Jiangsu Eastern Shenghong Co., Ltd.

Semi-annual Report for the Six Months Ended June 30, 2026

August 2026

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 semi-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 person in charge of the Company, and Hu Guiyang, the accounting principal, also the head of the accounting department (chief accountant), state: they ensure that the financial report in this semi-annual report is true, accurate and complete.

All directors have attended the board meeting at which this semi-annual 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 among plans and forecasts and commitments.

The Company elaborates possible risks in "XI. Risks and countermeasures" of Section III of this report. Investors are advised to read it carefully.

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).

II. The originals of all documents and announcements of the Company publicly disclosed on the website designated by the China Securities Regulatory Commission ("CSRC") during the reporting period.

III. The full text of the semi-annual report.

IV. Other related information.

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 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., controlled subsidiary of the Listed Company
Hongjing New Materials	Refers to	Jiangsu Hongjing New Materials Co., Ltd., controlled 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
Shenghong Petrochemical Port Storage and Transportation	Refers to	Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd., 100% equity of which is controlled by the Listed Company
Guanghong Industrial	Refers to	Lianyungang Guanghong Industrial Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Chemical Fiber	Refers to	Jiangsu Shenghong Chemical Fiber New Material Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang High-Tech	Refers to	Jiangsu Guowang High-Tech Fiber Co., Ltd., controlled 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 High-Tech Fiber (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongyang Port Storage	Refers to	Lianyungang Hongyang Port Storage and Transportation Co., Ltd., controlled subsidiary of the Listed Company
Xinrongtai Terminal	Refers to	Lianyungang Xinrongtai Terminal 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

Term	Refers to	Definition
Shenghong Refining & Chemical Integration Project	Refers to	16 million tons refining and chemical integration project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
EVA	Refers to	Ethylene-Vinyl Acetate copolymer, a common synthetic material widely used in such fields as foaming materials, functional shed films, films, hot melt adhesives, adhesives, wire and cable, and toys
POE	Refers to	Polyolefin elastomer, a series of copolymers based on catalytic use of butene or octene comonomers 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 battery separators, aerospace, ocean engineering, rail transit, and petrochemical
MMA, methyl methacrylate	Refers to	Methyl Methacrylate, a kind of important chemical raw material mainly used in the production of polymethyl methacrylate and manufacturing of other resins, plastics, coatings, adhesives and other products
EO	Refers to	Ethylene Oxide, an organic compound mainly used for manufacturing solvents, diluents, nonionic surfactants, synthetic detergents, antifreeze agents and disinfectants, and widely used in washing, pharmaceutical, and printing and dyeing industries
EOA	Refers to	Ethanolamine, mainly used in the manufacturing of chemical reagents, pesticides, medicine, solvents, dye intermediates, rubber accelerators, corrosion inhibitors and surfactants
EOD	Refers to	Ethoxy compounds, generated by the reaction of ethylene oxide with organic compounds containing active hydrogen under the action of catalyst, including polycarboxylic acid water reducer monomers, and nonionic surfactants
MTO	Refers to	Methanol to Olefins, the process of producing light olefins with the methanol as the raw material
PX	Refers to	Paraxylene, a colorless clear liquid used in the production of plastics, polyester fibers and films
MEG	Refers to	Monoethylene glycol, a colorless, odorless, sweet and viscous liquid mainly used in the production of polyester fibers, antifreeze, unsaturated polyester resins, lubricants, plasticizers, nonionic surfactants and explosives
PTA	Refers to	Purified terephthalic acid, a kind of low-toxicity and flammable white crystal or powder at room temperature that burns when it meets fire if mixed with air in a certain limit
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

Term	Refers to	Definition
		important raw material for synthetic resins, fibers, dyes, and pharmaceuticals, widely used in such fields as packaging, automotive, medical, electronics, and construction
PETG	Refers to	Polyethylene terephthalate-1,4-cyclohexanedimethanol copolyester, a transparent, non-crystalline copolyester, widely used in such fields as 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, plasticisers, 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
DTY	Refers to	DRAW TEXTURED YARN, also known as polyester elastic yarn, made from POY by drawing and false twist texturing processing, with 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, 2026 to June 30, 2026

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 (if any)	东方盛虹		
Name of the Company in foreign languages (if any)	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in foreign languages (if any)	EASTERN SHENGHONG		
Legal Representative of the Company	Miao Han'gen		

II. Contact person and contact information

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

III. Other information

1. Contact information of the Company

Whether the registered address, office address, postal code, website and e-mail box of the Company change or not

☐Applicable ☑Not applicable

There is no change in the registered address, office address, postal code, website and e-mail box of the Company during the reporting period. Please refer to the annual report of 2025 for details.

