accounting policies

Applicable Not Applicable

Implement the Provisions on the Accounting Treatment related to Standard Warehouse Receipt Transactions as Stipulated in the *Q&A on the Implementation of Financial Instruments Standards*

On July 8, 2025, the Ministry of Finance issued the Q&A on the Implementation of Accounting Treatment Relating to Standard Warehouse Receipt Transactions, which clearly stipulates that in accordance with the Accounting Standards for Financial Instruments: Recognition and Measurement, where an enterprise, through a futures exchange, frequently enters into contracts to buy and sell standard warehouse receipts for the purpose of earning price differentials without taking physical delivery of the corresponding commodities under the standard warehouse receipts, this usually indicates that the enterprise has a practice of reselling the contract subject matter

shortly after receipt to profit from short-term price fluctuations. The enterprise shall treat the contracts for the purchase and sale of standard warehouse receipts it enters into as financial instruments and account for them in accordance with the Accounting Standards for Financial Instruments: Recognition and Measurement. Where an enterprise obtains standard warehouse receipts under the aforementioned contracts and sells them within a short period of time, it shall not recognize sales revenue; instead, the difference between the consideration received and the carrying amount of the standard warehouse receipts sold shall be recorded in investment income. At the end of the reporting period, for any standard warehouse receipts held by the enterprise that have not yet been sold, they shall be presented as other current assets. For standard warehouse receipts obtained under the aforementioned contract terms, if accounting mismatches can be eliminated or significantly reduced, the enterprise may choose to measure them at fair value with changes included in the current profit or loss at initial recognition, and consistently apply this choice to all standard warehouse receipts meeting the selection criteria. For standard warehouse receipts that were chosen to be measured at fair value with changes included in the current profit or loss at initial recognition, the enterprise may not revoke this choice during subsequent periods.

In accordance with the requirements of the *Notice on Strictly Implementing Accounting Standards for Business Enterprises and Effectively Preparing 2025 Annual Reports* (CK [2025] No. 33), where an enterprise adjusts its accounting treatment methods due to the implementation of the aforementioned provisions on standard warehouse receipts, it shall adjust the comparable period information in its financial statements. The implementation of the Provisions does not have significant impacts on the Company's financial position and operating results.

(2) Changes in significant accounting estimates

Applicable Not Applicable

(3) Adjustments to items related to financial statements at the beginning of the year of first implementation of new accounting standards from 2025

Applicable Not Applicable

VI. Taxation

1. Main taxes and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax	Value-added tax payable shall be the difference obtained by the output taxes calculated based on the revenue from the sale of goods and taxable services as computed by tax laws less the input taxes allowed to be deducted for the current period	According to <i>the Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Relevant Policies for Deepening Value-Added Tax Reform</i> (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No. 39), from April 1, 2019, the VAT rates are divided into five categories, namely, 3%, 5%, 6%, 9% and 13%.
Consumption tax	Taxable sales amount	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 based on the VAT and consumption tax actually 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:

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 Fiber Co., Ltd.	15%
Jiangsu Zhonglu Technology Development Co., Ltd.	15%
Suzhou Suzhen Biological Engineering Co., Ltd.	15%
Jiangsu Shenghong Fiber Testing Co., Ltd.	25%
Jiangsu Ganghong Fiber Co., Ltd.	15%
Jiangsu Shenghong Technology and Trade Co., Ltd.	25%
Jiangsu Rekong Technology 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 Technology Co., Ltd.	15%
Guowang High-tech Fibre (Suqian) Co., Ltd.	15%
Honghai New Materials (Suqian) Co., Ltd.	25%
Hongbang New Materials (Suqian) Co., Ltd.	25%
Siyang Yiyang Environmental Energy Co., Ltd.	25%
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	25%
Jiangsu New Vision Inspection and Certification Co., Ltd.	20%
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	25%
Shenghong (Shanghai) Polyester Material Co., Ltd.	25%
Jiangsu Honggang Petrochemical Co., Ltd.	25%
Jiangsu Shenghong Petrochemical Centralized Procurement Co., Ltd.	25%
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	25%
Shenghong Petrochemical (Hainan) Co., Ltd.	20%
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
Jiangsu Shenghong Petrochemical Sales Co., Ltd.	25%
Jiangsu Shengjing New Materials Co., Ltd.	25%
Jiangsu Hongwei Chemical Co., Ltd.	25%
Lianyungang Hongke New Materials Co., Ltd.	25%

Taxpayer	Income tax rate
Jiangsu Sierbang Petrochemical Co., Ltd.	15%
Lianyungang Shunmeng Trading Co., Ltd.	25%
Jiangsu Hongjing New Materials Co., Ltd.	15%
Lianyungang Guanghong Industrial Co., Ltd.	25%
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	25%
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	15%
Lianyungang Xinrongtai Terminal Co., Ltd.	25%
Lianyungang Hongyang Port Storage and Transportation Co., Ltd.	25%
Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	15%
Lianyungang Fanghong 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%
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 Petrochemical Group Shanghai New Materials Co., Ltd.	25%
Suzhou Shengze Market Management Co., Ltd.	25%

2 Tax preference

(1) Jiangsu Guowang High-tech Fiber Co., Ltd.

On November 6, 2023, Jiangsu Guowang High-tech Fiber Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202332001197, valid for three years), approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2023 to 2025, it shall be entitled to income tax reduction at the rate of 15%.

(2) Jiangsu Zhonglu Technology Development Co., Ltd.

On November 18, 2025, Jiangsu Zhonglu Technology Development Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202332001197, valid for three years), approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2025 to 2027, it shall be entitled to income tax reduction at the rate of 15%.

(3) Suzhou Shenghong Fiber Co., Ltd.

On November 19, 2024, Suzhou Shenghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202432005620, valid for three years), approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2024 to 2026, it shall be entitled to income tax reduction at the rate of 15%.

(4) Suzhou Suzhen Bioengineering Co., Ltd.

On December 19, 2025, Suzhou Suzhen Biological Engineering Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202532015879, valid for three years), approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2025 to 2027, it shall be entitled to income tax reduction at the rate of 15%.

(5) Jiangsu Ganghong Fiber Co., Ltd.

On November 19, 2024, Jiangsu Ganghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202432005990, valid for three years) approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2024 to 2026, it shall be entitled to income tax reduction at the rate of 15%.

(6) Jiangsu Reborn Technology Co., Ltd.

On November 19, 2024, Jiangsu Reborn Technology Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202432007048, valid for three years) approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2024 to 2026, it shall be entitled to income tax reduction at the rate of 15%.

(7) Guowang High-tech Fibre (Suqian) Co., Ltd.

On November 19, 2024, Guowang High-tech Fibre (Suqian) Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202432004339, valid for three years) approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2024 to 2026, it shall be entitled to income tax reduction at the rate of 15%.

(8) Jiangsu Sierbang Petrochemical Co., Ltd.

On November 19, 2024, Jiangsu Sierbang Petrochemical Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202432003787, valid for three years) approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2024 to 2026, it shall be entitled to income tax reduction at the rate of 15%.

(9) Shenghong Refining & Chemical (Lianyungang) Co., Ltd.

On December 24, 2024, Shenghong Refining & Chemical (Lianyungang) Co., Ltd. can enjoy preferential income tax rates from 2024 to 2026 based on the High-Tech Enterprise Certificate (Certificate No. GR202432017492, valid for three years) issued by Department of Finance of Jiangsu Province, Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. Due to the Company's previous years' unutilized losses, Shenghong Refining & Chemical chose not to enjoy tax incentives when filling out the 2025 corporate income tax return and continued to pay corporate income tax at a rate of 25%.

(10) Jiangsu Honggang Petrochemical Co., Ltd.

Jiangsu Honggang Petrochemical Co., Ltd. can enjoy preferential income tax rates from 2025 to 2027 based on the High-Tech Enterprise Certificate (Certificate No. GR202532003276, valid for three years) issued by Department of Finance of Jiangsu Province, Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration on November 18, 2025. Due to the Company's accumulated unutilized losses, Honggang Petrochemical chose not to enjoy income tax incentives when filling out the 2025 corporate income tax return and continued to pay corporate income tax at a rate of 25%.

(11) Jiangsu Hongwei Chemical Co., Ltd.

Jiangsu Hongwei Chemical Co., Ltd. can enjoy a preferential tax rate on income tax from 2025 to 2027 according to the High-tech Enterprise Certificate (Certificate No. GR202532008458, valid for three years) issued by Department of Finance of Jiangsu Province, Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration on December 19, 2025. Due to the Company's

accumulated unrecovered losses, Hongwei Chemical chose not to enjoy the income tax preference when filling out the 2025 annual corporate income tax return, and still paid corporate income tax at a rate of 25%.

(12) Jiangsu Hongjing New Materials Co., Ltd.

On December 19, 2025, Jiangsu Hongjing New Materials Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202532009620, valid for three years) approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2025 to 2027, it shall be entitled to income tax reduction at the rate of 15%.

(13) 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 & 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 & Chemical (Lianyungang) Port Storage and Transportation Co., Ltd. obtained its first production and operation income in 2021, and was exempted from corporate income tax related to the above preferential projects in 2021, 2022, and 2023, and will be taxed at half the rate for corporate income tax related to the above preferential projects in 2024, 2025, and 2026.

(14) Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.

On December 26, 2025, Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202521001016, valid for three years) approved by the Department of Finance of Liaoning Province, the Liaoning Provincial Department of Science and Technology, and Liaoning Provincial Tax Service, State Taxation Administration. From 2025 to 2027, it shall be entitled to income tax reduction at the rate of 15%.

(15) Lianyungang Rongtai Chemical Warehousing Co., Ltd.

On December 19, 2025, Lianyungang Rongtai Chemical Warehousing Co., Ltd. obtained the hi-tech enterprise certificate (Certificate No. GR202532012354, valid for three years) approved by the Department of Finance of Jiangsu Province, the Jiangsu Provincial Department of Science and Technology, and Jiangsu Provincial Tax Service, State Taxation Administration. From 2025 to 2027, it shall be entitled to income tax reduction at the rate of 15%.

(16) Other tax preferences

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 to add an extra 5% based on the deductible input tax for the current period for deduction of the VAT payable.

VII. Notes to the items of consolidated financial statements

1. Monetary funds

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Cash on hand	11,841.96	9,053.74
Bank deposits	10,897,005,552.93	11,960,953,918.25
Other monetary funds	2,212,148,582.10	1,672,494,208.99
Interest on outstanding time deposits	2,081,199.86	2,989,802.09
Total	13,111,247,176.85	13,636,446,983.07
Including: total amount of deposit abroad	825,225,348.64	223,889,211.99

Cash or cash equivalents being restricted for use due to mortgage, pledge or freezing, or being placed overseas with restrictions on fund repatriation as follows:

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at December 31, 2024
Bank acceptance bill deposit	191,542,646.22	135,888,004.96
L/C deposit	1,491,052,348.83	1,193,359,392.76
L/G deposit	290,001,308.61	117,350,107.00
Time deposits or call deposits used for guarantee	0.00	144,000,000.00
Others	71,537,719.01	36,064,916.22
Total	2,044,134,022.67	1,626,662,420.94

2. Financial assets held for trading

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Financial assets measured at fair value through the current profit or loss	4,640,905.02	106,594,928.00
Including: equity instrument investment	0.00	74,183,711.94
Derivative financial assets	4,640,905.02	32,411,216.06
Total	4,640,905.02	106,594,928.00

3. Notes receivable

(1) Presentation of classification of notes receivable

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Bank acceptance bills	14,799,039.90	97,777,618.59
Total	14,799,039.90	97,777,618.59

(2) Pledged notes receivable of the Company as at December 31, 2025

None

(3) Notes receivable of the Company as at December 31, 2025 that have been endorsed or discounted but not matured on the balance sheet date

Monetary unit: RMB

Item	Amount derecognized as at December 31, 2025	Amount not derecognized as at December 31, 2025
Bank acceptance bills		12,886,130.72
Total		12,886,130.72

(4) Notes receivable actually charged off in 2025

None

4. Accounts receivable**(1) Disclosure of other receivables by aging**

Monetary unit: RMB

Aging	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Within 1 year (including 1 year)	3,059,779,942.99	2,387,475,533.84
1-2 years	8,673,372.91	11,057,522.81
2-3 years	10,672,024.62	8,992,844.20
Over 3 years	13,451,962.35	11,590,591.22
Sub-total	3,092,577,302.87	2,419,116,492.07
Less: provision for bad debts	100,725,685.79	91,414,042.21
Total	2,991,851,617.08	2,327,702,449.86

(2) Disclosure of other receivables by category based on the method for provision for bad debts

Monetary unit: RMB

Type	Balance as at December 31, 2025					Balance as at January 1, 2025				
	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 individual provision for bad debts	24,952,680.86	0.81%	24,952,680.86	100.00%	0.00	27,985,698.50	1.16%	27,985,698.50	100.00%	0.00
Accounts receivable with provision for bad debts by portfolio	3,067,624,622.01	99.19%	75,773,004.93	2.47%	2,991,851,617.08	2,391,130,793.57	98.84%	63,428,343.71	2.65%	2,327,702,449.86
Total	3,092,577,302.87	100.00%	100,725,685.79		2,991,851,617.08	2,419,116,492.07	100.00%	91,414,042.21		2,327,702,449.86

1) Significant accounts receivable with individual provision for bad debts:

None

2) Provision for bad debts by portfolio with the credit risk characteristics:

Monetary unit: RMB

Name	Balance as at December 31, 2025		
	Accounts receivable	Provision for bad debts	Proportion of provision (%)
Portfolio of related parties	212,153,642.07		
Aging portfolio	1,409,722,962.28	75,773,004.93	5.38
Portfolio of those with high credit rating	302,499,741.63		
Portfolio of trade payment of overseas companies	1,143,248,276.03		
Total	3,067,624,622.01	75,773,004.93	

(3) Provision, reversal or recovery of provision for bad debts in 2025

Provision for bad debts in 2025:

Monetary unit: RMB

Type	Balance as at January 1, 2025	Change in 2025				Balance as at December 31, 2025
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	91,414,042.21	14,232,417.75	4,366,142.17	554,632.00		100,725,685.79
Total	91,414,042.21	14,232,417.75	4,366,142.17	554,632.00		100,725,685.79

In which, recovery or reversal with significant amount of provision for bad debts in 2025:

None

(4) Accounts receivable actually written off in 2025

Monetary unit: RMB

Item	Amount actually written off
Receivable actually written off	554,632.00

(5) Top 5 of accounts receivable and contract assets as at December 31, 2025, presented by debtor

Monetary unit: RMB

Entity name	Balance of accounts receivable as at December 31, 2025	Proportion of accounts receivable balance	Provision for bad debts
Entity No.1	698,223,006.28	22.58%	0.00
Entity No.2	445,025,269.75	14.39%	0.00
Entity No.3	243,583,345.15	7.88%	12,179,167.26
Entity No.4	226,116,049.60	7.31%	11,305,802.47
Entity No.5	187,607,676.36	6.07%	0.00
Total	1,800,555,347.14	58.23%	23,484,969.73

5. Receivables financing**(1) Presentation of receivables financing by category**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Bank acceptance bills	277,522,606.25	536,196,519.90
Total	277,522,606.25	536,196,519.90

(2) Changes in receivables financing and fair values thereof in 2025

Monetary unit: RMB

Item	Balance as at December 31, 2024	Changes in 2025	Balance as at December 31, 2025	Loss reserves accumulatively recognized in the other comprehensive income
Bank acceptance bills receivable	536,196,519.90	258,673,913.65	277,522,606.25	

(3) Pledged receivable financing of the Company as at December 31, 2025

None

(4) Receivables financing endorsed or discounted by the Company as at December 31, 2025 but not expired on the balance sheet date

Monetary unit: RMB

Item	Amount derecognized as at December 31, 2025	Amount not derecognized as at December 31, 2025
Endorsed but not yet due	811,058,843.40	
Discounted but not yet due	2,160,648,300.92	
Total	2,971,707,144.32	

(5) Provision for impairment of receivables financing

None

6. Advances to suppliers**(1) Presentation of advances to suppliers by aging**

Monetary unit: RMB

Aging	Balance as at December 31, 2025		Balance as at January 1, 2025	
	Amount	Proportion	Amount	Proportion
Within 1 year	827,189,684.16	99.06%	513,976,994.03	97.85%
Over 1 year	7,869,338.66	0.94%	11,304,650.18	2.15%
Total	835,059,022.82	100%	525,281,644.21	100%

(2) Top 5 of advances to suppliers as at December 31, 2025, presented by suppliers

Monetary unit: RMB

Advance receiver	Balance as at December 31, 2025	Proportion in the total ending balance of advances to suppliers
Entity No.1	375,747,189.71	45.00
Entity No.2	58,911,099.16	7.05
Entity No.3	33,060,783.08	3.96
Entity No.4	31,474,505.89	3.77
Entity No.5	29,900,000.00	3.58
Total	529,093,577.84	63.36

7. Other receivables

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Other receivables	1,992,685,795.56	1,009,344,676.64
Total	1,992,685,795.56	1,009,344,676.64

(1) Interest receivable

None

(2) Dividends receivable

None

(3) Other receivables**1) Disclosure by aging**

Monetary unit: RMB

Aging	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Within 1 year (including 1 year)	1,168,042,905.83	623,576,806.39
1 - 2 years	492,977,719.10	390,828,318.53
2- 3 years	389,691,993.54	1,162,727.01
Over 3 years	7,620,205.75	9,133,625.68
Sub-total	2,058,332,824.22	1,024,701,477.61
Less: provision for bad debts	65,647,028.66	15,356,800.97
Total	1,992,685,795.56	1,009,344,676.64

2) Disclosure under the methods of provision for bad debts by category

Monetary unit: RMB

Type	Balance as at December 31, 2025					Balance as at January 1, 2025				
	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 accrued on an individual basis										
Provision for bad debts accrued on a portfolio basis	2,058,332,824.22	100.00%	65,647,028.66	3.19%	1,992,685,795.56	1,024,701,477.61	100.00%	15,356,800.97	1.50%	1,009,344,676.64
Total	2,058,332,824.22	100.00%	65,647,028.66		1,992,685,795.56	1,024,701,477.61	100.00%	15,356,800.97		1,009,344,676.64

Significant other receivables with individual provision for bad debts:

None

Provision for bad debts by portfolio with the credit risk characteristics:

Monetary unit: RMB

Item	Balance as at December 31, 2025		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of government receivables	901,571,352.94		
Aging portfolio	1,156,761,471.28	65,647,028.66	5.68%
Total	2,058,332,824.22	65,647,028.66	

3) Details of provision for bad debts

Monetary unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in future 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2025	15,356,800.97			15,356,800.97

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in future 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
In 2025, balance as at January 1, 2025				
Provision in 2025	50,317,716.29			50,317,716.29
Other changes	-27,488.60			-27,488.60
Balance as at December 31, 2025	65,647,028.66			65,647,028.66

Provision for losses/ Changes in 2025/Changes in book balance of significant amount

Applicable Not Applicable

4) Provision, reversal or recovery of provision for bad debts in 2025

Provision for bad debts in the current period:

Monetary unit: RMB

Type	Balance as at January 1, 2025	Change in the current period				Balance as at December 31, 2025
		Provision	Recovery or reversal	Write-off or charge off	Others	
Provision for bad debts of other receivables	15,356,800.97	50,317,716.29			-27,488.60	65,647,028.66
Total	15,356,800.97	50,317,716.29			-27,488.60	65,647,028.66

Among them, significant reversal or withdrawal of provision for bad debts in 2025

None

5) Other receivables actually written off in 2025

None

Specifically, significant other receivables to be charged off:

None

6) Classification of other receivables by nature

Monetary unit: RMB

Nature of payment	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Catalyst disposal payment	937,393,769.21	
Receivables from government	901,571,352.94	880,698,528.94
Advances and current accounts	50,625,390.06	54,972,260.29
Various deposit and security deposit	167,075,469.42	87,153,742.46
Imprest	1,666,842.59	1,876,945.92
Total	2,058,332,824.22	1,024,701,477.61

7) Top 5 of other receivables as at December 31, 2025, presented by debtor

Monetary unit: RMB

Entity name	Nature of payment	Balance as at December 31, 2025	Aging	Proportion in the total ending balance of other receivables (%)	Balance of provision for bad debts as at December 31, 2025
Xuzhou Hootech New Materials Science&Technology Co., Ltd.	Payment for disposal of assets	937,393,769.21	Within 1 year	45.54%	46,869,688.46
Finance Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New Area)	Grants receivable [Note]	519,047,862.19	1 - 3 years	25.22%	
The Third Tax Branch of Lianyungang Municipal Tax Service, State Taxation Administration	Tax rebates receivable	211,205,293.14	1 - 3 years	10.26%	
Dalian Commodity Exchange	Deposit and security deposit	146,500,000.00	Within 1 year	7.12%	7,325,000.00
Management Committee of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New Area)	Transfer from government assets receivable	140,436,373.61	1 -2 years	6.82%	
Total		1,954,583,298.15		94.96%	54,194,688.46

Note: In accordance with the *Minutes of the Special Meeting on the Implementation of Shenghong Group's Relevant Tax Preferential Policies* ([2023] No.83) issued by the Management Committee of the National Eastern-Central-Western Regional Cooperation Demonstration Zone (Lianyungang Xuwei New Area) (hereinafter referred to as the "Management Committee") and the subsequent *Explanation on the Return of Economic Contribution by Sierbang Petrochemical*, the Management Committee is required to return a total of RMB 226.9881 million to the Jiangsu Sierbang Petrochemical Co., Ltd.. The above-mentioned economic contribution return subsidy will be returned to Jiangsu Sierbang Petrochemical Co., Ltd. within 5 years (i.e., from 2024 to 2028). As of December 31, 2025, the management committee still needs to return RMB182.4905million to the Company.

According to the investment agreement and the Notice on Issuing the *Several Policy Opinions on Accelerating the Leading Industries in the Port Area of Xuwei New District (for Trial Implementation)* (SFQF [2017] No. 72) by the Management Committee, the Management Committee approved a financial incentive of RMB336.55732 million to Shenghong Refining & Chemical in 2024. This Specific incentives will be paid over 5 years based on the financial capacity of the Xuwei New Area Management Committee. As of December 31, 2025, the Management Committee still needs to return RMB336.55732million to the Company.

8. Inventories**(1) Classification of inventories**

Monetary unit: RMB

Item	Balance as at December 31, 2025			Balance as at January 1, 2025		
	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	6,412,713,895.55	2,980,392.34	6,409,733,503.21	7,468,948,170.98	449,776.49	7,468,498,394.49
Goods in process	1,210,229,400.51	2,587,641.44	1,207,641,759.07	1,090,421,794.06	2,870,861.19	1,087,550,932.87
Stock commodities	5,713,649,579.63	122,358,333.76	5,591,291,245.87	5,888,076,009.95	120,902,762.45	5,767,173,247.50
Goods dispatched	150,430,269.90		150,430,269.90	247,635,885.82		247,635,885.82
Materials in transit	3,677,081,462.53		3,677,081,462.53	2,301,090,618.85		2,301,090,618.85
Consigned processing materials	144,244.48		144,244.48	362,645.22		362,645.22
Others	1,170,435.00		1,170,435.00	907,500.26		907,500.26
Total	17,165,419,287.60	127,926,367.54	17,037,492,920.06	16,997,442,625.14	124,223,400.13	16,873,219,225.01

(2) Provision for inventory depreciation and provision for impairment of contract performance costs

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025		Decrease in 2025		Balance as at December 31, 2025
		Provision	Others	Reversal or write-off	Others	
Raw materials	449,776.49	4,412,350.11		1,881,734.26		2,980,392.34
Goods in process	2,870,861.19	11,907,910.33		12,191,130.08		2,587,641.44
Stock commodities	120,902,762.45	407,868,730.77		406,413,159.46		122,358,333.76
Total	124,223,400.13	424,188,991.21		420,486,023.80		127,926,367.54

(3) Inventory data of data resources

None

9. Other current assets

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
VAT retained for future offsetting	1,304,124,419.10	1,607,183,420.00
Input tax to be certified	169,307,922.72	150,479,686.78
Prepaid income tax, etc.	9,690,473.89	56,126,224.62
Total	1,483,122,815.71	1,813,789,331.40

10. Long-term equity investments

Monetary unit: RMB

Investee	Balance	Balance of	Increase/Decrease in 2025	Balance (book)	Balance of
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	(Book value) as at January 1, 2025	provision for impairment as at January 1, 2025	Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others	value) as at December 31, 2025	provision for impairment as at December 31, 2025
Associates												
Suzhou Tianjiao Technology Venture Capital Co., Ltd. (formerly known as Tianjiao Technology Venture Capital Co., Ltd.)	21,261,342.92			13,666,700.00	3,958,791.56						11,553,434.48	
Lianyungang Jinlian Energy Investment Co., Ltd.			50,000,000.00								50,000,000.00	
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	63,370,082.08				1,977,217.81						65,347,299.89	
Lianyungang Petrochemical Industry Base Energy Trading Service Co., Ltd.	5,926,091.48				-866,210.25						5,059,881.23	
Sanweibanghai Petrification Engineering Co., Ltd.	1,792,440.38	1,792,440.38									1,792,440.38	1,792,440.38
Total	92,349,956.86	1,792,440.38	50,000,000.00	13,666,700.00	5,069,799.12						133,753,055.98	1,792,440.38

11. Other equity instrument investments

Monetary unit: RMB

Name of item	Balance as at December 31, 2025	Beginning balance	Gains included in other comprehensive income in 2025	Losses included in other comprehensive income in 2025	Accumulated gains included in other comprehensive income as at December 31, 2025	Accumulated losses included in other comprehensive income as at December 31, 2025	Dividend income recognized in 2025	Reason for being designated as the item measured at fair value through other comprehensive income
Investment in equities of Goldstate Securities Co., Ltd.	586,861,000.00	584,422,540.00	2,438,460.00		94,361,000.00			The investment is held by the Company for long-term strategy
Total	586,861,000.00	584,422,540.00	2,438,460.00		94,361,000.00			

12. Other non-current financial assets

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Financial assets measured at fair value through current profit or loss [Note]	8,492,900.00	
Of which: equity investment	8,492,900.00	
Total	8,492,900.00	

Note: The Company's subsidiary, Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd., invested in Jiangsu Naqi New Material Technology Co., Ltd. during this period.

13. Investment properties**(1) Investment properties measured at cost**

Monetary unit: RMB

Item	Buildings and constructions	Land use right	Total
I. Original book value			
1. Balance as at January 1, 2025	691,112,858.10	400,218,272.54	1,091,331,130.64
2. Increase in 2025			
(1) Outsourcing			
(2) Transfer-in of inventories/fixed assets/construction in progress			
(3) Increase due to business combination			
3. Decrease in 2025			
(1) Disposal			
(2) Other transfers			
4. Balance as at December 31, 2025	691,112,858.10	400,218,272.54	1,091,331,130.64
II. Accumulative depreciation and accumulative amortization			
1. Balance as at January 1, 2025	291,475,467.69	174,081,806.10	465,557,273.79
2. Increase in 2025	24,156,409.97	14,554,923.55	38,711,333.52
(1) Provision or amortization	24,156,409.97	14,554,923.55	38,711,333.52
3. Decrease in 2025			
(1) Disposal			
(2) Other transfers			
4. Balance as at December 31, 2025	315,631,877.66	188,636,729.65	504,268,607.31
III. Provision for impairment			
1. Balance as at January 1, 2025			
2. Increase in 2025			
(1) Provision			
3. Decrease in 2025			
(1) Disposal			
(2) Other transfers			
4. Balance as at December 31, 2025			
IV. Book value			

Item	Buildings and constructions	Land use right	Total
1. Book value as at December 31, 2025	375,480,980.44	211,581,542.89	587,062,523.33
2. Book value as at January 1, 2025	399,637,390.41	226,136,466.44	625,773,856.85

(2) Investment properties with pending certificate of title

None

14. Fixed assets**(1) Fixed assets and disposal of fixed assets**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Fixed assets	140,662,956,202.19	127,298,464,476.19
Disposal of fixed assets		
Total	140,662,956,202.19	127,298,464,476.19

(2) Details of fixed assets

Monetary unit: RMB

Item	Buildings and constructions	Machinery equipment	Transportation facilities	Office equipment and other equipment	Total
I. Original book value:					
1. Balance as at January 1, 2025	44,616,859,535.56	102,740,514,259.44	219,007,623.34	5,190,129,935.77	152,766,511,354.11
2. Increase in 2025	4,892,905,401.92	15,824,616,777.43	8,378,873.59	1,736,100,611.83	22,462,001,664.77
(1) Purchase	1,616,102.84	50,592,995.81	1,837,735.37	1,455,547,772.37	1,509,594,606.39
(2) Transfer-in of construction in progress	4,891,289,299.08	15,774,023,781.62	6,541,138.22	280,666,803.47	20,952,521,022.39
(3) Increase due to business combination					
Others				-113,964.01	-113,964.01
3. Decrease in 2025	57,101,149.95	175,266,666.85	6,085,496.04	1,435,764,591.24	1,674,217,904.08
(1) Disposal or scrapping	6,786,346.34	47,155,853.05	6,085,496.04	1,435,181,229.75	1,495,208,925.18
Others	50,314,803.61	128,110,813.80		583,361.49	179,008,978.90
4. Balance as at December 31, 2025	49,452,663,787.53	118,389,864,370.02	221,301,000.89	5,490,465,956.36	173,554,295,114.80
II. Accumulated depreciation					
1. Balance as at January 1, 2025	5,241,832,003.22	18,360,157,418.71	113,860,320.54	1,411,229,386.29	25,127,079,128.76

Item	Buildings and constructions	Machinery equipment	Transportation facilities	Office equipment and other equipment	Total
2. Increase in 2025	1,557,468,087.48	5,590,970,683.23	32,804,539.09	546,607,959.30	7,727,851,269.10
(1) Provision	1,557,468,087.48	5,590,970,683.23	32,804,539.09	546,710,521.64	7,727,953,831.44
Others				-102,562.34	-102,562.34
3. Decrease in 2025	5,512,909.08	28,709,137.06	4,979,674.62	265,335,460.89	304,537,181.65
(1) Disposal or scrapping	2,351,342.60	16,595,600.95	4,979,674.62	265,199,263.90	289,125,882.07
Others	3,161,566.48	12,113,536.11		136,196.99	15,411,299.58
4. Balance as at December 31, 2025	6,793,787,181.62	23,922,418,964.88	141,685,185.01	1,692,501,884.70	32,550,393,216.21
III. Provision for impairment					
1. Balance as at January 1, 2025	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
2. Increase in 2025					
(1) Provision					
3. Decrease in 2025			22,052.76		22,052.76
(1) Disposal or scrapping			22,052.76		22,052.76
4. Balance as at December 31, 2025	29,974,546.99	310,862,119.51	75,108.11	33,921.79	340,945,696.40
IV. Book value					
1. Book value as at December 31, 2025	42,628,902,058.92	94,156,583,285.63	79,540,707.77	3,797,930,149.87	140,662,956,202.19
2. Book value as at January 1, 2025	39,345,052,985.35	84,069,494,721.22	105,050,141.93	3,778,866,627.69	127,298,464,476.19

(3) Fixed assets leased out through operating lease

None

(4) Fixed assets with pending certificates of title

Monetary unit: RMB

Item	Book value	Reason for pending certificate of title
Buildings and constructions, etc.	3,120,524,460.77	In process

15. Construction in progress**(1) Construction in progress and project materials**

Monetary unit: RMB

Item	Balance as at December 31, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Construction in progress	12,373,844,408.44	16,499,120.57	12,357,345,287.87	24,173,981,856.22	16,499,120.57	24,157,482,735.65
Project materials	438,888,342.03		438,888,342.03	869,341,730.13		869,341,730.13
Total	12,812,732,750.47	16,499,120.57	12,796,233,629.90	25,043,323,586.35	16,499,120.57	25,026,824,465.78

(2) Construction in progress

Monetary unit: RMB

Item	Balance as at December 31, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons				722,538,602.85		722,538,602.85
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	918,576,245.96		918,576,245.96	328,396,862.30		328,396,862.30
Hongwei Chemical POSM and Polyol Project				3,627,047,702.46		3,627,047,702.46
Hongjing new material project	6,700,803,140.51		6,700,803,140.51	10,179,281,315.24		10,179,281,315.24
100,000 tons/year high-end polyolefin project	1,511,988,652.28		1,511,988,652.28	222,818,490.07		222,818,490.07
Biodegradable material project (Phase I) of Hongke New Material	320,348,654.33	16,499,120.57	303,849,533.76	306,381,964.79	16,499,120.57	289,882,844.22
Polyester new material project of Honggang Petrochemical				1,288,773,919.25		1,288,773,919.25

Item	Balance as at December 31, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project				3,469,843,372.61		3,469,843,372.61
Acetic acid project of 1 million tons/year	386,623,373.61		386,623,373.61	576,281,254.10		576,281,254.10
Rongtai Chemical Warehousing Storage Phase V				1,174,241,720.54		1,174,241,720.54
Project of Shenghong Advanced Materials Research Institute	454,626,850.83		454,626,850.83	279,500,964.18		279,500,964.18
National Eastern-Central-Western Regional Cooperation Demonstration Zone New Material Pilot base project	262,793,735.61		262,793,735.61	32,197,609.32		32,197,609.32
Others	1,818,083,755.31		1,818,083,755.31	1,966,678,078.51		1,966,678,078.51
Total	12,373,844,408.44	16,499,120.57	12,357,345,287.87	24,173,981,856.22	16,499,120.57	24,157,482,735.65

(3) Changes in important construction in progress in the current period

Monetary unit: RMB

Name of item	Budget amount ('0,000)	Balance as at January 1, 2025	Increase in 2025	Amount transferred to fixed assets in 2025	Other decreases in 2025	Balance as at December 31, 2025	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in 2025	Capitalization rate for the interest of 2025 (%)	Source of funds
Project of Shenghong Advanced Materials Research Institute	57,475.47	279,500,964.18	175,150,186.73	24,300.08		454,626,850.83	79.00%	Construction in progress	5,368,193.94	5,356,457.32	3.25%	Self-owned funds + financing
New material pilot base project of National Eastern-Central-Western Regional Cooperation Demonstration Zone	131,156.91	32,197,609.32	230,596,126.29			262,793,735.61	22.08%	Construction in progress				Self-owned fund
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn	265,687.50	722,538,602.85	8,020,670.60	730,559,273.45			97.22%	Put into operation	81,767,626.58	1,691,716.33	4.42%	Self-owned funds + financing