2. Information disclosure and storage location

Whether the information disclosure and storage location change or not during the reporting period

☐Applicable ☑Not applicable

There is no change in the stock exchange website, media name and website for the disclosure of the semi-annual report of the Company and the storage location of the semi-annual report. Please refer to the annual report of 2025 for details.

3. Other relevant information

Whether the other relevant information changes during the reporting period

☐Applicable ☑Not applicable

IV. Major accounting data and financial indicators

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

☐Yes ☑No

	Reporting period	**Prior-year comparative period**	**Increase/decrease versus the prior-year comparative period**
Operating revenue (RMB)	69,924,386,581.16	60,916,418,734.57	14.79%
Net profit attributable to shareholders of the listed company (RMB)	4,500,151,589.93	386,245,051.32	1,065.10%
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss (RMB)	4,315,503,400.85	271,723,916.35	1,488.19%
Net cash flows from operating activities (RMB)	18,135,334,213.98	2,811,195,924.26	545.11%
Basic earnings per share (RMB/share)	0.68	0.06	1,033.33%
Diluted earnings per share (RMB/share)	0.66	0.06	1,000.00%
Weighted average return on equity of net assets	12.39%	1.13%	Increase by 11.26%
	As at June 30, 2026	As at December 31, 2025	Increase/decrease as at June 30, 2026 versus December 31, 2025
Total assets (RMB)	208,634,409,739.91	205,227,818,129.13	1.66%
Net assets attributable to shareholders of the listed company (RMB)	38,788,030,721.54	34,107,334,069.28	13.72%

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

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

☐Applicable ☑Not applicable

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

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

☐Applicable ☑Not applicable

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

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

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for impairment of assets)	-162,449,436.97	
Government grants included in the current profit or loss (except for government grants closely related the to normal business of the Company, in line with the policies and provisions of the State and those that have continuous influence on the profits and losses of the Company according to the determined standards)	12,781,789.09	
Profit or loss on changes in fair values of financial assets held for financial assets and financial liabilities held by non-financial enterprises and profit or loss on the disposal of financial assets and financial liabilities, except for effective hedging operations associated with the company's normal operations	344,433,490.19	
Other non-operating revenue and expenses than the above-mentioned items	13,607,220.67	
Less: affected amount of income tax	22,721,385.29	
Effect on non-controlling interests (net of tax)	1,003,488.61	
Total	184,648,189.08	

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

☐Applicable ☑Not applicable

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

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

☐Applicable ☑Not applicable

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

Section III Management Discussion and Analysis

I. Primary business during the reporting period

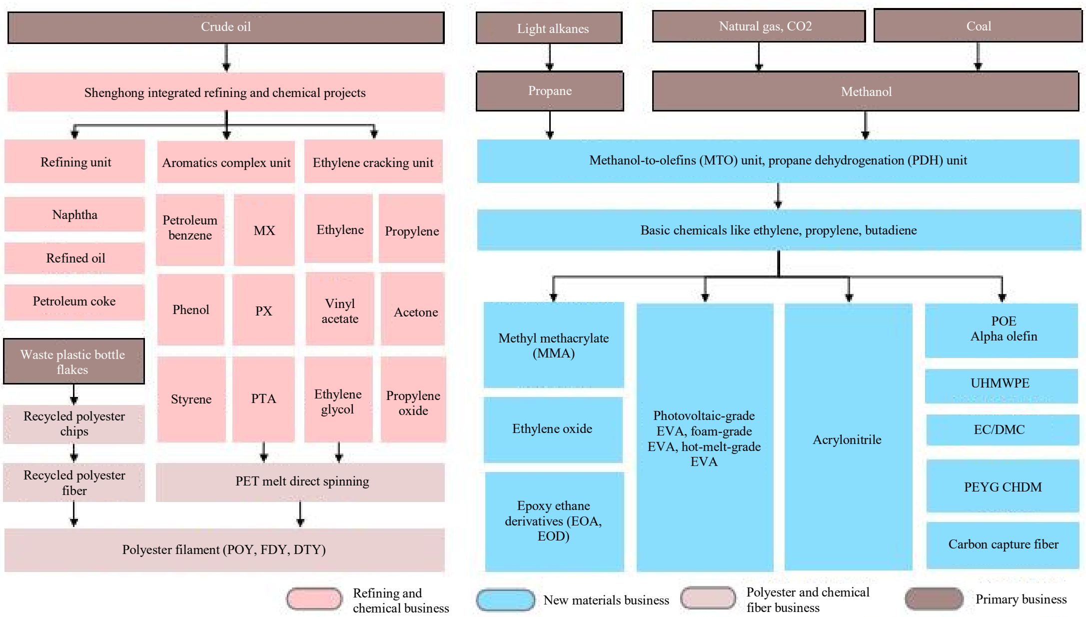
(I) Overview

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

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

At present, the Company has the 16 million tons/year refining and chemical integration unit, 2.4 million tons/year MTO unit and 700,000 tons/year PDH unit, realizing the full coverage of three olefin production process routes, namely, "oil head", "coal head" and "gas head". Through the differentiated and diversified layout of raw material sources of "oil, coal and gas", the Company has more options and possibilities in terms of comprehensive cost control, coping with the risk of cyclical fluctuations, new product research and development (R&D), and process route selection of downstream high-end petrochemical products; and has given full play to the advantages of scale operation, reduced the operational risks caused by cyclical fluctuations in the industry, and better realized anti-cyclical and cross-cyclical sound development.