Name of item	Budget amount ('0,000)	Balance as at January 1, 2025	Increase in 2025	Amount transferred to fixed assets in 2025	Other decreases in 2025	Balance as at December 31, 2025	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in 2025	Capitalization rate for the interest of 2025 (%)	Source of funds
Technology with an annual production capacity of 250,000 tons												
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	353,794.00	328,396,862.30	606,653,334.36	16,473,950.70		918,576,245.96	34.38%	Construction in progress				Self-owned funds + financing
POSM and polyol project	603,412.00	3,627,047,702.46	136,973,425.09	3,760,537,094.73	3,484,032.82		69.45%	Put into operation	103,085,054.31	13,604,054.21	3.61%	Self-owned funds + financing
Hongjing new material project	1,558,082.41	10,179,281,315.24	3,160,314,445.47	6,632,673,187.01	6,119,433.19	6,700,803,140.51	96.58%	Partial operation	490,167,398.74	176,408,731.54	2.06%	Self-owned funds + financing
100,000 tons/year high-end polyolefin project	248,472.00	222,818,490.07	1,289,170,162.21			1,511,988,652.28	68.81%	Trial operation				Self-owned fund
Biodegradable material project (Phase I) of Hongke New Material	648,188.56	306,381,964.79	13,966,689.54			320,348,654.33	5.13%	Postponed				Self-owned funds + financing
Polyester new material project of Honggang Petrochemical	137,898.52	1,288,773,919.25	67,576,672.79	1,354,978,004.96	1,372,587.08		116.77%	Put into operation	40,093,298.28	22,573,779.15	3.40%	Self-owned funds + financing
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	393,819.00	3,469,843,372.61	609,182,164.71	4,079,025,537.32			127.08%	Put into operation	69,651,379.81	35,903,877.30	4.40%	Self-owned funds + financing
Acetic acid project of 1 million tons/year	385,249.77	576,281,254.10	60,631,201.01	250,289,081.50		386,623,373.61	21.57%	Construction in progress				Self-owned funds
Rongtai Chemical Warehousing Storage Phase V	203,591.67	1,174,241,720.54	429,931,232.98	1,604,172,953.52			63.75%	Put into operation	44,105,846.38	15,590,456.08	3.60%	Self-owned funds + financing
Total	4,986,827.81	22,207,303,777.71	6,788,166,311.78	18,428,733,383.27	10,976,053.09	10,555,760,653.13			834,238,798.04	271,129,071.93		

(4) Provision for impairment of construction in progress in 2025

None

16. Right-of-use assets

Monetary unit: RMB

Item	Buildings and constructions	Transportation facilities	Total
I. Original book value			
1. Balance as at January 1, 2025	2,029,808,542.07	1,358,554,210.96	3,388,362,753.03
2. Increase in 2025	36,198,488.62	-30,163,214.63	6,035,273.99
(1) New leases	26,815,450.38		26,815,450.38
(2) Increase in business combination			
(3) Revaluation adjustment	9,884,932.88		9,884,932.88
(4) Others	-501,894.64	-30,163,214.63	-30,665,109.27

Item	Buildings and constructions	Transportation facilities	Total
3. Decrease in 2025			
4. Balance as at December 31, 2025	2,066,007,030.69	1,328,390,996.33	3,394,398,027.02
II. Accumulated depreciation			
1. Balance as at January 1, 2025	298,014,345.74	7,075,800.11	305,090,145.85
2. Increase in 2025	108,394,887.83	82,867,338.62	191,262,226.45
(1) Provision	108,855,855.42	84,425,739.86	193,281,595.28
(2) Others	-460,967.59	-1,558,401.24	-2,019,368.83
3. Decrease in 2025			
(1) Disposal			
4. Balance as at December 31, 2025	406,409,233.57	89,943,138.73	496,352,372.30
III. Provision for impairment			
1. Balance as at January 1, 2025			
2. Increase in 2025			
(1) Provision			
3. Decrease in 2025			
(1) Disposal			
4. Balance as at December 31, 2025			
IV. Book value			
1. Book value as at December 31, 2025	1,659,597,797.12	1,238,447,857.60	2,898,045,654.72
2. Book value as at January 1, 2025	1,731,794,196.33	1,351,478,410.85	3,083,272,607.18

17. Intangible assets

(1) Breakdowns of intangible assets

Monetary unit: RMB

Item	Land use right	Patent use right	Software	Concessions (emission rights, coal replacement volume targets and sea area use rights)	Others	Total
I. Original book value						
1. Balance as at January 1, 2025	5,228,604,769.64	62,034,368.93	206,989,761.40	159,884,748.50	1,589,796.76	5,659,103,445.23
2. Increase in 2025	8,667,604.26		36,677,047.75			45,344,652.01

Item	Land use right	Patent use right	Software	Concessions (emission rights, coal replacement volume targets and sea area use rights)	Others	Total
(1) Purchase	8,667,604.26		6,369,259.73			15,036,863.99
(2) Internal research and development						
(3) Increase due to business combination						
(4) Others			30,307,788.02			30,307,788.02
3. Decrease in 2025	21,508,278.72			843,855.00		22,352,133.72
(1) Disposal	21,508,278.72			843,855.00		22,352,133.72
4. Balance as at December 31, 2025	5,215,764,095.18	62,034,368.93	243,666,809.15	159,040,893.50	1,589,796.76	5,682,095,963.52
II. Accumulated amortization						
1. Balance as at January 1, 2025	667,773,486.33	31,278,821.06	69,170,306.06	3,978,449.00	675,663.63	772,876,726.08
2. Increase in 2025	105,193,971.17	3,213,981.46	24,716,036.44		158,979.67	133,282,968.74
(1) Provision	105,193,971.17	3,213,981.46	24,716,036.44		158,979.67	133,282,968.74
3. Decrease in 2025	932,025.40					932,025.40
(1) Disposal	932,025.40					932,025.40
4. Balance as at December 31, 2025	772,035,432.10	34,492,802.52	93,886,342.50	3,978,449.00	834,643.30	905,227,669.42
III. Provision for impairment						
1. Balance as at January 1, 2025						
2. Increase in 2025						
(1) Provision						
3. Decrease in 2025						
(1) Disposal						
4. Balance as at December 31, 2025						
IV. Book value						

Item	Land use right	Patent use right	Software	Concessions (emission rights, coal replacement volume targets and sea area use rights)	Others	Total
1. Book value as at December 31, 2025	4,443,728,663.08	27,541,566.41	149,780,466.65	155,062,444.50	755,153.46	4,776,868,294.10
2. Book value as at January 1, 2025	4,560,831,283.31	30,755,547.87	137,819,455.34	155,906,299.50	914,133.13	4,886,226,719.15

(2) Intellectual property rights

None

(3) Data resource intangible asset status

None

(4) Land use right with pending certificates of title

Monetary unit: RMB

Item	Book value	Reason for pending certificate of title
Land	10,601,542.15	In process

18. Goodwill**(1) Original book value of goodwill**

Monetary unit: RMB

Name of the investee or matters forming goodwill	Balance as at January 1, 2025	Increase in 2025		Decrease in 2025		Balance as at December 31, 2025
		Amount formed through business combination	Others	Disposal	Others	
Original book value						
Counter purchase	1,008,696,223.14					1,008,696,223.14
Business combination not under common control	44,502,639.86					44,502,639.86
Sub-total	1,053,198,863.00					1,053,198,863.00
Provision for impairment						
Counter purchase	316,637,709.90					316,637,709.90
Business combination not under						

Name of the investee or matters forming goodwill	Balance as at January 1, 2025	Increase in 2025		Decrease in 2025		Balance as at December 31, 2025
		Amount formed through business combination	Others	Disposal	Others	
common control						
Sub-total	316,637,709.90					316,637,709.90
Book value	736,561,153.10					736,561,153.10

(2) Composition of asset group or combination of asset groups related to the goodwill or information about operating segments

The composition of the asset groups or portfolios of assets groups subject to goodwill impairment testing is as follows:

1. The Company completed a material asset restructuring in August 2018, accounted for as a reverse purchase. The long-term assets (including fixed assets, investment real estate, intangible assets, construction in progress) of the operating room rental business and the thermal power plant business are the asset groups forming the goodwill, which are consistent with the asset groups determined on the purchase date.

The recoverable values of the asset groups of the business premises leasing business and the thermal power plant business respectively applied the *Asset Appraisal Report of Jiangsu Eastern Shenghong Co., Ltd. on the Recoverable Value of the Asset Group of Business Premises of Jiangsu Eastern Shenghong Co., Ltd. in connection with the Impairment Test of Goodwill Formed by the Consolidation of Jiangsu Guowang High-tech Fiber Co., Ltd.* (DZPBZ [2026] No.0735) issued on March 26, 2026 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 [2026] No.0734) issued on March 26, 2026 by Shanghai Orient Appraisal Co., Ltd..

2. The Company acquired Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd. in September 2024. The overall business of the Company forms an asset group related to goodwill, which is consistent with the asset group determined on the acquisition date. The recoverable value of the asset group utilized the evaluation results from the appraisal report (JZPBZ [2026] No. XXX) issued by JZ (Shanghai) Assets Appraisal Co., Ltd. on XXXX 2026, titled *Assessment Report on the Recoverable Amount of the Goodwill-Related Asset Group Involved in the Impairment Test of Goodwill Arising from the Acquisition of Equity in Liaoning Provincial Petrochemical Planning and Design Institute Co., Ltd.* by Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.

(3) Procedures and key parameters of impairment test of goodwill, and recognition method of impairment loss of goodwill

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 7.57% to estimate the present value of the expected future cash flows and calculate the recoverable amount of the asset group.

3) Asset group of Liaoning Province Petroleum-chemical Industry

Operating long-term asset group of Liaoning Province Petroleum-chemical Industry. 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 9.90% to estimate the present value of the expected future cash flows and calculate the recoverable amount of the asset group.

(4) Impact of goodwill impairment test

On December 31, 2025, 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:

Monetary unit: RMB

As at December 31, 2025	Asset group of business premises	Asset group of thermal power plants	Asset group of Liaoning Petrochemical Institute
Book balance of goodwill ①	319,915,535.18	688,780,687.96	44,502,639.86
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	44,502,639.86
Unrecognized value of goodwill attributable to minority equity④			21,434,523.32
Including unrecognized value of goodwill belonging to the minority shareholders' equity ⑤=④+③	3,277,825.28	688,780,687.96	65,937,163.18
Book value of asset groups ⑥	587,147,787.12	342,338,514.12	2,802,455.56
Book value of asset groups containing overall goodwill ⑦=⑤+⑥	590,425,612.40	1,031,119,202.08	68,739,618.74
Recoverable amount of asset groups ⑧	1,028,944,281.00	1,592,000,000.00	84,800,000.00
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, 2025.

(5) Fulfillment of performance commitments

None

19. Long-term deferred expenses

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Amortization in 2025	Other decreases	Balance as at December 31, 2025
Others	2,478,240.80	5,486,488.13	2,470,303.14		5,494,425.79
Total	2,478,240.80	5,486,488.13	2,470,303.14		5,494,425.79

20. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets without the offset

Monetary unit: RMB

Item	Balance as at December 31, 2025		Balance as at January 1, 2025	
	Deductible	Deferred income	Deductible	Deferred income

	temporary differences	tax assets	temporary differences:	tax assets
Provisions for impairment of assets	314,406,746.54	54,685,941.59	327,402,877.65	58,095,670.40
Provision for credit impairment	160,903,832.70	35,097,563.62	102,970,149.82	20,145,281.18
Deferred income	897,251,673.78	169,215,150.90	850,778,010.78	158,064,840.94
Lease liabilities	2,986,057,918.25	598,428,944.78	2,962,674,728.18	526,113,261.44
Internal unrealized gains and losses	238,914,933.11	42,210,417.42	76,998,074.87	17,014,691.41
Uncovered loss	12,764,750,031.94	2,788,675,813.50	11,044,459,372.47	2,453,562,021.36
Others	1,874,732,680.37	443,094,322.00	1,687,429,435.10	404,986,038.55
Total	19,237,017,816.69	4,131,408,153.81	17,052,712,648.87	3,637,981,805.28

(2) Deferred income tax liabilities without offset

Monetary unit: RMB

Item	Balance as at December 31, 2025		Balance as at January 1, 2025	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Accelerated depreciation	3,785,882,592.32	577,069,134.21	3,698,488,327.08	569,563,756.41
Right-of-use assets	2,898,045,654.72	578,707,583.10	2,927,348,629.06	515,418,441.67
Changes in fair value	95,496,530.00	23,874,132.50	162,151,230.94	40,537,807.74
Appreciation of business combination not under common control	396,220,428.79	98,524,952.03	424,183,638.10	105,484,871.48
Convertible bond tax difference	236,242,320.57	59,060,580.15	428,120,243.19	107,030,060.80
Others	1,171,023,822.71	269,741,922.64	1,199,925,149.38	277,563,618.80
Total	8,582,911,349.11	1,606,978,304.63	8,840,217,217.75	1,615,598,556.90

(3) Deferred income tax assets or liabilities presented by net amount after offset

Monetary 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	1,111,577,794.31	3,019,830,359.50	1,107,606,927.91	2,530,374,877.37
Deferred income tax liabilities	1,111,577,794.31	495,400,510.32	1,107,606,927.91	507,991,628.99

(4) Breakdown of unrecognized deferred income tax assets

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Deductible temporary differences	187,964,375.25	46,852,451.74
Deductible losses	489,889,489.00	675,840,433.41
Total	677,853,864.25	722,692,885.15

(5) Deductible losses of unrecognized deferred income tax assets will become due in the following years

Monetary unit: RMB

Year	Amount as at December 31, 2025	Amount as at January 1, 2025	Remark
Year 2025		110,172,777.95	
Year 2026	153,950,450.17	203,196,183.92	
Year 2027	51,861,816.47	123,267,565.68	
Year 2028	59,720,941.31	107,064,934.39	
Year 2029	68,251,600.92	132,138,971.47	
Year 2030	156,104,680.13		
Total	489,889,489.00	675,840,433.41	

21. Other non-current assets

Monetary unit: RMB

Item	Balance as at December 31, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Advances to suppliers for projects and equipment	1,269,029,471.65		1,269,029,471.65	2,521,178,872.31		2,521,178,872.31
Total	1,269,029,471.65		1,269,029,471.65	2,521,178,872.31		2,521,178,872.31

22. Assets with restrictions on the ownership or use right

Monetary unit: RMB

Item	Book value as at December 31, 2025	Reason for restriction
Monetary funds	2,044,134,022.68	See Note VII. 1 for the reason for restriction
Notes receivable	12,886,130.72	Endorsed but not yet matured notes
Fixed assets	72,773,790,926.00	Mortgaged for financing credit from financial institutions
Intangible assets	2,568,955,063.16	Mortgaged for financing credit from financial institutions
Construction in progress	454,626,850.83	Mortgaged for financing credit from financial institutions
Accounts receivable	[Note]	Pledged for financing credit from financial institutions
Total	77,854,392,993.39	

Note: within the consolidation scope, the wholly-owned subsidiary Lianyungang Guanghong Industrial Co., Ltd. pledges the collection rights of accounts receivable RMB 191 million from related parties within the consolidation to provide guarantees for bank loans.

23. Short-term borrowings**(1) Classification of short-term borrowings**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Pledged borrowings	3,111,940,000.00	3,757,130,627.77
Mortgaged borrowings	2,041,965,709.02	2,513,552,215.64
Guaranteed borrowings	42,320,521,626.69	37,305,913,513.69
Credit borrowings	1,776,913,992.60	9,006,973,088.98
Interest on short-term borrowings	138,111,140.47	156,130,648.89
Less: interest adjustment	35,178,423.65	57,536,227.35
Total	49,354,274,045.13	52,682,163,867.62

(2) Overdue and outstanding short-term borrowings:

None

24. Trading financial liabilities

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Financial liabilities held for trading	10,445,517.73	
Including: derivative financial liabilities	10,445,517.73	
Total	10,445,517.73	

25. Notes payable

Monetary unit: RMB

Category	Balance as at December 31, 2025	Beginning balance
Bank acceptance bills	88,840,000.00	
Commercial acceptance bills	8,411,272.25	
Total	97,251,272.25	

26. Accounts payable**(1) Presentation of accounts payable**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Payables for goods	7,034,182,617.54	4,386,891,449.24
Payables for equipment and projects	7,645,417,155.89	9,863,882,231.03
Total	14,679,599,773.43	14,250,773,680.27

(2) Significant accounts payable with aging over 1 year or overdue

Monetary unit: RMB

Item	Balance as at December 31, 2025	Reason for no payment or carry-forward
China Petroleum First Construction Corporation	282,194,677.04	Project payment not yet settled
Sinopec Tenth Construction Co., Ltd.	239,080,835.87	Project payment not yet settled

Sinopec Fifth Construction Co., Ltd.	152,749,022.00	Project payment not yet settled
Total	674,024,534.91	

27. Advances from customers

(1) Presentation of advances from customers

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Advances from customers	31,438,311.63	32,388,603.72
Total	31,438,311.63	32,388,603.72

Significant advances from customers with aging over one year: None.

28. Contract liabilities

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Advances from customers	2,305,007,596.52	2,484,508,305.51
Total	2,305,007,596.52	2,484,508,305.51

Significant contract liabilities with aging over one year: None.

29. Employee compensation payable

(1) Presentation of employee compensation payable

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
Short-term compensation	481,079,316.69	4,176,870,120.65	4,237,079,896.22	420,869,541.12
Post-employment benefits - defined contribution plans	4,436,036.59	295,565,186.99	295,531,575.82	4,469,647.76
Dismissal benefits		18,103,341.11	18,103,341.11	
Total	485,515,353.28	4,490,538,648.75	4,550,714,813.15	425,339,188.88

(2) Presentation of short-term compensation

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
1. Salaries, bonuses, allowances and subsidies	480,379,064.61	3,592,466,533.52	3,652,732,939.20	420,112,658.93
2. Employee welfare fees	345,812.17	298,434,230.41	298,365,836.78	414,205.80
3. Social insurance premiums	112,564.82	158,384,629.45	158,383,699.23	113,495.04
Including: medical insurance premiums	92,736.00	125,369,066.58	125,374,323.22	87,479.36
Work-related injury insurance premiums	11,391.37	17,046,342.48	17,039,998.24	17,735.61

Maternity insurance premiums	6,955.20	15,716,745.92	15,717,139.80	6,561.32
Others	1,482.25	252,474.47	252,237.97	1,718.75
4. Housing provident funds	72,745.00	121,509,884.50	121,503,560.50	79,069.00
5. Labor union expenditures and employee education funds	169,130.09	6,074,842.77	6,093,860.51	150,112.35
Total	481,079,316.69	4,176,870,120.65	4,237,079,896.22	420,869,541.12

(3) Presentation of defined contribution plans

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
1. Basic endowment insurance premiums	367,947.37	286,645,186.19	286,611,314.80	401,818.76
2. Unemployment insurance premiums	5,477.17	8,920,000.80	8,920,261.02	5,216.95
3. Others	4,062,612.05			4,062,612.05
Total	4,436,036.59	295,565,186.99	295,531,575.82	4,469,647.76

30. Taxes and surcharges payable

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
VAT	264,837,957.70	50,648,240.49
Consumption tax	859,272,369.77	715,263,804.90
Enterprise income tax	97,048,954.60	39,096,812.43
Individual income tax	12,030,719.53	12,086,193.48
Urban maintenance and construction tax	64,927,478.38	52,920,212.49
House property tax	30,229,836.50	27,293,270.99
Education surtax	47,152,765.10	38,284,290.29
Land use tax	9,805,552.34	10,354,843.71
Environmental protection tax	1,974,221.68	1,928,252.35
Stamp duty	33,277,247.23	31,035,405.76
Others	537,416.22	22,007.78
Total	1,421,094,519.05	978,933,334.67

31. Other payables

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Dividends payable	830,990.60	830,990.60
Other payables	2,870,462,486.73	300,373,540.81
Total	2,871,293,477.33	301,204,531.41

(1) Interests payable

None

(2) Dividends payable

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Common stock dividends	830,990.60	830,990.60
Total	830,990.60	830,990.60

(3) Other payables**1) Presentation of other payables by nature**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Borrowings from shareholders	1,493,559,519.96	
Margin, deposit, risk fund	261,883,658.11	260,759,697.95
Accrued expenses	16,480,345.79	15,207,357.30
Collection, payment and transactions	1,088,750,184.61	17,163,312.53
Others	9,788,778.26	7,243,173.03
Total	2,870,462,486.73	300,373,540.81

2) Significant accounts payable aged over one year or past due

None

32. Non-current liabilities maturing within one year

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Long-term borrowings maturing within one year	21,438,618,807.72	19,002,667,074.96
Long-term payables maturing within one year	1,623,688,988.48	1,176,199,717.69
Lease liabilities maturing within one year	215,542,316.35	241,740,913.93
Interest on long-term borrowings with interest paid by installments and principal paid on maturity date	79,099,343.10	90,015,202.16
Interest on bonds payable with interest paid by installments and principal paid at maturity	70,238,775.79	58,534,091.50
Total	23,427,188,231.44	20,569,157,000.24

33. Other current liabilities

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Output tax to be carried forward	266,889,627.88	314,452,670.54
Total	266,889,627.88	314,452,670.54

34. Long-term borrowings**(1) Classification**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Pledged borrowings	31,686,273,272.00	35,489,812,706.20
Mortgaged borrowings	18,079,796,310.79	19,739,900,266.59
Guaranteed borrowings	7,396,124,716.80	5,964,664,474.61
Credit borrowings	1,448,000,000.00	0.00
Less: interest adjustment	199,209,943.50	205,944,783.07
Total	58,410,984,356.09	60,988,432,664.33

Some of the Company's long-term loans have covenants involving financial information such as asset-liability ratio and net profit. If these covenants are not followed, the bank may demand immediate repayment of the loan.

35. Bonds payable**(1) Details of bonds payable**

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Convertible corporate bonds	4,761,216,079.43	4,569,453,956.81
Total	4,761,216,079.43	4,569,453,956.81

(2) Increase/decrease of bonds payable (excluding preferred stocks, perpetual bonds and other financial instruments divided into the financial liabilities)

Monetary unit: RMB

Bond name	Par value	Coupon rate	Date of issue	Term of bond	Amount issued	Balance as at January 1, 2025	Issued in 2025	Interest withdrawn by par value	Amortization of premiums or discounts	Repaid in 2025	Early redemption in this period	Conversion of shares in 2025	Balance as at December 31, 2025	Whether or not in breach of contract
Shenghong Convertible Bond	100.00	0.2%-2%	2021/3/22	Year 6	5,000,000,000.00	4,569,453,956.81		86,668,088.79	191,870,144.32	0.00	1,762.28	106,259.42	4,761,216,079.43	No
Total	--	--	--	--	5,000,000,000.00	4,569,453,956.81		86,668,088.79	191,870,144.32	0.00	1,762.28	106,259.42	4,761,216,079.43	--

(3) Description of convertible corporate bonds

Upon approval by the Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXK [2021] No.512), the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB 100 on March 22, 2021. These convertible corporate bonds amount to RMB 5,000.00 million, and are called "Shenghong Convertible 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. After the issuance of convertible bonds, if the Company pays stock dividends, converts share capital, issues new shares, allots shares and pays cash dividends, the conversion price of the bonds will be adjusted accordingly.

36. Lease liabilities

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Payables for leases	4,091,268,923.15	4,372,700,630.75

Less: unrecognized financing expense	1,105,211,004.97	1,250,905,865.92
Less: lease liabilities maturing within one year	215,542,316.35	241,740,913.93
Total	2,770,515,601.83	2,880,053,850.90

37. Long-term payables

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Accounts payable for finance lease	5,151,093,825.30	4,803,686,057.66
Less: unrecognized financing expense	251,929,033.10	253,815,684.32
Less: the part maturing within one year	1,623,688,988.48	1,176,199,717.69
Total	3,275,475,803.72	3,373,670,655.65

38. Estimated liabilities

Monetary unit: RMB

Item	Balance as at December 31, 2024	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
Estimated contract losses and others	7,194,735.20	559,408.03		7,754,143.23

39. Deferred income

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
Asset-related government grants	2,400,104,976.66	122,187,294.00	124,754,486.84	2,397,537,783.82
Income-related government grants		2,500,000.00	500,000.00	2,000,000.00
Total	2,400,104,976.66	124,687,294.00	125,254,486.84	2,399,537,783.82

40. Other non-current liabilities

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Long-term house rent	9,303,182.58	14,345,006.56
Total	9,303,182.58	14,345,006.56

41. Share capital

Monetary unit: RMB

	Balance as at January 1, 2025	Changes in 2025 ("+", "-")					Balance as at December 31, 2025
		New shares issued	Bonus shares	Conversion of capital reserves into share capital	Others	Sub-total	
Total shares	9,599,621,415.16	0.00	0.00	0.00	8,610.00	8,610.00	9,599,630,025.16

42. Other equity instruments

(1) Preferred shares, perpetual debt and other financial instruments issued at the end of the current period

Upon approval by the Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXK [2021] No.512), the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB 100 on March 22, 2021. These convertible corporate bonds amount to RMB 5,000.00 million, called "Shenghong Convertible Bond" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB 14.20 per share. After the issuance of convertible bonds, if the Company pays stock dividends, converts share capital, issues new shares, allots shares and pays cash dividends, the conversion price of the bonds will be adjusted accordingly.

(2) Changes in preferred stocks, perpetual bonds and other financial instruments issued as at December 31, 2025

Monetary unit: RMB

Outstanding financial instruments	As at January 1, 2025		Increase in 2025		Decrease in 2025		As at December 31, 2025	
	Quantity (Number)	Book value	Quantity (Number)	Book value	Quantity (Number)	Book value	Quantity (Number)	Book value
Shenghong Convertible Bond	49,975,742.00	906,737,326.76			1,158.00	21,010.24	49,974,584.00	906,716,316.52

Other equity instruments decreased by RMB21,010.24 in 2025 due to Shenghong convertible bonds being converted into the Company's stock and the Company's early redemption.

43. Capital reserves

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
Capital premium (share premium)	19,267,313,634.89	278,798,242.80	249,965,997.12	19,296,145,880.57
Other capital reserves	11,441,095.89			11,441,095.89
Total	19,278,754,730.78	278,798,242.80	249,965,997.12	19,307,586,976.46

Other description, including the description of changes in the current period and change reasons:

Reasons for main changes:

(1) The Company's capital premium (share premium) increased by RMB 277,526,819.78, due to 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 Company's capital premium (share premium) decreased by RMB 249,965,997.12, due to dividends distributed by subsidiaries;

44. Other comprehensive income

Monetary unit: RMB

Item	Balance as at	Year 2025	Balance as at
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		Amount before income tax in 2025	Less: the amount included in other comprehensive income in prior period and transferred to current profits or losses	Less: amount previously included in other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount attributable to the parent company after tax	Amount attributable to minority shareholders after tax
I. Other comprehensive income that will not be reclassified to profit and loss	68,941,905.00	2,438,460.00			609,615.00	1,828,845.00	70,770,750.00
Changes in the fair value of other equity instruments investment	68,941,905.00	2,438,460.00			609,615.00	1,828,845.00	70,770,750.00
(II) Other comprehensive income that will be reclassified into profit or loss	20,224,970.13	-26,276,457.24			1,013,362.44	-27,289,819.68	-7,064,849.55
Cash flow hedging reserves	0.00	6,755,749.58			1,013,362.44	5,742,387.14	5,742,387.14
Translation differences of foreign currency financial statements	20,224,970.13	-33,032,206.82				-33,032,206.82	-12,807,236.69
Total of other comprehensive income	89,166,875.13	-23,837,997.24			1,622,977.44	-25,460,974.68	63,705,900.45

45. Special reserves

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
Work safety expenses	86,108,201.09	369,103,900.43	432,709,924.35	22,502,177.17

Subsidiaries of the Company, such as Shenghong Refining & Chemical, Sierbang Petrochemical, Honggang Petrochemical, Hongjing New Materials, Hongwei Chemical, Rongtai Warehousing, Xinrongtai Terminal, and Hongyang Port Storage, as hazardous materials production and storage enterprises, extract safety production fees according to the *Administrative Measures for the Extraction and Use of Enterprise Safety Production Fees* (CZ [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management. Based on the previous year's operating revenue of hazardous materials production and storage enterprises, safety production fees are extracted monthly using a progressive reduction method according to the following standards: 4.5% for the portion of operating revenue at or below RMB 10 million; 2.25% for the portion of operating revenue between RMB 10 million and RMB 100 million (inclusive); 0.55% for the portion of operating revenue between RMB 100 million and RMB 1 billion (inclusive); 0.2% for operating revenue above RMB 1 billion;

Meanwhile, Shenghong Refining & Chemical, Sierbang Petrochemical, Honggang Petrochemical, Hongjing New Materials, Hongwei Chemical, Rongtai Warehousing, Xinrongtai Terminal, and Hongyang Port Storage follow the regulations outlined in the document issued by the Xuwei New District and Government Office titled Notice on Issuing the Three-Year Action Plan for Xuwei New District to Build a Domestic Chemical Park Safety Management Demonstration Benchmark and Construct a World-Class Petrochemical Industry Base (SFQW [2021] No. 60), with safety production fees extracted 20% higher than the national standard.

(1) The increase in this period is due to the accrual of safety production fees;

(2) The decrease in this period is due to the Company's purchase of safety protection equipment and construction of safety protection facilities using the extracted safety production fees.

46. Surplus reserves

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025	Decrease in 2025	Balance as at December 31, 2025
Statutory surplus reserves	629,926,949.95	10,586,236.76		640,513,186.71

47. Undistributed profits

Monetary unit: RMB

Item	Year 2025	Year 2024
Undistributed profits at the end of last period before adjustment	3,443,519,405.76	6,421,996,498.50
Undistributed profits as at the beginning of the period after adjustment	3,443,519,405.76	6,421,996,498.50
Plus: net profit attributable to owners of the parent company in the current period	133,746,317.81	-2,296,841,255.74
Less: withdrawal of statutory surplus reserves	10,586,236.76	20,514,392.00
Common stock dividends payable		661,121,445.00
Undistributed profits as at the end of the period	3,566,679,486.81	3,443,519,405.76

48. Operating revenue and operating costs

Monetary unit: RMB

Item	Year 2025		Year 2024	
	Revenue	Cost	Income	Cost
Primary business	124,335,889,444.74	111,129,574,537.20	136,476,367,071.93	125,057,216,872.71
Other business	1,251,430,882.33	934,426,539.57	1,198,190,094.92	1,004,901,258.36
Total	125,587,320,327.07	112,064,001,076.77	137,674,557,166.85	126,062,118,131.07

The Company's audited total profit, net profit, and net profit after deducting non-recurring profit or loss during the reporting period are all negative.

Yes No

Monetary unit: RMB

Item	Year 2025	Specific deduction details	Year 2024	Specific deduction details
Amount of operating revenue	125,587,320,327.07		137,674,557,166.85	
Total amount of revenue deduction items	1,251,430,882.33	Sale of materials, energy, power, and waste, etc.	1,198,190,094.92	Sale of materials, energy, power, and waste, etc.
I. Revenue irrelevant to primary business				
1. Revenue from other	1,251,430,882.33	Sale of	1,198,190,094.92	Sale of materials,

Item	Year 2025	Specific deduction details	Year 2024	Specific deduction details
businesses outside normal operations Income from activities such as leasing fixed assets, intangible assets, and packaging materials; selling materials; conducting non-monetary asset exchanges using materials; managing entrusted operations; and income classified as main business income but outside the normal operations of the Listed Company.		materials, energy, power, and waste, etc.		energy, power, and waste, etc.
Subtotal of revenue unrelated to main business.	1,251,430,882.33	Sale of materials, energy, power, and waste, etc.	1,198,190,094.92	Sale of materials, energy, power, and waste, etc.
II. Revenue without commercial substance				
Subtotal of revenue without commercial substance				
III. Other revenue unrelated to main business or without commercial substance				
Amount after deducting operating revenue	124,335,889,444.74		136,476,367,071.93	

49. Taxes and surcharges

Monetary unit: RMB

Item	Year 2025	Year 2024
Consumption tax	7,302,984,153.61	7,207,485,140.70
Urban maintenance and construction tax	547,319,760.39	531,529,802.36
Educational surcharges	393,343,768.00	380,981,449.31
House property tax	126,373,606.13	113,467,933.06
Land use tax	37,776,277.82	38,497,084.60
Stamp duty	120,814,060.26	126,246,287.45
Environmental protection tax	9,850,203.59	8,260,925.68
Others	2,654,961.22	300,593.95
Total	8,541,116,791.02	8,406,769,217.11

50. Selling and distribution expenses

Monetary unit: RMB

Item	Year 2025	Year 2024
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Employee compensation	116,872,684.69	123,759,583.20
Warehousing expenses	126,087,400.54	152,828,138.18
Others	74,966,133.75	57,794,399.18
Total	317,926,218.98	334,382,120.56

51. General and administrative expenses

Monetary unit: RMB

Item	Year 2025	Year 2024
Employee compensation	513,858,640.66	587,809,554.26
Service fees	171,467,739.02	138,653,913.27
Depreciation and amortization	184,906,670.95	156,542,748.62
Insurance premiums	90,462,572.40	106,939,030.52
Office fees	6,445,438.51	14,085,949.96
Water, electricity and property management expenses	17,773,786.38	21,298,463.64
Others	44,077,616.64	55,879,558.84
Total	1,028,992,464.56	1,081,209,219.11

52. Research and development expenses

Monetary unit: RMB

Item	Year 2025	Year 2024
Technology development costs	969,268,392.97	832,022,384.44

53. Financial expenses

Monetary unit: RMB

Item	Year 2025	Year 2024
Interest expenses	4,621,677,028.50	4,996,149,469.46
Less: interest income	161,356,200.49	163,843,073.13
Gains or losses on exchange	-20,050,667.42	-74,748,449.57
Handling fees and others	114,737,812.01	116,208,593.75
Total	4,555,007,972.60	4,873,766,540.51

54. Other income

Monetary unit: RMB

Source of other income	Year 2025	Year 2024
Government grants	215,998,761.16	651,386,610.51
Additional deduction of input tax	1,148,103,259.30	318,049,928.67
Handling charges for withdrawal of individual income tax	2,583,294.09	2,573,982.27
Total	1,366,685,314.55	972,010,521.45