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



(II) Introduction of main business segments

1. Petrochemical and chemical new materials

The petrochemical and chemical new material production base of the Company is located in Xuwei New Area, Lianyungang, one of the "Seven National Petrochemical Bases", and its operating subjects include Shenghong Refining & Chemical, Sierbang Petrochemical and Honggang Petrochemical. 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 Integration Project of 16 million tons/year serves as the core raw material supply platform for the Company's "1+N" strategic industrial layout. The project features the largest single-unit atmospheric and vacuum distillation unit in China today, with a processing capacity of 16 million tons/year. Its main products include 1.1 million tons of ethylene, 2.8 million tons of para-xylene, 1.9 million tons of ethylene glycol, 450,000 tons of styrene, 300,000 tons of vinyl acetate, 400,000 tons of phenol, 250,000 tons of acetone, 200,000 tons of propylene oxide, 115,000 tons of polyether polyols and 600,000 tons of sulfur per year, among other basic chemical products.

(2) New energy and new materials business

Sierbang Petrochemical serves as the Company's primary operating entity for chemicals, new energy, and new materials. It has established a diversified product structure featuring the synergistic development of ethylene, propylene, and their derivative fine chemicals. Its total acrylonitrile production capacity ranks first in China, and it is also a leading enterprise in the EVA industry. As at June 30, 2026, Sierbang Petrochemical had a methanol-to-olefins (MTO) production capacity of 2.4 million tons/year, representing the world's largest single-unit alcohol-based multi-product facility, and a propane dehydrogenation (PDH) unit with a capacity of 700,000 tons/year; additionally, it 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, among other fine chemical products.

2. Polyester chemical fiber

The Company has established chemical fiber production bases in Suzhou and Suqian, with a polyester filament capacity of approximately 3.6 million tons/year, primarily consisting of differentiated DTY products. Among them, the capacity of recycled polyester fiber is about 600,000 tons/year, ranking first in the world. Guowang High-Tech, the operating entity for the polyester chemical fiber segment, and Reborn Technology, the operating entity for high-performance fibers, have been designated as national-level "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 leads the establishment of the national advanced functional fiber innovation center, and has built a world-leading industry chain for bio-based PDO monomers, PTT fibres and recycled polyester fibres, with complete independent intellectual property rights. The company has launched "reocoer Ruikong" carbon capture fibers. Through carbon capture technology, carbon dioxide emitted from the factory is captured and converted to produce green ethylene glycol, which is then polymerized with PTA to form carbon capture fibers, effectively reducing carbon emissions during the production process.

(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. The Company's main products and business models are listed below:

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 greatest importance, 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.

Product name	Subsector	Upstream raw material	Downstream application field
Butadiene	Chemical materials and chemical products manufacturing	Crude oil	One of the key chemical raw materials, widely used in synthetic rubber, plastics, pharmaceuticals and fuels, among other fields
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 such fields as synthetic rubber, plastics, fibers, dyes, pharmaceuticals and other fields
PX	Chemical materials and chemical products manufacturing	Crude oil	The main raw material of PTA, used in the production of plastics, polyester fibers and films
Ethylene glycol	Chemical materials and chemical products manufacturing	Ethylene oxide	Mainly used in the production of polyesters, terylenes, antifreeze, plasticizers, and surfactants
PTA	Chemical materials and chemical products manufacturing	PX	One of the important bulk organic raw materials, mainly used in the production of polyester fibers (terylenes), polyester bottle chips and polyester films, and widely used in such fields as chemical fibers, light industry, electronics and construction
EVA	New chemical materials	Ethylene, vinyl acetate	One of the main raw materials of films for photovoltaic (PV) module packaging. Widely used in such fields as PV films, foamed shoe materials, wires and cables, hot melt adhesives, coated films and agricultural films
POE	New chemical materials	Ethylene, α-Olefins	One of the main raw materials of films for photovoltaic (PV) module packaging. Widely used in PVs, automotive, wires and cables, polymer modification, and foaming materials, among other fields
UHMWPE	New chemical materials	Ethylene	A thermoplastic engineering plastic with excellent properties, widely used in such fields as lithium battery diaphragm, aerospace, ocean engineering, rail transportation and petrochemical
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 such fields as automobile, aviation, electronics, optical supplies and building materials
Ethylene oxide	New chemical materials	Ethylene	Mainly used in the manufacturing of ethylene glycol, widely used in such fields as electronics, medicine, pesticide, textile, paper, automobile, and petroleum