55. Investment income

Monetary unit: RMB

Item	Year 2025	Year 2024
Income from long-term equity	5,069,799.12	-364,514.73

investments calculated under the equity method		
Investment income from trading financial assets during the holding period		2,524,209.48
Investment income from disposal of trading financial assets	169,514,294.50	41,546,371.67
Income recognized by changing from equity method to cost method		115,675,611.54
Total	174,584,093.62	159,381,677.96

56. Gains from changes in fair value

Monetary unit: RMB

Sources of income from changes in fair value	Year 2025	Year 2024
Financial assets held for trading	434,360.70	39,709,845.02
Financial liabilities held for trading	-36,559,942.72	0.00
Total	-36,125,582.02	39,709,845.02

57. Losses from credit impairment

Monetary unit: RMB

Item	Year 2025 (- for losses)	Year 2024 (- for losses)
Losses from bad debts of notes receivable		6,413.00
Losses from bad debts of accounts receivable	-9,866,275.58	-15,426,321.73
Losses from bad debts of other receivables	-50,317,716.29	6,374,131.24
Total	-60,183,991.87	-9,045,777.49

58. Losses from asset impairment

Monetary unit: RMB

Item	Year 2025 (- for losses)	Year 2024 (- for losses)
Losses from inventory depreciation	-424,188,991.21	-710,854,465.77
Losses from impairment of construction in progress		-16,499,120.57
Total	-424,188,991.21	-727,353,586.34

59. Gains from disposal of assets

Monetary unit: RMB

Sources of proceeds from the disposal of assets	Year 2025	Year 2024	Amount included in non-recurring profit or loss in the current period
Gains from disposal of non-current assets	603,224,692.82	10,478,873.82	603,224,692.82

60. Non-operating revenue

Monetary unit: RMB

Item	Year 2025	Year 2024	Amount included in non-recurring profit or loss in the current period
Revenue from indemnity and fines	45,231,903.60	49,716,264.92	45,231,903.60
Payments not required to be paid	8,564,997.35	3,704,199.53	8,564,997.35
Others	3,677,992.09	16,167,122.30	3,677,992.09
Total	57,474,893.04	69,587,586.75	57,474,893.04

61. Non-operating expenses

Monetary unit: RMB

Item	Year 2025	Year 2024	Amount included in non-recurring profit or loss in the current period
External donations	6,101,150.00	6,051,000.00	6,101,150.00
Losses from the damage and scrapping of non-current assets	21,529,038.87	27,636,945.49	21,529,038.87
Expenses on compensation, fines and overdue fines	12,317,462.63	278,004,429.58	12,317,462.63
Others	5,506,309.37	1,048,740.95	5,506,309.37
Total	45,453,960.87	312,741,116.02	45,453,960.87

62. Income tax expenses**(1) Table of income tax expenses**

Monetary unit: RMB

Item	Year 2025	Year 2024
Current income tax expenses	131,903,643.11	91,588,418.96
Deferred income tax expenses	-503,773,866.70	-1,521,397,194.94
Total	-371,870,223.59	-1,429,808,775.98

(2) Accounting profit and income tax expense adjustment process

Monetary unit: RMB

Item	Year 2025
Total profits	-252,976,121.77
Income tax expenses calculated at statutory/applicable tax rate	-63,244,030.43
Effect of the application of various tax rates by subsidiaries	-52,614,325.20
Impact of adjustments to the income tax for the prior years	1,076,102.96
Influence of non-taxable income	-10,759,355.69
Influence of non-deductible costs, expenses and losses	43,924,692.90

Item	Year 2025
Influence of deductible losses from unrecognized deferred income tax assets in previous periods	-8,207,991.00
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	30,734,422.84
Impact of additional deduction of R&D expenses	-236,898,281.60
Changes in the balance of deferred income tax assets/liabilities as at the beginning of the period caused by tax rate adjustment	3,336,650.00
Effect of additional deduction of wages for the disabled	-157,119.54
Others	-79,060,988.83
Income tax expenses	-371,870,223.59

63. 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 shareholder of the parent company by the weighted average of the Company's outstanding common stocks:

Monetary unit: RMB

Item	Year 2025	Year 2024
Consolidated net profit attributable to ordinary shareholders of the parent company	133,746,317.81	-2,296,841,255.74
Weighted average of the Company's outstanding common stocks	6,611,226,261.83	6,611,215,753.67
Basic earnings per share	0.02	-0.35
Including: basic earnings per share from continued operation	0.02	-0.35
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 parent company (diluted) by the weighted average of the Company's outstanding common stock (diluted):

Monetary unit: RMB

Item	Year 2025	Year 2024
Consolidated net profit attributable to the common stockholder of the parent company (diluted)	133,746,317.81	-2,296,841,255.74
Weighted average of the Company's outstanding common stock (diluted)	6,611,226,261.83	6,611,215,753.67
Diluted earnings per share	0.02	-0.35
Including: diluted earnings per share from continued operation	0.02	-0.35
Diluted earnings per share from discontinued operation		

64. Items in the statement of cash flows

(1) Cash from operating activities

1) Cash received for other operating activities

Monetary unit: RMB

Item	Year 2025	Year 2024
Government grants	170,605,726.30	313,587,145.72
Interest	160,119,264.27	161,446,087.49
Current amounts	630,916,130.16	430,024,552.23
Non-operating revenue	36,216,635.92	50,872,663.75
Recovery of restricted funds	5,807,951,751.23	9,084,089,276.62
Employee shareholding payments received	82.10	142,510,200.00
Total	6,805,809,589.98	10,182,529,925.81

2) Cash paid for other operating activities

Monetary unit: RMB

Item	Year 2025	Year 2024
Current amounts	760,507,707.23	960,702,034.22
Expenditure on selling and general and administrative expenses	288,702,168.80	360,558,137.89
Financial expenses	108,387,169.03	117,715,205.39
Non-operating expenses and others	10,088,834.74	12,195,234.60
Expenditure on restricted funds	6,232,311,435.80	7,306,835,856.15
Payments for employee stock ownership		142,810,000.00
Total	7,399,997,315.60	8,900,816,468.25

(2) Cash received from investing activities

1) Cash received from other investing activities

Monetary unit: RMB

Item	Year 2025	Year 2024
Recovery of restricted funds (investment)	311,573,312.30	523,403,153.89
Interest income from capitalized special-purpose loans	271,275.76	977,387.27
Total	311,844,588.06	524,380,541.16

2) Cash paid for other investing activities

Monetary unit: RMB

Item	Year 2025	Year 2024
Expenditure on restricted funds	345,928,291.76	294,382,892.74
Total	345,928,291.76	294,382,892.74

(3) Cash related to financing activities

1) Cash received from other financing activities

Monetary unit: RMB

Item	Year 2025	Year 2024
Financing lease	1,816,691,040.00	4,169,095,082.31

Capital of related parties	1,893,228,978.01	
Others	1,355,641,186.12	
Total	5,065,561,204.13	4,169,095,082.31

2) Cash paid for other financing activities

Monetary unit: RMB

Item	Year 2025	Year 2024
Financing lease	1,797,007,948.18	2,898,827,958.46
Capital of related parties	399,700,000.00	348,000,000.00
Rental expense of right-of-use assets	293,088,062.45	254,390,521.82
Margin expenditure and others	236,000,000.00	958,296.02
Payments made by subsidiaries under the business combination under common control		43,205,910.32
Purchase of minority interest of subsidiaries		22,320,000.00
Total	2,725,796,010.63	3,567,702,686.62

Changes in liabilities arising from financing activities

Applicable Not Applicable

Monetary unit: RMB

Item	Balance as at January 1, 2025	Increase in 2025		Decrease in 2025		Balance as at December 31, 2025
		Cash change	Non-cash change	Cash change	Non-cash change	
Bank loans	132,763,278,809.06	92,557,114,360.91	8,775,281,263.82	104,812,697,881.77		129,282,976,552.02
Other payables	830,990.60	3,016,870,164.13	291,557,680.31	691,227,138.36	71,412,074.25	2,546,619,622.43
Bonds payable	4,627,988,048.31		278,545,873.69	74,965,166.78	113,900.00	4,831,454,855.22
Lease liabilities (including within one year)	3,121,794,764.83		193,842,178.53	293,088,062.45	36,490,962.73	2,986,057,918.18
Long-term payables (including within one year)	4,549,870,373.34	1,816,691,040.00	329,611,327.04	1,797,007,948.18		4,899,164,792.20
Total	145,063,762,986.14	97,390,675,565.04	9,868,838,323.39	107,668,986,197.54	108,016,936.98	144,546,273,740.05

65. Supplementary information on the statement of cash flows**(1) Supplementary information on the statement of cash flows**

Monetary unit: RMB

Supplementary information	Year 2025	Year 2024
1. Net profit adjusted to cash flows from operating activities		
Net profit	118,894,101.82	-2,283,873,644.82
Plus: credit impairment losses	60,183,991.87	9,045,777.49

Supplementary information	Year 2025	Year 2024
Assets impairment losses	424,188,991.21	727,353,586.34
Depreciation of fixed assets	7,666,035,632.81	7,030,403,048.61
Depreciation of right-of-use assets	182,438,422.65	96,019,981.75
Amortization of intangible assets	121,471,517.41	111,627,864.99
Amortization of long-term deferred expenses	2,470,303.14	1,451,114.97
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-603,224,692.82	-10,478,873.82
Losses from scrapping of fixed assets ("-" for gains)	19,568,958.06	27,572,424.22
Losses from changes in fair value ("-" for gains)	36,125,582.02	-39,709,845.02
Financial expenses ("-" for gains)	4,566,486,665.58	4,868,209,861.89
Investment losses ("-" for gains)	-187,336,727.26	105,080,907.31
Decreases in deferred income tax assets ("-" for increases)	-489,455,482.13	-1,507,474,835.68
Increases in deferred income tax liabilities ("-" for decreases)	-13,200,733.67	-11,797,002.51
Decreases in inventories ("-" for increases)	-528,287,555.18	660,353,794.72
Decreases in operating receivables ("-" for increases)	447,306,356.89	2,005,344,514.31
Increases in operating payables ("-" for decreases)	4,292,927,198.90	-1,304,800,759.32
Others	-63,606,023.91	-9,502,234.48
Net cash flows from operating activities	16,052,986,507.39	10,474,825,680.95
2. Significant investing and financing activities not involving cash inflow and outflow		
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	11,067,113,154.17	12,009,784,562.13
Less: beginning balance of cash	12,009,784,562.13	6,386,357,048.67
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-942,671,407.96	5,623,427,513.46

(2) Breakdowns of cash and cash equivalents

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
I. Cash	11,067,113,154.17	12,009,784,562.13
Including: cash on hand	11,841.96	9,053.74
Unrestricted bank deposits	10,864,005,279.57	11,813,476,954.86
Other unrestricted monetary funds	203,096,032.64	196,298,553.53
II. Ending balance of cash and cash equivalents	11,067,113,154.17	12,009,784,562.13

(3) Significant activities and financial effect not involving with the current cash deposit and withdrawal but affecting the financial position of the enterprise or affecting the cash flow of the enterprise in the future

Monetary unit: RMB

Item	Year 2025	Year 2024
Endorsement transfer for payment of goods	1,198,843,214.23	654,403,664.20
Endorsement transfer for payment of fixed assets and other long-term asset purchases	864,368,336.06	941,524,678.10

66. Monetary items in foreign currency**(1) Monetary items in foreign currency**

Monetary unit: RMB

Item	Balance in foreign currency as at December 31, 2025	Exchange rate	Balance in RMB converted as at December 31, 2025
Monetary funds			1,705,742,466.57
Including: USD	239,451,100.17	7.0288	1,683,053,830.55
EUR	1,299,299.86	8.2355	10,700,383.99
HKD	44.08	0.9031	39.81
SGD	2,187,487.13	5.4737	11,973,685.49
JPY	324,279.00	0.0448	14,526.73
Accounts receivable			2,357,322,904.56
Including: USD	335,380,563.48	7.0288	2,357,322,904.56
Long-term borrowings			91,343,056.77
EUR	11,091,379.61	8.2355	91,343,056.77
Other receivables			1,234,675.14
Including: USD	25.00	7.0288	175.72
SGD	225,532.20	5.4737	1,234,499.42
Accounts payable			3,634,130,034.93
Including: USD	510,491,200.50	7.0288	3,588,137,015.70
EUR	5,584,727.00	8.2355	45,993,019.23
Non-current liabilities maturing within one year			41,377,187.97
Including: USD	3,206,481.74	7.0288	22,537,718.85
EUR	2,287,592.63	8.2355	18,839,469.12

Item	Balance in foreign currency as at December 31, 2025	Exchange rate	Balance in RMB converted as at December 31, 2025
Other payables			1,062,378,693.65
Including: USD	150,721,955.08	7.0288	1,059,394,477.87
SGD	545,189.94	5.4737	2,984,215.78
Lease liabilities (including rents maturing within one year)			1,273,070,437.73
Including: USD	181,122,017.66	7.0288	1,273,070,437.73

(2) Notes to overseas operating entity

Company name	Principal place of business	Functional currency	Basis of selection
Shenghong Petrochemical (Singapore) International Co., Ltd.	Singapore	USD	The currency in the main economic environment in which it operates is USD
Shenghong Shipping (Singapore) International Co., Ltd.	Singapore	USD	The currency in the main economic environment in which it operates is USD

67. Leases**(1) The Company as the lessee**

Monetary unit: RMB

Item	Year 2025	Year 2024
Interest expenses on lease liabilities	130,879,334.22	68,267,411.92
Expense on short-term leases under simplified treatment and included in the assets-related cost or the current profit or loss	23,733,126.19	17,585,144.11
Expenses on the lease of low-value assets under simplified treatment and included in the related asset costs or the current profit or loss (except for the expenses on short-term lease of low-value assets)		
Variable lease payment not included in the lease liabilities for measurement and included in relevant asset costs or the current profit or loss		
Including: leaseback part		
Income from the sublease of right-of-use assets		
Total cash outflows relevant to lease	330,714,015.16	255,430,465.74

The future potential cash outflows of the Company not included in the measurement of lease liabilities primarily arise from leases that the lessee has committed to but not yet commenced.

Expected future annual cash outflows for leases that the Company has committed to but not yet commenced:
None.

(2) The Company as the lessor

Monetary unit: RMB

Item	Year 2025	Year 2024
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Revenue from operating leases	65,201,957.92	69,437,003.59
Of which: revenue related to variable lease payments that are not included in the lease receivables		

The undiscounted lease payments to be received after the balance sheet date are as follows:

Monetary unit: RMB

Item	Annual undiscounted lease receipts	
	Amount as at December 31, 2025	Amount as at January 1, 2025
Within 1 year	11,465,860.15	32,820,020.96
1-2 years	8,101,610.15	9,858,252.11
2-3 years	2,738,285.88	8,255,388.32
3-4 years	2,738,285.88	2,711,523.12
4-5 years	2,731,285.88	2,711,523.12
Over 5 years	26,984,496.89	29,656,752.65
Total	54,759,824.83	86,013,460.28

Finance lease: None.

68. Trial operation sales

Monetary unit: RMB

Item	Year 2025	Year 2024
Operating revenue	5,919,841,338.49	2,391,377,504.09
Operating costs	5,530,355,772.55	2,247,917,148.98

The trial run sales in 2025 refer to the external sales of products before the fixed assets reach the working condition for their intended use.

VIII. Research and development expenses

Monetary unit: RMB

Item	Year 2025	Year 2024
Employee compensation	618,086,536.37	699,286,812.18
Consumed materials	4,892,844,589.49	5,420,243,151.17
Depreciation and amortization	169,870,728.15	180,581,470.87
Others	42,894,196.53	53,970,536.84
Total	5,723,696,050.54	6,354,081,971.06

IX. Changes in the scope of consolidation

1. Business combination not under common control

None

2. Business combination under common control

None

3. Counter purchase

None

4. Disposal of subsidiaries

None

5. Changes in the scope of consolidation for other reasons

(1) Subsidiaries and other operating entities newly included in the scope of consolidated statements for the current period

Company name:	Increase time	Relationship with the Company	Reasons for increase
Shenghong Petrochemical (Hainan) Co., Ltd.	September 2025	Wholly-owned subsidiary	Newly-established
Jiangsu Ruikong Technology Co., Ltd.	February 2025	Wholly-owned subsidiary	Newly-established

(2) Subsidiaries and other operating entities that are no longer included in the scope of consolidated statements for the current period for other reasons

Company	Date of establishment	Time-point for equity withdrawal	Basis of time-point for equity withdrawal
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	August 2016	February 2025	[Note]
Jiangsu Shenghong Fiber Testing Co., Ltd.	December 2006	April 2025	

Note: Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd. was deregistered in February 2025. Jiangsu Shenghong Fiber Testing Co., Ltd. was deregistered in April 2025.

X. Equity in other entities

1. Equity in subsidiaries

(1) Structure of the enterprise group

Subsidiaries	Principal place of business	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd. [Note]	Suzhou	Suzhou	Energy sales and management	100.00%		Established by investment
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Power or heat supply	100.00%		Established by investment
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Lianyungang	Lianyungang	Petrochemical industry investment	100.00%		Established by investment
Suzhou Shenghong Data Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology services	100.00%		Established by investment
Jiangsu Shenghong Energy & Chemical New Materials Co.,	Suzhou	Suzhou	New material technology research and development	100.00%		Established by investment

Subsidiaries	Principal place of business	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Ltd.						
Shenghong (Shanghai) New Material Technology Co., Ltd.	Shanghai	Shanghai	New material technology research and development	100.00%		Established by investment
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 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
Suzhou Shengze Market Management Co., Ltd.	Suzhou	Suzhou	Real estate lease	100.00%		Established by investment

Note: Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd. was deregistered in February 2025.

(2) Significant non-wholly-owned subsidiaries

Monetary unit: RMB

Subsidiaries	Shareholding ratio of minority shareholders (%)	Profit or loss attributable to minority shareholders in the current period	Dividends declared to be distributed to minority shareholders in the current period	Balance of minority equity as at December 31, 2024
Jiangsu Sierbang Petrochemical Co., Ltd.	9.224105%	-1,139,940.67	159,280,000.00	1,511,057,811.06
Jiangsu Guowang High-tech Fiber Co., Ltd.	23.387097%	-21,836,377.90	132,000,000.00	2,545,742,216.89

(3) Main financial information of significant non-wholly-owned subsidiaries

Monetary unit: RMB

Subsidiaries	Balance as at December 31, 2024						Balance as at January 1, 2025					
	Current assets:	Non-current assets	Total assets	Current liabilities	Non-current liabilities:	Total liabilities	Current assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities:	Total liabilities
Jiangsu Sierbang Petrochemical Co., Ltd.	6,735,994,442.45	36,453,513,026.50	43,189,507,468.95	14,566,975,533.63	12,240,912,135.19	26,807,887,668.82	7,208,628,834.98	34,234,049,031.66	41,442,677,866.64	11,951,734,499.72	13,455,353,819.53	25,407,088,319.25
Jiangsu Guowang High-tech Fiber Co., Ltd.	13,062,079,090.72	10,501,500,707.52	23,563,579,798.24	10,011,215,222.26	2,999,208,618.42	13,010,423,840.68	12,288,518,632.61	11,267,791,769.90	23,556,310,402.51	9,844,904,219.95	3,533,134,738.62	13,378,038,958.57

Monetary unit: RMB

Subsidiaries	Year 2025	Year 2024
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	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities	Operating revenue	Net profit	Total comprehensive income	Cash flows from operating activities
Jiangsu Sierbang Petrochemical Co., Ltd.	22,667,332,549.80	9,603,252.28	9,603,252.28	2,414,947,897.09	20,688,212,611.47	739,617,008.40	739,617,008.40	402,199,790.63
Jiangsu Guowang High-tech Fiber Co., Ltd.	19,748,639,731.41	6,884,513.61	6,884,513.61	1,495,597,698.49	20,653,144,891.32	555,277,646.86	555,277,646.86	2,282,263,457.16

(4) Major limitation to the use of enterprise group assets and the liquidation of enterprise group debts

None

(5) Financial support or other support provided to structured entities included in the scope of the consolidated financial statements:

None

2. Transactions leading the changes in the owner's equity of subsidiaries and still controlling the subsidiaries

(1) Description of the changes in the share of owners' equity in subsidiaries

1) The Company's subsidiary, Sierbang Petrochemical, signed a capital increase agreement with Suzhou Xingchuang Investment Co., Ltd., with the capital increase of RMB 496 million. After the capital increase, minority shareholders hold a total of 9.224105% equity in Sierbang Petrochemical.

2) The Company's subsidiary, Guowang Hi-Tech, signed a capital increase agreement with China Orient Asset Management Co., Ltd., with the capital increase of RMB 500 million. After the capital increase, minority shareholders hold a total of 23.387097% equity in Guowang Hi-Tech.

(2) Effect of transactions on minority interests and equity attributable to owners of the parent company

Monetary unit: RMB

Item	Jiangsu Sierbang Petrochemical Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.
Disposal consideration		
- Cash	496,000,000.00	500,000,000.00
- Fair value of non-cash assets		
Total cost of purchase/consideration of disposal	496,000,000.00	500,000,000.00
Less: share of net assets of subsidiaries calculated at the ratio of equity acquired/disposed	281,548,168.30	436,925,011.92
Difference	214,451,831.70	63,074,988.08
Including: adjustment to capital reserves	214,451,831.70	63,074,988.08
Adjustment to surplus reserves		
Adjustment to undistributed profits		

3. Equity in joint ventures or associates

(1) Significant joint ventures or associates: None.

(2) Summary of financial information of insignificant joint ventures or associates

Monetary unit: RMB

	Balance as at December 31, 2025/Year 2025	Balance as at January 1, 2025/Year 2024

Joint venture:		
Total book value of investments	131,960,615.60	90,557,516.48
Total amount calculated based on the following shareholding proportions		
Net profit	5,069,799.12	-364,514.73
Total comprehensive income	5,069,799.12	-364,514.73

(3) Explanation of significant restrictions on the ability of joint ventures or associates to transfer funds to the Company: None.

(4) Excess losses incurred by joint ventures or associates: None.

(5) Unrecognized commitments related to investments in joint ventures: None.

(6) Contingent liabilities related to investments in joint ventures or associates: None.

4. Significant joint operations: None.

5. Interests in structured entities not included in the consolidated financial statements: None.

XI. Government grants

1. Government grants recognized at the amount receivable as at December 31, 2025

Applicable Not Applicable

The ending balance of receivables is RMB [].

Reasons for failure to receive government grants in the expected amount by the expected date

Applicable Not Applicable

2. Liability items involving government grants

Applicable Not Applicable

Monetary unit: RMB

Accounting item	Balance as at January 1, 2025	New grants in 2025	Amount included in non-operating revenue in 2025	Amount transferred to other income in 2025	Other decrease in the current period	Balance as at December 31, 2025	Asset/income-related
Deferred income	2,400,104,976.66	122,187,294.00		107,135,486.84	17,619,000.00	2,397,537,783.82	Asset-related government grants
Deferred income		2,500,000.00		500,000.00		2,000,000.00	Income-related government grants

3. Government grants included in current profit or loss

Applicable Not Applicable

Monetary unit: RMB

Accounting item	Year 2025	Year 2024
Asset-related government grants	107,135,486.84	108,296,603.90
Income-related government grants	108,863,274.32	543,090,006.61
Total	215,998,761.16	651,386,610.51

4. Return of government grants

	Amount (RMB)	Reason
Government grants returned this period	17,619,000.00	Due to adjustments in the Company's project construction plan, government land was returned

	along with related government grants.
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XII. Risks related to financial instruments

1. Various risks arising from financial instruments

The Company faces various financial risks in the course of its business operation, including credit risks, liquidity risks and market risks (including the exchange rate risk, interest rate risk and other price risks). The above financial risks and the risk management policies adopted by the Company to reduce these risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies clearly stipulate specific risks, covering many aspects such as market risk, credit risk and liquidity risk management. The Company regularly evaluates the market environment and changes in the Company's business activities to determine whether to update the risk management policies and systems. The internal audit department of the Company conducts regular audits on risk management control and procedures, and reports the audit results to the audit committee of the Company.

The Company diversifies the risk of financial instruments through appropriate diversified investment and business portfolios, and formulates corresponding risk management policies to reduce the risk of concentration in a single industry, specific region or specific counter-parties.

(1) Credit risk

The credit risk refers to the risk where the Company may have the financial loss caused by the counterparties' failure in performing any contractual obligation.

The Company mainly faces customer credit risks caused by sales on account. Prior to the conclusion of the new contract, the Company will evaluate the credit risk of the new customer including the external credit rating and bank credential letter under some circumstances if it is available. The Company sets a credit limit for each customer. The limit is the maximum amount dispensing with additional approval.

The Company carries out the quarterly monitoring on credit rating information of existing customers and the monthly review on the aging analysis of accounts receivable to make sure that the overall credit risk of the Company is under control. The Company groups 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.

(2) Liquidity risk

The liquidity risk refers to the risk of capital shortage of an enterprise taking place in the course of cash payment or settlement via other financial assets.

The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under 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. At the same time, the Company will continue to monitor whether it complies with the provisions of the loan agreement, and obtains commitments from major financial institutions to provide sufficient reserve funds to meet short-term and long-term funding demands.

Monetary unit: RMB

Item	Balance as at December 31, 2025				
	Within 1 year	1 - 3 years	Over 3 years	Total undiscounted contractual amount	Book value
Bank loans	70,794,741,551.13	23,209,609,827.51	35,480,584,472.10	129,484,935,850.74	129,282,976,552.04
Bonds payable	70,238,775.79	4,997,458,400.00		5,067,697,175.79	4,831,454,855.22
Lease liabilities	261,959,111.18	766,617,581.88	3,062,692,230.09	4,091,268,923.15	2,986,057,918.18

Long-term payables	1,907,443,766.95	2,307,899,834.84	935,750,223.50	5,151,093,825.29	4,899,164,792.20
Accounts payable	14,679,599,773.43			14,679,599,773.43	14,679,599,773.43
Notes payable	97,251,272.25			97,251,272.25	97,251,272.25
Other payables	2,871,293,477.33			2,871,293,477.33	2,871,293,477.33
Financial liabilities held for trading	10,445,517.73			10,445,517.73	10,445,517.73
Total	90,692,973,245.79	31,281,585,644.22	39,479,026,925.69	161,453,585,815.71	159,658,244,158.38

Monetary unit: RMB

Item	Balance as at December 31, 2025				
	Within 1 year	1 - 3 years	Over 3 years	Total undiscounted contractual amount	Book value
Bank loans	71,757,995,499.96	19,646,496,910.97	41,567,880,536.41	132,972,372,947.34	132,763,278,809.07
Bonds payable	58,534,091.50	4,997,574,200.00	-	5,056,108,291.50	4,627,988,048.31
Lease liabilities	319,573,482.62	720,443,186.59	3,332,683,961.55	4,372,700,630.76	3,121,794,764.83
Long-term payables	1,322,478,124.50	2,560,145,850.07	921,062,083.10	4,803,686,057.67	4,549,870,373.34
Accounts payable	14,250,773,680.27			14,250,773,680.27	14,250,773,680.27
Other payables	301,204,531.41			301,204,531.41	301,204,531.41
Total	88,010,559,410.26	27,924,660,147.63	45,821,626,581.06	161,756,846,138.95	159,614,910,207.23

(3) 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 risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market interest rate.

The Company's interest rate risk mainly derives from long-term or short-term borrowings and bonds payable with fixed interest rate from banks. The Company makes loans according to the amount and time demand of funds and after comprehensive analysis of interest rate and time of borrowing from various banks. The Company has established good bank-enterprise relationship with banks and has sufficient bank credit lines. The Company has consistently maintained a good credit record, and the interest rates of the borrowing contracts signed with banks basically float at a certain percentage of the benchmark interest rates announced by the central bank for the same period and at the same level.

2) Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuates due to variations in foreign exchange rate. The Company will match the foreign currency income with the foreign currency expenses as far as possible to reduce the exchange rate risk.

3) Other price risks

Other price risk refer to the risk that fair value or future cash flows of financial instruments fluctuate due to variations in market prices other than interest rate risk and interest rate risk.

2. Hedging risk management

(1) Hedging risk management strategies and objectives

To hedge against the risk of future fluctuations in cash flows related to commodity prices arising from anticipated commodity sales, the Company has designated a series of commodity futures and forward contracts it holds as hedging instruments for those anticipated sales. The underlying assets of the commodity futures and forward contracts designated as hedging instruments have an economic relationship with the commodities being hedged. The hedge ratio of the hedging relationship is consistent with that established for risk management purposes and is reasonable.

The Company adopts cash flow hedging to address cash liquidity risks at the sales end, aiming to reduce the impact of crude oil price fluctuations on its financial position and enhance the stability and predictability of its financial statements.

(2) Qualitative and quantitative information on hedged items, corresponding hedging instruments and hedged risks by hedging category

Cash flow hedging

The balance of the cash flow hedging reserve of the Company for the current period was as follows:

Monetary unit: RMB

Item	Year 2025
Fair value gains recognized in shareholders' equity at the end of the period	6,755,749.58
Less: deferred income taxes arising from fair value gains	1,013,362.44
Net gain on cash flow hedging at the end of the period	5,742,387.14
Amount recognized in profit or loss for the current period	13,443,602.60

3. Transfer of financial assets: None.

XIII. Disclosure of fair value

The input value used for measuring fair value is 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 are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3 input values are unobservable input values for relevant assets or liabilities.

The fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

1. Fair value of assets and liabilities measured at fair value as at December 31, 2025

Monetary unit: RMB

Item	Fair value as at the end of the period			
	Measured at fair value at Level 1	Measured at fair value at Level 2	Measured at fair value at Level 3	Total
I. Continuous measurement of fair value	--	--	--	--

Item	Fair value as at the end of the period			
	Measured at fair value at Level 1	Measured at fair value at Level 2	Measured at fair value at Level 3	Total
(I) Financial assets held for trading	4,640,905.02			4,640,905.02
Derivative financial assets	4,640,905.02			4,640,905.02
(II) Other equity instrument investments			586,861,000.00	586,861,000.00
(III) Receivables financing			277,522,606.25	277,522,606.25
(IV) Other non-current financial assets			8,492,900.00	8,492,900.00
Total assets with continuous measurement at fair value	4,640,905.02		872,876,506.25	877,517,411.27
(IV) Financial liabilities held for trading	10,445,517.73			10,445,517.73
Derivative financial liabilities	10,445,517.73			10,445,517.73
Total liabilities with continuous measurement at fair value	10,445,517.73			10,445,517.73
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 fair values

Derivative financial assets RMB4,640,905.02, derivative financial liabilities RMB10,445,517.73, recognized based on the fair value of futures market contracts held as of December 31, 2025.

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

Monetary unit: RMB

Item	Fair value at December 31, 2025	Valuation techniques
Receivable financing	277,522,606.25	[Note]
Other equity instrument investments	586,861,000.00	Market approach
Other non-current financial assets	8,492,900.00	Market approach

Note: The receivables financing represents notes receivable of RMB 277,522,606.25 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	Nature of business	Registered capital	Shareholding ratio of the	Voting right ratio of the

				parent company in the Company	parent company in the Company
Jiangsu Shenghong Technology Co., Ltd.	Suzhou	Investment type	RMB 2,992.7411 million	43.24%	43.24%

Information on the parent company of the Company

Note: the above shareholding ratio represents the 43.24% of the Company's shares directly held by Shenghong Technology as of the end of the reporting period.

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

2. Subsidiaries of the Company

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

3. Joint ventures and associates of the Company

See Note "X Equity in other entities" for major joint ventures and associates of the Company.

4. Information on other related parties

Other related party	Relationship with the Company
Jiangsu Shenghong New Material Group Co., Ltd.	Parent company of the parent company
Jiaxing Jiasheng New Material Technology Co., Ltd.	Controlled by the same actual controller
Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Jiangsu Dongfang Yingta Security Service Co., Ltd.	Other related-party transactions
Jiangsu Lvhe'an Technology Co., Ltd.	Controlled by the same actual controller
Jiangsu Naqi New Material Technology Co., Ltd.	Controlled by the same actual controller
Jiangsu Shengbang New Materials Co., Ltd.	Controlled by the same actual controller
Suzhou City Shengze Oriental Silk Market Operation Management and Service Co., Ltd. (Formerly known as: Jiangsu Shengze Dongfang Textile City Development Co., Ltd.)	Other related-party transactions
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related-party transactions
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the same actual controller
Shenghong Ligend Power Technology (Suzhou) Co., Ltd.	Controlled by the same actual controller
Shenghong Group Co., Ltd.	Controlled by the same actual controller
Shenghong Holding Group Co., Ltd.	Controlled by the same actual controller
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller
Suzhou Huaxia Group Co., Ltd.	Other related relationship
Suzhou Pingwang Dyeing Co., Ltd.	Controlled by the same actual controller
Suzhou Shenghong Hotel Co., Ltd. Renaissance Wujiang Hotel	Other related-party transactions
Suzhou Shenglian Industrial Water Co., Ltd.	Other related-party transactions
Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Controlled by the same actual controller
Suzhou Shunli Asset Management Co., Ltd. (Formerly known as: Suzhou Shengze Urban Organic Renewal Development Co., Ltd.)	Other related-party transactions
Suzhou Suzhen Thermal Power Co., Ltd.	Other related-party transactions

Other related party	Relationship with the Company
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Other related-party transactions
Suzhou Xinmin Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related-party transactions
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Jiayu Industrial Development Co., Ltd.	Other related relationship
Wujiang Pengxiang Real Estate Development Co., Ltd.	Other related relationship
Wujiang Shengze Water Treatment Development Co., Ltd.	Other related-party transactions
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Controlled by the same actual controller
Yu Xiaofang	Other related-party transactions

5. Related transactions

(1) Related transaction on purchase or sales of goods and rendering or receipt of services

Purchase of goods/receipt of services

Monetary unit: RMB

Related party	Content of related transaction	Year 2025	Transaction limit approved	Whether the transaction limit is exceeded	Amount in the previous period
Shenghong Group Co., Ltd.	Energy procurement, processing fees	79,987,525.59	101,223,000.00	No	82,663,944.18
Jiangsu Dongfang Yingta Security Service Co., Ltd.	Security services etc.	401,508.61	280,000.00	No	141,645.86
Suzhou Suzhen Thermal Power Co., Ltd.	Energy, steam, water, etc.	1,248,454.66	10,780,000.00	No	4,390,496.82
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Meetings, catering, etc.	1,445,558.73	3,225,000.00	No	1,275,173.35
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Steam	4,116,949,116.44	6,382,000,000.00	No	4,803,301,711.25
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Commodities, etc.				10,171,106.35
Shenghong Petrochemical Group Co., Ltd.	Vehicles, etc.				219,368.14

Related party	Content of related transaction	Year 2025	Transaction limit approved	Whether the transaction limit is exceeded	Amount in the previous period
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	Purchase of materials	19,818,672.65	44,330,000.00	No	25,216,009.81
Jiangsu New Vision Inspection and Certification Co., Ltd.	Commodities, etc.				11,830.18
Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Benefit fee-utilities	834,452.19	1,420,000.00	No	394,706.10
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Service fees				2,518,684.56
Wujiang Pengxiang Real Estate Development Co., Ltd.	Property fee	71,921.61	160,000.00	No	20,420.78
Wujiang Shengze Water Treatment Development Co., Ltd.	Commodities, etc.	1,163.00		No	
Total		4,220,758,373.48			4,930,325,097.38

Note: Wujiang Pengxiang Real Estate Development Co., Ltd. is a subsidiary of Wujiang Jiayu Industrial Development Co., Ltd. Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd. was consolidated in March 2024 through a business combination not under common control, and the related party transaction disclosure includes certain transactions for the period from January to March 2024.