Product name	Subsector	Upstream raw material	Downstream application field
			mining and refining
Vinyl acetate	Chemical materials and chemical products manufacturing	Ethylene	Mainly used in the production of products such as EVA, and widely used in such fields as textiles, light industry, papermaking, construction and automobiles
Phenol	Chemical materials and chemical products manufacturing	Benzene, Propylene	Mainly used in the production of resins, disinfectants, preservatives, and pharmaceuticals (such as aspirin); plays a significant role in such fields as chemical raw materials, synthetic fibers, plastics, synthetic rubber, pharmaceuticals and coatings
Acetone	Chemical materials and chemical products manufacturing	Benzene, Propylene	Mainly used as a solvent; widely used in such fields as explosives, plastics, rubber, fibers, leather tanning, fats and oils and spray paints
Styrene	Chemical materials and chemical products manufacturing	Benzene, Ethylene	Mainly used in expanded polystyrene, polystyrene, ABS resin, synthetic rubber, unsaturated polyester resins, and styrene copolymers; widely used in such fields as synthetic resins, plastic products and synthetic fibers
Propylene oxide	Chemical materials and chemical products manufacturing	Benzene, Propylene	Mainly used in the production of polyether polyols, propylene glycol, and various nonionic surfactants; applicable in such fields as petroleum, chemical, pesticide and textile
Polyether polyols	New chemical materials	Propylene oxide	Mainly used in the production of polyurethane foam, elastomers, coatings, adhesives, and sealants; applicable in such fields as textile, electronics and medical applications and other fields
Sulfur	Chemical materials and chemical products manufacturing	Crude oil	One of the basic industrial raw materials, widely used in such fields as chemical, light industrial, pesticide, rubber, dye and papermaking
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.

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

(2) Purchasing mode

Main raw materials of refined oil, petrochemical 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. In particular, 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 sales, direct selling by short-term and medium-term orders, traders and other ways.

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

(4) Profit model

The Company makes profits mainly from selling its products to customers in various downstream application areas. Through the adoption of internationally advanced technology and equipment, well-developed utility 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, by relying on the 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 improve 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 production 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 yarn are PTA and MEG, and the main raw materials of recycled yarn 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, taking into account 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 export sales are realized through a unified sales platform. The settlement mode of payment before delivery is generally adopted. A small number of domestic and export 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 export 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 primarily adopt payment methods such as wire transfers, letters of credit, and collection, ensuring the security of payment receipts.

(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 the first half of 2026, geopolitical tensions drove up the central price of international crude oil. Coupled with the accelerating restructuring of the global chemical industry's supply-demand dynamics, the domestic petrochemical and chemical industries showed signs of a gradual recovery. Against this backdrop, leveraging the advantages of its integrated full-industry-chain layout, the Company continued to optimize operations across all business segments, precisely capitalized on opportunities arising from market fluctuations, and strengthened its capabilities in raw material and resource allocation. Guided by market demands, it flexibly adjusted and optimized its raw material mix, plant operations, and product portfolio. Led by a commitment to high-quality development, the Company achieved growth in both revenue and profits.

1. Steadily advancing the "1+N" industrial layout to continuously drive its product upgrading

Relying on its integrated chemical raw material supply platform that operates on three fronts simultaneously, the Company has steadily advanced the implementation of its "1+N" development strategy and continued to expand its downstream high-end product value chains. In recent years, the Company has consistently driven product upgrading by continuously "filling gaps and extending chains" to accelerate the expansion of its downstream value chains, thereby establishing unique competitive advantages in numerous new energy and new materials sectors. Currently, the Company's downstream new energy and new materials products encompass a wide range of materials, including EVA, POE, ultra-high-molecular-weight polyethylene, PETG, CHDM, EC/DMC, POSM, and polyols. The primary raw materials for these products are sourced from the Company's integrated facilities, achieving a complete closed-loop process from basic raw materials to high-end new materials and demonstrating significant advantages in industrial integration. In the first half of 2026, the Company's 50,000 tons/year of high-end copolymer new materials facility project completed intermediate handover. The facility employs advanced industry processes, with key processes utilizing proprietary equipment. Upon completion, the project will fill a gap in China's ethylene-acrylate copolymer industry while further expanding the Company's product portfolio in the new energy and new materials sectors and maintaining the high-end positioning of its products.