Sales of goods/rendering of services

Monetary unit: RMB

Related party	Content of related transaction	Year 2025	Year 2024
Shenghong Group Co., Ltd.	Goods, energy, etc.	38,849,697.56	57,595,375.33
Wujiang Jiayu Industrial Development Co., Ltd.	Warehousing and terminal services	40,469,730.50	51,039,911.33
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Steam, water	6,681,822.49	6,590,119.19
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Steam, water	2,345,898.48	1,915,497.19
Shenghong Petrochemical Group Co.,	Goods, water, electricity, sewage treatment		6,431.37

Related party	Content of related transaction	Year 2025	Year 2024
Ltd.			
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Commodity	198,960,093.51	202,887,558.34
Jiangsu Shengbang New Materials Co., Ltd.	Rendering of services	518,867.92	2,679,245.29
Jiaxing Jiasheng New Material Technology Co., Ltd.	Rendering of services	152,407.55	70,771.69
Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	Rendering of services	131,466.99	96,245.28
Shenghong Holding Group Co., Ltd.	Transfer of vehicles		38,938.05
Suzhou Pingwang Dyeing Co., Ltd.	Rendering of services	300,277.84	112,153.78
Suzhou Shenglian Industrial Water Co., Ltd.	Utilities and other miscellaneous expenses		9,203.28
Suzhou Xinmin Printing and Dyeing Co., Ltd.	Rendering of services	168,081.15	69,067.93
Shenghong Ligend Power Technology (Suzhou) Co., Ltd.	Transfer of vehicles		604,268.11
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Rendering of services	597,511.32	387,880.18
Jiangsu Lvhe'an Technology Co., Ltd.	Goods	32,946,350.43	
Jiangsu Naqi New Material Technology Co., Ltd.	Goods	57,040.97	
Jiangsu Shenghong Technology Co., Ltd.	Warehousing expenses	21,221.18	
Suzhou Huaxia Group Co., Ltd.	Warehousing expenses	48,113.21	
Suzhou Shengze Oriental Silk Market Operation Management Service Co., Ltd.	Goods	411,429.33	480,321.16
Suzhou Shunli Asset Management Co., Ltd.	Goods	191,380.74	170,777.38
Suzhou Suzhen Thermal Power Co., Ltd.	Goods	225,647.78	
Total		323,077,038.95	323,077,038.95

(2) Related party entrusted management/contracting and entrusted management/subcontracting

None

(3) Related-party leases

The Company acted as the lessor:

Monetary unit: RMB

Name of lessee	Type of leased assets	Lease income recognized in 2025	Lease income recognized in 2024
Sheng Hong Group Co., Ltd.	Lease of transformer and its supporting appurtenances	10,961,459.78	7,646,017.70
Shenghong Petrochemical Group Co., Ltd.	House rent		25,959.96
Yu Xiaofang	House rent	146,303.30	146,705.69
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Pipeline location leasing		129,189.83
Jiangsu Shengbang New Materials Co., Ltd.	House rent	1,007,207.85	
Suzhou Shenghong Environmental Technology Co., Ltd.	Water quality equipment leasing	44,247.79	
Suzhou Shenglian Industrial Water Co., Ltd.	House and transformer leasing	36,680.37	
Total		12,195,899.09	7,947,873.18

The Company acted as the lessee:

None

(4) Related party guarantee

The Company acted as the guarantor:

None

The Company acted as the guaranteed party:

Monetary unit: RMB'0,000, USD'0,000, EUR'0,000, JPY'0,000, CHF'0,000

Guarantor	Guaranteed amount	Commencement date	Expiry date	Whether or not the guarantee performance 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, five plots of land and construction in progress, Sierbang Petrochemical equity pledge	4,150,000.00	November 13, 2020	November 12, 2038	No
Miao Han'gen and his wife	80,000.00	September 20, 2019	September 20, 2032	No
Miao Han'gen and his wife	20,000.00	September 20, 2019	September 20, 2032	No

Guarantor	Guaranteed amount	Commencement date	Expiry date	Whether or not the guarantee performance has been completed
Miao Han'gen and his wife	75,000.00	September 20, 2019	September 20, 2032	No
Miao Han'gen and his wife	50,000.00	September 20, 2019	September 20, 2032	No
Miao Han'gen and his wife	30,000.00	September 20, 2019	September 20, 2032	No
Miao Han'gen and his wife	15,000.00	September 20, 2019	September 20, 2032	No
Shenghong Holding Group Co., Ltd.	11,505.00	January 15, 2025	January 15, 2029	No
Shenghong Holding Group Co., Ltd.	30,000.00	March 27, 2024	March 15, 2029	No
Shenghong Holding Group Co., Ltd.	20,000.00	May 23, 2024	May 10, 2029	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
Shenghong (Suzhou) Group Co., Ltd.	15,000.00	September 5, 2025	October 28, 2029	No
Jiangsu Shenghong Technology Co., Ltd.	15,000.00	March 19, 2025	March 25, 2029	No
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.	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
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
Guarantee of Shenghong Holding Group Co., Ltd. and Lianyungang Xuwei Port 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

Guarantor	Guaranteed amount	Commencement date	Expiry date	Whether or not the guarantee performance has been completed
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
Miao Han'gen and Zhu Hongmei	84,000.00	April 15, 2024	April 14, 2028	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 59.40	November 13, 2023	September 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR 383.63	March 13, 2024	May 21, 2028	No
Shenghong Holding Group Co., Ltd.	EUR 278.72	March 18, 2024	July 21, 2028	No
Shenghong Holding Group Co., Ltd.	EUR 3.62	July 05, 2024	August 15, 2028	No
Shenghong Holding Group Co., Ltd.	50,000.00	July 09, 2025	January 08, 2029	No
Shenghong Holding Group Co., Ltd.	50,000.00	August 13, 2025	February 13, 2029	No
Guarantee, real estate mortgage of Shenghong (Suzhou) Group Co., Ltd., actual controllers Miao	2,000.00	January 6, 2025	January 13, 2029	No

Guarantor	Guaranteed amount	Commencement date	Expiry date	Whether or not the guarantee performance has been completed
Han'gen and Zhu Hongmei (the couple)				
Shenghong (Suzhou) Group Co., Ltd.	50,000.00	August 8, 2024	March 24, 2030	No
Shenghong Holding Group Co., Ltd.	60,000.00	September 9, 2024	February 13, 2029	No
Jiangsu Shenghong New Material Group Co., Ltd.	8,782.00	June 20, 2025	June 19, 2029	No
Jiangsu Shenghong New Material Group Co., Ltd.	12,000.00	June 24, 2025	June 23, 2029	No
Miao Han'gen and Zhu Hongmei	150,000.00	June 3, 2024	October 28, 2029	No
Miao Han'gen and Zhu Hongmei	19,200.00	June 3, 2024	February 25, 2029	No
Shenghong Holding Group Co., Ltd.	75,000.00	December 15, 2020	June 8, 2032	No
Jiangsu Shenghong New Material Group Co., Ltd.	40,000.00	May 28, 2021	May 28, 2031	No
Shenghong Holding Group Co., Ltd.	JPY 307,800.00	February 14, 2025	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	JPY 410,400.00	February 14, 2025	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	EUR 133.14	July 22, 2021	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	EUR 1,197.78	February 24, 2025	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	CHF33.26	June 9, 2025	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	EUR 11.64	October 24, 2025	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	EUR 26.08	November 05, 2025	Actual payment date plus two years	No
Shenghong Holding Group Co., Ltd.	60,000.00	March 24, 2025	November 28, 2031	No
Shenghong Holding Group Co., Ltd.	45,000.00	March 24, 2025	November 28, 2031	No
Shenghong (Suzhou) Group Co., Ltd.	66,400.00	November 29, 2021	November 29, 2031	No

(5) Loans from and to related parties

Monetary unit: RMB

Related party	Loans from related parties in 2025	Repayment in 2025	Balance as at December 31, 2025	Accrual of interest on Lending/borrowing
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				in 2025
Jiangsu Shenghong Technology Co., Ltd.	1,893,228,978.01	399,700,000.00	1,493,528,978.01	277,680.31

(6) Remuneration of key senior managements

Monetary unit: '0,000 RMB

Item	Year 2025	Year 2024
Remuneration of key senior managements	2,266.01	2,559.16

(7) Other related transactions

During the current period, the Company's subsidiary, Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd., contributed fixed assets and intangible assets with an appraised value of RMB 8,492,900.00 as capital contribution to acquire shares in Jiangsu Naqi New Material Technology Co., Ltd. Upon completion of the transaction, it holds a 14.52% equity interest in Jiangsu Naqi New Material Technology Co., Ltd., while the related party, Shenghong (Suzhou) Group Co., Ltd., holds an 84.48% equity interest in Jiangsu Naqi New Material Technology Co., Ltd.

6. Receivables from and payables to related parties**(1) Receivables**

Monetary unit: RMB

Item name	Related party	Balance as at December 31, 2025	Balance as at January 1, 2025
		Book balance	Book balance
Accounts receivable	Shenghong Petrochemical Group Co., Ltd.		36,940.48
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	187,607,676.36	32,834,374.43
	Wujiang Jiayu Industrial Development Co., Ltd.	6,668,268.24	5,742,668.83
	Shenghong Group Co., Ltd.	5,706,300.25	5,649,565.87
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	797,107.00	877,479.64
	Jiaying Jiasheng New Material Technology Co., Ltd.	12,069.00	5,065.00
	Jiaying Jiasheng Printing and Dyeing Co., Ltd.	14,952.00	10,739.00
	Jiangsu Shengbang New Materials Co., Ltd.	458,435.63	600,000.00
	Suzhou Pingwang Dyeing Co., Ltd.	52,596.00	8,590.00
	Suzhou Xinmin Printing and Dyeing Co., Ltd.	3,560.00	13,297.00
	Xintiandi Textile Printing and Dyeing (Jiaying) Co., Ltd.	70,264.00	26,655.00
	Jiangsu Lvhe'an Technology Co., Ltd.	10,762,413.59	
	Sub-total	212,153,642.07	45,805,375.25
Advances to suppliers	Lianyungang Hongyang Thermoelectricity Co., Ltd.		441,193.60

	Shenghong Group Co., Ltd.	482,603.20	
	Sub-total	482,603.20	441,193.60

(2) Payables

Monetary unit: RMB

Item name	Related party	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Accounts payable	Lianyungang Hongyang Thermoelectricity Co., Ltd.	227,668,734.62	162,105,848.63
	Suzhou Suzhen Thermal Power Co., Ltd.	323,819.16	184,967.75
	Shenghong Group Co., Ltd.	5,181.58	1,149,188.36
	Suzhou Shenghong Hotel Co., Ltd. Renaissance Wujiang Hotel	13,163.00	0.90
	Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	4,664,138.67	3,745,593.28
	Sub-total	232,675,037.03	167,185,598.92
Other payables	Yu Xiaofang	15,500.00	15,500.00
	Jiangsu Shenghong Technology Co., Ltd.	1,493,559,519.96	
	Sub-total	1,493,575,019.96	15,500.00
Advances from customers	Yu Xiaofang	130,472.96	134,584.17
Contract liabilities and other current liabilities	Wujiang Oriental Market Supply Chain Service Co., Ltd.	78,863.00	25,702.28
	Suzhou Shengze Oriental Silk Market Operation Management Service Co., Ltd. (formerly known as Jiangsu Shengze Oriental Textile City Development Co., Ltd.)	98,280.66	8,885.95
	Sub-total	177,143.66	34,588.23

XV Commitments and contingencies**1. 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 RMB1.19 billion for Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., the maximum joint and several liability guarantee of RMB3.11505 billion and syndicated loan guarantee of RMB 2.7 billion for Jiangsu Honggang Petrochemical Co., Ltd., maximum joint and several liability guarantee of RMB1.714 billion for Jiangsu Eastern Shenghong Co., Ltd., maximum joint and several liability guarantee of RMB 300 million for Lianyungang Hongyang Port Storage and Transportation Co., Ltd., the maximum joint and several liability guarantee of RMB 500 million shared limit for Shenghong Refining & Chemical (Lianyungang) Co., Ltd., Jiangsu Honggang Petrochemical Co., Ltd., Jiangsu Sierbang Petrochemical Co., Ltd. and Jiangsu Guowang High-Tech Fiber Co., Ltd., maximum joint and several liability guarantee of RMB 600 million shared limit for Shenghong Refining & Chemical (Lianyungang) Co., Ltd., Jiangsu Honggang Petrochemical Co., Ltd., Jiangsu Sierbang Petrochemical Co., Ltd. and Jiangsu Hongjing New Materials Co., Ltd., RMB 41.5 billion of syndicated loan guarantee for Shenghong Refining & Chemical (Lianyungang) Co., Ltd., maximum joint and several liability guarantee of RMB840million and syndicated loan guarantee of RMB 13.24762 billion for Jiangsu Sierbang Petrochemical Co., Ltd., maximum joint and several

liability guarantee of RMB 20 million for Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.

2. Contingencies

(1) Significant contingencies existing on balance-sheet date

As of December 31, 2025, except for 1. litigation matters disclosed in the Significant non-adjusting events in XVI. post balance sheet events, the Company has no major pending litigation.

(2) Contingent liabilities arising from debt guarantee provided for other units and financial impact thereof