2. Deepening the application of AI technology to advance digital and intelligent operations management

The Company is actively developing and implementing an artificial intelligence strategy, promoting the key applications and integrated development of AI in production operations and business management. In 2025, the Company launched a large-scale model for refining and petrochemical production optimization, which tracks the performance of key units in real time to help optimize production scheduling; it also put the "Lights-out Laboratory" into operation, significantly improving operational efficiency and effectively reducing production safety risks. In June 2026, the subsidiary Petrochemical Industry Group partnered with Honeywell to launch the first intelligent decision-making system for operational navigation in China's petrochemical industry, driving the transition from "experience-driven" to "data-driven" decision-making. By building smart factories, the Company has achieved dynamic optimization of production processes and predictive maintenance of critical equipment, significantly enhancing plant operational safety and lean management capabilities, and charting an effective path for the transformation and upgrading of the traditional petrochemical industry.

In the future, the Company will continue to explore the comprehensive application of artificial intelligence across multiple levels of the petrochemical industry and continuously innovate the advanced industrial model of "AI + Production Operations". By leveraging AI technology to build a highly efficient, high-quality, and low-cost operational system, the Company will explore a digital and intelligent development model based on "data + algorithms + intelligent agents."

3. Exploring low-carbon operations and committing to green development

The Company implements the national "Dual Carbon" strategy, adheres to a path of sustainable development, and actively explores a full-process carbon reduction approach covering "source - process - end," setting an example for carbon reduction in the industry. Regarding carbon reduction at the source, the Company strives to increase the proportion of clean energy in its total energy consumption. In terms of carbon reduction during the production process, the Company adopts advanced processes, technologies, and equipment in the design, construction, production, and operation of its production facilities, achieving energy consumption and emission levels that outperform national standards and rank among the industry's best. At the same time, the Company is accelerating the construction of "zero-carbon" factories and "zero-waste" industrial parks to effectively reduce production emissions. In the first half of 2026, the Company's subsidiaries, Shenghong Refining & Chemical and Reborn Technology, were designated as national-level "Green Factories". To date, five of the Company's core subsidiaries have received this honor. Regarding end-of-process carbon management, the Company is exploring carbon dioxide capture and utilization technologies to build a green, negative-carbon industrial chain. The Company has established two negative-carbon industrial chains, "carbon-capture fibers" and "renewable fibers", effectively integrating economic and environmental benefits.

4. Building a full-chain innovation system to enhance independent R&D and commercialization capabilities

The Company has established a full-chain innovation mechanism that integrates basic research, process development, engineering research, pilot-scale validation, facility optimization, and product application R&D. The three major innovation platforms under this system, namely the National Advanced Functional Fibers Innovation Center, the Advanced Materials Research Institute and the Petrochemical Innovation Center, serve as the core entities for the Company's innovative technology R&D. In the first half of 2026, the Company accelerated the construction of the new materials pilot production base within the National Demonstration Zone for East-Central-West Regional Cooperation. This base will serve as a critical validation platform for advancing various new materials technologies from the laboratory to industrial-scale production.

Leveraging its integrated innovation chain, the Company closely aligned with actual production needs, focusing on core technologies in key areas on the R&D side and on the commercialization of technological achievements and the integrated development of processes on the industrial side. By complementing each other's strengths and fostering synergy, while adhering to a market-oriented approach, the Company significantly enhanced its product innovation capabilities, ultimately strengthening the competitiveness of its products. In the first half of 2026, the subsidiary Hongjing New Materials was selected as a designated unit for the National Fine Chemicals Challenge-based R&D Program, marking the Company's continued industry-leading position in technical strength and innovation capabilities within the fine chemicals sector.

5. Focusing on optimizing business management to build a sustainable competitive advantage

In the first half of 2026, the Company adopted end-to-end refined management as its key strategy, systematically advancing management optimization across the entire supply chain, including procurement, production, and administration, to continuously reduce energy and material consumption and build a sustainable cost-competitive advantage. On the procurement side, the Company focused on key cost drivers, deepened its analysis of raw material market trends, and enhanced procurement efficiency through strategies such as integrating domestic and international resources and combining strategic reserves with opportunistic purchasing; it also reasonably regulated raw material inventory levels to achieve dynamic optimization of procurement costs. On the production side, the Company leveraged refined management to empower specialized production, integrating quality improvement and efficiency gains throughout the entire production process. By advancing technological and process optimization, upgrading key equipment, and innovating production models, the Company steadily improved product quality while continuously reducing energy and material consumption per unit of output. On the sales side, the Company strengthened coordination between production and sales and integrated marketing operations. Through market-oriented rapid response, it closely tracked changes in downstream demand and fluctuations in product price differentials, flexibly adjusted product mix, and drives the allocation of resources toward high-profit, high-value-added products. At the same time, it consolidated long-term partnerships with strategic clients to enhance customer loyalty and market share; it has strengthened market analysis and pricing capabilities to capitalize on structural demand opportunities, effectively transforming its industrial chain advantages into pricing power at the sales end. Through meticulous management across the entire chain and throughout all processes, the Company continues to leverage its integrated advantages to achieve synergistic optimization of costs and benefits, laying a solid foundation for high-quality corporate development.