Monetary unit: '0,000 RMB

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Company and subsidiaries:						
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	3,358,976.66	2020/11/13	2038/11/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	332,000.00	2022/6/30	2036/6/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	350,000.00	2025/10/30	2029/8/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	80,000.00	2025/9/2	2030/8/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	70,000.00	2025/8/22	2030/8/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	149,800.00	2024/7/25	2029/7/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	99,800.00	2024/8/28	2029/8/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	405,800.00	2025/10/31	2029/10/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	68,866.04	2025/10/28	2029/10/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	776.00	2024/12/26	2028/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	146,211.77	2025/9/5	2029/8/14	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	149,201.15	2025/8/25	2029/1/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	139,273.66	2025/12/18	2029/12/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	89,147.44	2025/3/4	2029/9/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	399,793.23	2025/3/4	2029/9/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	39,988.00	2025/6/4	2029/5/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	19,900.00	2025/3/31	2029/9/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	95,938.93	2025/2/25	2029/2/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	21,800.00	2025/9/19	2029/9/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	74,463.75	2024/8/29	2029/12/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	224,786.24	2024/8/29	2029/12/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	-	2025/2/19	2029/7/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	297,925.34	2025/5/29	2029/5/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	91,007.30	2025/12/31	2029/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	144,669.45	2025/12/16	2029/12/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	107,991.01	2025/12/26	2029/12/26	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	86,841.90	2023/9/15	2031/9/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	10,000.00	2025/3/28	2029/2/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	38,884.88	2025/11/6	2029/11/5	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	10,000.00	2025/12/3	2028/6/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	10,000.00	2025/7/22	2029/1/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	10,000.00	2025/8/13	2028/2/9	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	14,600.00	2025/11/27	2029/11/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	190,590.39	2025/12/20	2029/12/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	150,000.00	2025/5/14	2029/5/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	150,000.00	2025/5/14	2029/5/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	RMB	50,000.00	2025/9/1	2029/8/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	USD	-	2025/3/18	2029/3/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	USD	5,919.34	2024/5/21	No expiration date	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	43,889.00	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	7,622.00	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	50,000.00	2019/9/20	2032/9/20	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	33,333.33	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	20,000.00	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	10,000.00	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	49,900.00	2025/2/27	2030/2/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	-	2025/1/10	2028/4/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	140,000.00	2024/8/30	2028/8/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	47,000.00	2025/9/19	2029/9/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	70,000.00	2025/1/20	2026/7/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	60,000.00	2025/1/2	2028/11/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	USD	12,445.57	2025/1/1	2025/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	20,000.00	2024/11/26	2029/8/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	30,000.00	2024/11/26	2029/8/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	60,000.00	2025/6/25	2029/6/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	19,800.00	2024/12/16	2029/12/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	52,358.27	2025/4/9	2029/12/2	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	10,000.00	2025/10/29	2029/10/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	5,000.00	2024/11/29	2028/9/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	216.35	2024/7/19	2028/7/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	42,048.85	2025/8/25	2029/1/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	68,295.65	2024/11/28	2028/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	2,083.33	2023/1/29	2029/1/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	2,500.00	2023/1/29	2029/1/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	7,500.00	2024/2/7	2030/2/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	11,250.00	2024/2/7	2030/2/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	30,000.00	2025/1/7	2030/1/7	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	36,312.72	2025/4/25	2033/4/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	33,670.70	2025/4/25	2030/4/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	6,232.22	2024/4/15	2028/4/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	57,766.70	2025/4/15	2029/4/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	24,998.18	2024/8/29	2029/12/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	22,927.33	2024/8/29	2029/12/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	29,986.13	2023/6/25	2031/6/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	5,000.00	2025/3/28	2029/3/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	30,000.00	2025/3/13	2028/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	25,000.00	2025/4/29	2029/4/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	68,000.00	2024/12/17	2028/12/17	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Lianyungang Shunmeng Trading Co., Ltd.	RMB	336.66	2025/9/15	2029/9/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	RMB	26,400.00	2024/10/29	2032/10/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	RMB	1,322.00	2025/1/15	2029/6/6	No
Jiangsu Eastern Shenghong Co., Ltd.	Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	RMB	116.00	2025/12/26	2029/12/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Shanghai) New Material Technology Co., Ltd.	RMB	25,905.58	2024/10/31	2037/9/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	93,700.00	2024/12/23	2030/4/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	EUR	301.81	2024/12/23	2029/2/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	30,000.00	2025/1/13	2029/4/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	20,000.00	2025/2/26	2029/4/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	112,693.88	2024/3/26	2034/3/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	30,000.00	2024/2/29	2030/2/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	25,000.00	2024/2/8	2029/2/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	7,400.00	2024/9/27	2029/3/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	3,500.00	2025/8/15	2029/4/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	10,000.00	2025/2/8	2029/4/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	15,000.00	2022/5/12	2029/5/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	24,000.00	2024/8/19	2029/11/7	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	28,110.85	2024/9/18	2029/12/26	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	59,800.00	2024/11/27	2029/11/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	33,702.31	2024/11/29	2029/11/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	16,631.62	2025/11/28	2029/11/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	15,000.00	2025/6/26	2029/6/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	11,573.00	2025/7/3	2029/7/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	15,000.00	2025/7/4	2029/7/2	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	15,165.29	2025/1/9	2029/6/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fiber Co., Ltd.	RMB	30,000.00	2025/11/11	2030/2/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	52,600.00	2021/12/21	2031/12/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	43,864.74	2022/1/20	2030/11/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	89,383.74	2022/3/24	2033/3/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	24,736.55	2022/6/1	2031/8/2	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	RMB	29,058.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	RMB	13,686.40	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	RMB	20,529.60	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	RMB	45,194.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	RMB	29,694.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-tech Fibre (Suqian) Co., Ltd.	RMB	32,288.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Siyang Yiyang Environmental Energy Co., Ltd.	RMB	11,934.01	2025/3/21	2035/12/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	10,000.00	2024/10/31	2030/10/30	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	30,000.00	2025/2/8	2029/3/24	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	47,700.00	2022/01/01	2029/12/28	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	6,300.00	2022/02/28	2029/12/28	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	6,000.00	2022/03/29	2029/12/28	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	24,000.00	2022/04/15	2029/12/28	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	72,000.00	2023/12/08	2028/12/01	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	29,640.00	2023/12/08	2028/12/01	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	9,389.85	2024/11/28	2026/12/4	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New material Co., Ltd.	RMB	9,089.68	2024/11/28	2026/12/4	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	-	2024/12/19	2026/12/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	58.07	2024/12/19	2026/12/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	26,941.48	2024/12/19	2026/12/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	3,933.39	2025/3/7	2026/1/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongwei Chemical Co., Ltd.	RMB	679.37	2025/3/7	2026/1/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	9.36	2025/11/24	2026/8/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongwei Chemical Co., Ltd.	RMB	10,000.00	2025/11/24	2026/8/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	11,077.64	2025/6/19	2026/3/25	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	2,070.12	2025/6/19	2026/3/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	10,632.04	2025/6/19	2026/3/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	840,000.00	2023/3/24	2041/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongwei Chemical Co., Ltd.	RMB	260,256.03	2023/2/6	2037/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	RMB	43,500.00	2019/9/10	2037/9/10	No
Between subsidiaries:						
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. and its equity in Sierbang petrochemical	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	3,358,976.66	2023/9/22	2038/11/12	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	6,858.25	2025/6/4	2029/6/24	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Shenghong Petrochemical Sales Co., Ltd.	RMB	131.84	2025/1/1	2026/1/31	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	USD	3,293.70	2025/3/17	2027/4/15	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	5,000.00	2023/12/20	2029/5/28	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	15,956.98	2024/11/8	2029/6/1	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	1,000.00	2024/12/25	2029/11/25	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	10,000.00	2025/10/28	2030/1/28	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	RMB	5,000.00	2024/9/27	2029/3/17	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	31,053.00	2021/6/28	2031/7/6	No

Guarantor	Guaranteed party	Currency type	Amount of guarantee used	Commencement date of guarantee	Expiry date	Whether the performance of the guarantee has been completed
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	10,000.00	2024/12/24	2029/1/19	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	5,000.00	2024/9/27	2029/3/19	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	30,000.00	2025/10/30	2029/4/29	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	22,000.00	2023/12/20	2029/1/14	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	38,000.00	2024/11/8	2029/7/13	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	19,800.00	2024/12/10	2029/6/19	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	2,001.50	2025/12/11	2029/8/11	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	18,333.33	2025/9/24	2031/9/20	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	29,813.75	2024/11/8	2029/6/26	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	9,300.00	2024/12/23	2029/6/11	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	EUR	13.80	2024/12/23	2029/6/11	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	20,000.00	2025/2/14	2029/3/29	No
Jiangsu Guowang High-tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	10,000.00	2025/8/15	2029/11/18	No

XVI. Post balance sheet events

1. Significant non-adjusting events

Due to the settlement progress of the project payment guarantee, the supplier China National Chemical Engineering Sixth Construction Co., Ltd. filed a lawsuit against the Company. As of December 31, 2025, the case was still under trial. In January 2026, the supplier applied to the court for property preservation. To cooperate with the court's work, on January 5, 2026, the Lianyungang Intermediate People's Court handled the property

preservation of the Company's houses and land, involving a net amount of RMB0.524 billion.

2. Profit distribution

According to the *Proposal on the 2025 Profit Distribution Plan* deliberated and passed at the 3th meeting of the 10th Board of Directors held on April 27, 2026. The 2025 profit distribution plan of the Company is: no cash dividends will be distributed for the year 2025, no bonus shares will be issued, and no transfer of capital reserve to increase share capital will take place. This proposal is subject to approval by the Company's shareholders' meeting.

XVII. Other significant events

1. Segment information

(1) Determination basis and accounting policies for 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

Information on segment reporting are disclosed according to the accounting policies and measurement standards adopted by each segment to report to the management, which are consistent with the accounting and measurement basis adopted when the financial statements are prepared.

(2) Financial information of reporting segments

Monetary unit: RMB

Item	Fiber segment	Electricity and heat segment	Petrochemical segment	Headquarters and others	Inter-segment offset	Total
Operating revenue	24,072,179,712.67	836,489,154.76	109,718,990,575.63	220,532,343.84	-9,260,871,459.83	125,587,320,327.07
Operating costs	22,724,616,739.89	548,688,438.28	97,931,322,169.32	68,392,696.82	-9,209,018,967.54	112,064,001,076.77
Total profits	62,992,524.32	245,982,391.98	-19,682,413.23	-43,749,766.91	-498,518,857.93	-252,976,121.77
Total assets	32,293,673,977.56	2,029,085,945.97	171,967,166,864.96	58,871,477,542.12	-59,933,586,201.48	205,227,818,129.13
Total liabilities	18,467,759,721.53	697,385,056.84	134,554,114,551.21	19,759,877,078.94	-6,459,127,386.23	167,020,009,022.29

XVIII. Notes to the main items of the parent company's financial statements

1. Accounts receivable

(1) Disclosure by aging

Monetary unit: RMB

Aging	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Within 1 year (including 1 year)	46,615,804.58	71,473,945.27
1-2 years	30.55	50,974,773.26
2-3 years		
Over 3 years		554,632.00
Sub-total	46,615,835.13	123,003,350.53
Less: provision for bad debts	2,009,401.48	2,836,284.99
Total	44,606,433.65	120,167,065.54

(2) Disclosure of other receivables by category based on the method for provision for bad debts

Monetary unit: RMB

Type	Balance as at December 31, 2025					Balance as at January 1, 2025				
	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 accrued on an individual basis										
Accounts receivable with provision for bad debts by portfolio	46,615,835.13	100.00%	2,009,401.48	4.31%	44,606,433.65	123,003,350.53	100.00%	2,836,284.99	2.31%	120,167,065.54
Total	46,615,835.13	100.00%	2,009,401.48		44,606,433.65	123,003,350.53	100.00%	2,836,284.99		120,167,065.54

Provision for bad debts accrued on a portfolio basis

Monetary unit: RMB

Name	Balance as at December 31, 2025		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	6,427,897.14		
Accounts receivable with the provision for bad debts made by the aging analysis method	40,187,937.99	2,009,401.48	5.00%
Total	46,615,835.13	2,009,401.48	

(3) Provision for bad debts made, collected or reversed in 2025

Provision for bad debts in 2025:

Monetary unit: RMB

Type	Balance as at January 1, 2025	Increase or decrease in 2025				Balance as at December 31, 2025
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of accounts receivable	2,836,284.99		272,251.51	554,632.00		2,009,401.48
Total	2,836,284.99		272,251.51	554,632.00		2,009,401.48

Of which, significant amounts of bad debt provisions recovered or reversed in the current period: None.

(4) Accounts receivable actually written off in 2025

Monetary unit: RMB

Item	Written off amount
Accounts receivable actually written off	554,632.00

(5) Top 5 of accounts receivable and contract assets as at December 31, 2025, presented by debtor

Monetary unit: RMB

Enterprise name	Balance of accounts	Proportion in the total balance	Balance of provision for bad debts
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	receivable as at December 31, 2025	of accounts receivable and contract assets as at December 31, 2025	of accounts receivable and provision for impairment of contract assets as at December 31, 2025
Entity No.1	9,570,659.83	20.53%	478,532.99
Entity No.2	5,624,861.25	12.07%	0.00
Entity No.3	3,730,185.17	8.00%	186,509.26
Entity No.4	3,445,951.79	7.39%	172,297.59
Entity No.5	2,779,665.43	5.96%	138,983.27
Total	25,151,323.47	53.95%	976,323.11

2. Other receivables

Monetary unit: RMB

Item	Balance as at December 31, 2025	Balance as at January 1, 2025
Other receivables	2,300,726,378.65	1,478,957,507.14
Total	2,300,726,378.65	1,478,957,507.14

(1) Other receivables

1) Disclosure by aging

Monetary unit: RMB

Aging	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Within 1 year (including 1 year)	1,918,018,473.92	1,098,070,837.83
1-2 years	95,583,250.00	365,984,206.13
2-3 years	272,221,236.13	14,910,000.00
Over 3 years	14,940,986.36	30,986.36
Sub-total	2,300,763,946.41	1,478,996,030.32
Less: provision for bad debts	37,567.76	38,523.18
Total	2,300,726,378.65	1,478,957,507.14

2) Classified disclosure by provision for bad debts

Monetary unit: RMB

Type	Balance as at December 31, 2025					Balance as at January 1, 2025				
	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 accrued on an individual basis										
Provision for bad debts accrued on a credit risk feature basis	2,300,763,946.41	100.00%	37,567.76	0.00%	2,300,726,378.65	1,478,996,030.32	100.00%	38,523.18	0.00%	1,478,957,507.14
Total	2,300,763,946.41	100.00%	37,567.76		2,300,726,378.65	1,478,996,030.32	100.00%	38,523.18		1,478,957,507.14

Provision for bad debts accrued on a portfolio basis

Monetary unit: RMB

Name	Balance as at December 31, 2025		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	2,300,611,082.12		
Accounts receivable with the provision for bad debts made by the aging analysis method	152,864.29	37,567.76	24.58%
Total	2,300,763,946.41	37,567.76	

3) Information on the provision for bad debts

Monetary unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in future 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2025	38,523.18			38,523.18
In 2025, balance as at January 1, 2025				
Reversal in 2025	955.42			955.42
Balance as at December 31, 2025	37,567.76			37,567.76

4) Provision, reversal or recovery of provision for bad debts in 2025

Provision for bad debts in the current period:

Monetary unit: RMB

Type	Balance as at January 1, 2025	Change in 2025				Balance as at December 31, 2025
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	38,523.18		955.42			37,567.76

Of which, significant amounts of bad debt provisions reversed or recovered in the current period: None.

5) Information on actual write-offs of other receivables in the current period

None

6) Classification of other receivables by nature of payment

Monetary unit: RMB

Nature of payment	Book balance as at December 31, 2025	Book balance as at January 1, 2025
Advances and current accounts	2,299,476,938.48	1,477,705,705.89
Various deposit and security deposit	1,284,486.13	1,284,486.13
Imprest	2,521.80	5,838.30
Total	2,300,763,946.41	1,478,996,030.32

7) Information about top 5 other receivables as at December 31,2025, presented by debtors

Monetary unit: RMB

Entity name	Nature of payment	Balance as at December 31, 2025	Aging	Proportion in the total balance of other receivables as at December 31, 2025	Balance of provision for bad debts as at December 31,2025
Jiangsu Hongjing New Materials Co., Ltd.	Current amounts	1,465,904,166.66	Within 1 year	63.71%	
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	Current amounts	306,380,000.00	1 - 4 years	13.32%	
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Current amounts	205,842,800.00	Within 1 year	8.95%	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Current amounts	182,002,879.33	Within 1 year	7.91%	
Shenghong (Shanghai) New Material Technology Co., Ltd.	Current amounts	123,700,000.00	1-3 years	5.38%	
Total		2,283,829,845.99		99.27%	

3 Long-term equity investments

Monetary unit: RMB

Item	Balance as at December 31, 2025			Balance as at January 1, 2025		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	53,918,095,047.08		53,918,095,047.08	54,038,095,047.08		54,038,095,047.08
Investments in associates and joint ventures	11,553,434.48		11,553,434.48	21,261,342.92		21,261,342.92
Total	53,929,648,481.56		53,929,648,481.56	54,059,356,390.00		54,059,356,390.00

(1) Investment in subsidiaries

Monetary unit: RMB

Investee	Balance (Book value) as at January 1, 2025	Balance of provision for impairment as at January 1, 2025	Increase/Decrease in 2025				Balance (book value) as at December 31, 2025	Balance of provision for impairment as at December 31, 2025
			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.	346,850,000.00						346,850,000.00	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	37,900,072,645.30						37,900,072,645.30	
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.	174,000,000.00						174,000,000.00	
Suzhou Shengze Market Management Co., Ltd.	331,178,882.06						331,178,882.06	
Total	54,038,095,047.08			120,000,000.00			53,918,095,047.08	

(2) Investments in associates and joint ventures

Monetary unit: RMB

Investee	Balance (Book value) as at January 1, 2025	Balance of provision for impairment as at January 1, 2025	Increase/Decrease in 2025							Balance (book value) as at December 31, 2025	Balance of provision for impairment as at December 31, 2025	
			Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment			Others
I. Associates												
Tianjiao Technology Venture Capital Co., Ltd.	21,261,342.92			13,666,700.00	3,958,791.56						11,553,434.48	

Total	21,261,342.92		13,666,700.00	3,958,791.56						11,553,434.48
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4. Operating revenue and operating costs

Monetary unit: RMB

Item	Year 2025		Year 2024	
	Revenue	Cost	Income	Cost
Primary business	773,191,195.78	490,061,202.54	943,966,704.46	634,376,284.86
Other business	121,461,107.81	237,394.81	44,191,132.71	624,464.08
Total	894,652,303.59	490,298,597.35	988,157,837.17	635,000,748.94

5. Investment income

Monetary unit: RMB

Item	Year 2025	Year 2024
Income from long-term equity investments accounted for under the cost method	500,000,000.00	
Long-term equity investment income calculated under the equity method	3,958,791.56	252,358.66
Investment income from disposal of long-term equity investment	-2,182,345.99	
Investment income from financial assets held for trading during the holding period		2,524,209.48
Investment income from disposal of trading financial assets	2,817,331.48	1,223,824.64
Total	504,593,777.05	4,000,392.78

XIX. Supplementary information

1. Breakdown of current non-recurring profit or loss

Applicable Not Applicable

Monetary unit: RMB

Item	Amount	Description
Gain or loss on disposal of non-current assets	583,655,734.76	
Government grants included in the current profit and loss, except for government grants closely related to the normal operation of the Company, in accordance with the national policy, in accordance with the established standard and have a continuous impact on the Company's profit or loss	108,863,274.32	
Government grants included in the current profit and loss, except for government grants closely related to the normal operation of the Company, in accordance with the national policy, in accordance with the established standard and have a continuous impact on the company's profit and loss.	146,151,616.96	
Non-operating revenue and expenses other than the above-mentioned items	35,956,032.39	
Less: affected amount of income tax	189,602,930.92	
Affected amount of minority equity (after tax)	8,190,734.99	

Total	676,832,992.52	--
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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	0.39%	0.02	0.02
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	-1.59%	-0.08	-0.08

Jiangsu Eastern Shenghong Co., Ltd.

Chairman: Miao Han'gen

April 28, 2026