(V) Industry status of the Company

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

1. Refining and chemical segment

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 the largest domestic 3×3.1 million tons/year unit 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 brings 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 segment

Sierbang Petrochemical has a 2.4 million tons/year MTO unit (calculated in methanol), which is the largest single alcohol-based multigeneration unit in the world. In the downstream sector of high-end olefin derivatives, Sierbang Petrochemical boasts industry-leading EVA production capacity. Furthermore, the Company has constructed a 100,000 tons/year POE industrial facility featuring proprietary intellectual property, making it one of the very few leading enterprises in China to possess both independently developed technologies for EVA and POE, key raw materials for PV films, as well as large-scale production facilities for these core materials. Sierbang Petrochemical's PV-grade EVA products are made with technologies that have reached the international advanced level, get top-ranking 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.

Sierbang Petrochemical's acrylonitrile production capacity stands at 1.04 million tons/year, ranking first 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 segment

The Company has an annual production capacity of 3.6 million tons for polyester filament, with a differential rate of more than 90%, dominated by high-end products DTY. The Company is the world's leading producer of fully dull series fibers and fine denier differentiated fibers. Furthermore, the Company possesses world-leading bio-based PDO monomers and PTT fibers, as well as industrial chains for carbon capture fibers and recycled polyester fibers, all backed by complete proprietary 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-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.

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

(I) China's macroeconomy maintains an overall stable trend

Since the beginning of 2026, the international landscape has been complex and volatile, with significant uncertainties in the external environment. Faced with a rapidly changing external environment, China has implemented more proactive and effective macroeconomic policies to effectively counter external shocks and ensure that the Chinese economy maintains an overall stable development trajectory. According to data from the National Bureau of Statistics, China's gross domestic product (GDP) exceeded RMB69 trillion in the first half of 2026, representing a year-on-year (YoY) increase of 4.7%, with key macroeconomic indicators operating within a reasonable range. The total profits of industrial enterprises above designated size nationwide amounted to RMB 3.9 trillion, representing a YoY increase of 18.7%. Overall, in the first half of 2026, the Chinese economy achieved effective qualitative improvement and reasonable quantitative growth.

(II) The global chemical industry landscape is accelerating its restructuring, and the supply structure is undergoing further adjustment

Overseas, driven by factors such as high raw material and energy prices and aging facilities, production capacity in petrochemical regions such as Europe, Japan, and South Korea is undergoing accelerated contraction and consolidation. According to a report released by the European Chemical Industry Council, capacity closures in the European chemical industry surged sixfold between 2022 and 2025, with a cumulative reduction of 37 million tons over the four-year period, accounting for approximately 9% of Europe's total chemical production capacity. In the first half of 2026, escalating geopolitical conflicts further intensified this process. Take German chemical giant Evonik, for example: in June 2026, the Company announced that it would shut down its global polyester operations between 2027 and 2029. Japan and South Korea are also facing severe challenges. Currently, Japan has plans to dismantle or shut down nearly 1.8 million tons/year of ethylene cracking capacity between 2026 and 2028; South Korea also plans to reduce naphtha cracking unit capacity by 2.7 to 3.7 million tons/year in the future, equivalent to approximately 25% of its existing refining capacity.

Domestically, capacity expansion in the industry is nearing its end. According to data from the National Bureau of Statistics, starting in 2025, the cumulative YoY growth rate of fixed-asset investment in the chemical raw materials and chemical products manufacturing sector has turned negative. In the first half of 2026, it fell by 6.5% YoY, showing a trend of further contraction. This indicates that the pace of capital expenditure expansion in the industry has slowed significantly, and the growth rate of new production capacity in the chemical industry is expected to reach an inflection point in the future. At the same time, as China's "anti-overcapacity" policies are further deepened, the chemical industry will move away from inefficient competition characterized by disorderly capacity expansion and low-price product competition, further promoting high-quality development toward high-end, large-scale, and integrated production capacity.

Currently, the global chemical industry chain is accelerating its concentration in regions with leading process technologies, comprehensive integrated facilities, and distinct cost advantages, and the global chemical industry landscape is rapidly being reshaped. Leveraging its cost, technological, and locational advantages, China is poised to become a global hub for the future development of the chemical industry.

(III) High-quality development of China's petrochemical industry: full-chain layout becomes 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 National Bureau of Statistics, in the first half of 2026, China's output of crude oil and major petrochemical products grew steadily. For example, crude oil production reached 110 million tons, up 0.9% YoY; ethylene production stood at 20.084 million tons, up 4.8% YoY; and naphtha production totaled 41.318 million tons, up 3.5% YoY. Meanwhile, China's total apparent consumption of basic chemicals in the first half of the year increased by 2.2% YoY, also showing a steady growth trend.

According to the China Petroleum and Chemical Industry Federation, in the first half of 2026, China's petrochemical industry achieved operating revenue of RMB 8.07 trillion, up 7.8% YoY; profit reached RMB 571.39 billion, up 54.6% YoY; total import and export reached USD 478.66 billion, up 7.3% YoY. For the first time in five years, the industry's three core operating indicators showed simultaneous growth.

Overall, China's petrochemical industry achieved steady progress in the first half of 2026. As policies to stabilize growth, capacity regulation, and measures to address "inward-spiraling" competition are further deepened, the petrochemical industry is expected to enter a business cycle of "bottoming out and rebounding".

2. Future trends in the refining and petrochemical industry: shifting toward less oil and more chemicals, full-chain layout, and green development

In recent years, along with the high-quality development of the petrochemical industry in China, the scale concentration of the Chinese petrochemical industry, the degree of clustering of petrochemical bases, the whole technical level of the industry and the core competitiveness of the industry have realized the new span. In terms of scale, the Chinese petrochemical industry's total refining capacity has approached 1 billion tons, while ethylene capacity exceeds 55 million tons/year. Both refining and ethylene production capacities have firmly secured the top global positions, and the industry's overall competitiveness continues to rise.

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 by 2030*, which explicitly set the strategic goals of limiting domestic primary crude oil processing capacity to within 1 billion tons by 2025 and raising the capacity utilization rate of major facilities to over 80%. In October 2023, the National Development and Reform Commission, the National Energy Administration, the Ministry of Industry and Information Technology, and the Ministry of Ecology and Environment jointly issued the *Guiding Opinions on Promoting Green Innovation and High-Quality Development in the Refining Industry*, aimed at driving the petrochemical industry to actively advance the implementation of low-carbon transformation and high-quality development while shouldering the heavy responsibility of ensuring national energy supply. In June 2026, the *Three-Year Action Plan for Energy Conservation and Carbon Reduction in Key Industries*, jointly issued by the NDRC and four other ministries, reiterated the need to strictly enforce "capacity reduction and replacement" in the future. It expanded the phase-out requirements, which previously applied only to "outdated production capacity" of 2 million tons/year or less, to include upgrade requirements for "medium-scale production capacity" of less than 10 million tons/year, thereby accelerating the optimization of the industry's production capacity structure and promoting transformation and upgrading. The above industrial policies will be conducive to further concentration of refining and chemical capacity to leading enterprises. "Petroleum reduction and chemical increase" of large petrochemical projects and "whole-process refining and chemical integration" will be the trends 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 geopolitical 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 have 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.

According to projections in the *2025 Renewable Energy Report* released by the International Energy Agency (IEA), global renewable energy generation capacity is expected to double by 2030 compared to 2024, with an increase of approximately 4,600 gigawatts, equivalent to incorporating the combined installed generation capacity of China, the European Union, and Japan into the global energy system. In more than 80% of countries worldwide, the growth rate of renewable energy installed capacity between 2025 and 2030 will exceed that of the previous five years, indicating an accelerating trend in the 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 PV power, solar energy has shown a good prospect for development. China, the United States, the European Union and other countries or regions regard solar power as an important source of renewable energy. More than 100 countries reached an important agreement at the COP28. That is, in 2030, the global installed capacity of renewable energy will triple, reaching at least 11,000GW. Among them, the installed PV capacity will increase from 1055GW in 2022 to 5457GW in 2030. Therefore, solar PV, as the backbone of renewable energy structure, is expected to achieve continuous growth in installed capacity in the future.

China's PV industry is currently undergoing a period of adjustment, but according to data from the China Photovoltaic Industry Association, new PV installations in China still reached 72.07 GW in the first half of 2026. At the same time, the association forecasts that global new PV installations will total approximately 612 GW in 2026, with a projected compound annual growth rate of 7% from 2026 to 2030. Overall, the global PV market will continue to grow steadily.

3. Photovoltaic module encapsulation materials benefit from the continuous growth of the PV industry

PV laminating films are a key material for encapsulating PV modules; they serve as an adhesive and provide structural support for the modules, while also protecting and enhancing the efficiency of the solar cells. Market demand for these films is closely linked to factors such as new PV installations. At present, the main PV films in the market are transparent EVA film, white EVA film, POE film, co-extrusion EPE film and so on. Among these, EPE laminating films are manufactured by co-extruding EVA and POE resins, combining EVA's excellent processability with POE's superior resistance to potential-induced degradation (PID) and moisture. Their market share has been steadily increasing in recent years. 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.

Currently, EVA and POE account for over 50% of consumption in the PV sector and are the primary raw materials for PV films. Photovoltaic-grade EVA is characterized by low crystal point, high melt flow index, and high VA content (28%–33%); PV-grade POE features good resistance to UV aging, excellent heat and low-temperature resistance, and superior electrical insulation properties. As at June 30, 2026, Sierbang Petrochemical possessed an annual production capacity of 900,000 tons of EVA and 100,000 tons of POE, both of which can be used to produce raw materials for PV-grade laminates. The Company is one of the few in China to independently master core production technologies for both PV-grade EVA and POE, maintaining a leading position in the industry in terms of market share and technological capabilities.

4. Growth in the lithium-ion battery market drives increased demand for upstream raw materials

Since the beginning of 2026, the lithium-ion battery market has seen robust growth in both supply and demand. According to statistics from the Gaogong Industry Institute (GGII), total domestic lithium-ion battery shipments reached approximately 1.2 TWh, representing YoY growth of over 50%, with a clear trend toward industry expansion. In terms of application sectors, the power battery sector continues to account for the largest share. With the rapid development of the new energy vehicle industry, the demand for power batteries is also increasing every day. According to statistics from the GGII, domestic power battery shipments in the first half of 2026 totaled approximately 630 GWh, a YoY increase of over 30%; cumulative installations reached 336 GWh, up 12% YoY. The demand of the energy storage market for lithium battery is also growing rapidly. In the first half of 2026, domestic energy storage battery shipments totaled approximately 485 GWh, up over 80% YoY, accounting for 40% of total domestic lithium-ion battery shipments; global energy storage battery shipments reached 507.8 GWh, up 97.5% YoY. Currently, energy storage has become one of the core drivers of growth in the lithium-ion battery industry, and the global energy storage market is transitioning from policy-driven growth to a new phase of market-driven expansion.

In the first half of 2026, profitability across the lithium-ion battery supply chain recovered rapidly, driving simultaneous volume growth in the upstream materials segment. In the first half of 2026, shipments of cathode materials for lithium-ion batteries in China reached 3.32 million tons, a YoY increase of 59%. In response to the rapid development needs of 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 the pillar industry of China's national economy and social development, the basic industry to solve people's livelihood problems and beautify life, as well as the advantageous industry of international cooperation and integrated development. According to the National Bureau of Statistics, in the first half of 2026, the operating revenue of chemical fiber manufacturing enterprises above the designated size nationwide increased by 0.2% YoY, and the total profit increased significantly by 102% YoY. Overall, there is a marked contrast in profitability between major and niche product categories. Under pressure from declining downstream demand, the industry has moved beyond the stage of scale expansion and is now shifting toward enhancing profit 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 and other clothing materials and decorative materials. Industrially, polyester filament yarn can be used in such fields as construction, packaging, protective gear, and agricultural and fishing 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 are 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 bottle flakes to spinning, and has begun the mass production of recycled fibers in 2018. Currently, the Company's total production capacity for recycled polyester fiber stands at approximately 600,000 tons/year, establishing the world's largest production base for recycled polyester fiber. Downstream customers widely cover more than 30 well-known brands such as Decathlon, Nike, Uniqlo, Adidas, Li Ning, etc., and the popularity and promotion of recycled fibers are 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 pattern featuring the parallel extension and synergistic development of "double chains" of olefins and aromatics, and has become a unique large-scale energy and chemical enterprise with full coverage of "oil-based, coal-based and gas-based" in China. As a platform for basic raw materials, the Shenghong Refining & Chemical Integration Project features the largest single-unit atmospheric and vacuum distillation unit in China. Adhering to the philosophy of "more chemicals, less oil" and "molecular refining", it produces chemical products accounting for 70% of its output, aligning with current trends in the petroleum refining and petrochemical industry and allowing for flexible adjustments to its product mix based on market conditions. The cost advantages derived from the ultra-large scale and synergistic, integrated layout of the Shenghong Refining & Chemical Integration Project provide the Company with a natural first-mover advantage in "strengthening, extending, and complementing" its supply chain in the downstream fine chemicals industry. In the future, the Company will firmly adhere to a new "1+N" development model (comprising "1" core platform and "N" diversified industrial chains in new energy, new materials, electronic chemicals, biotechnology, and other sectors) to ensure steady and sustained 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 recent years, the Company has established an integrated innovation system covering basic research, pilot-scale incubation, and industrial transformation, which includes innovation platforms such as the National Innovation Center for Advanced Functional Fibers and the Advanced Materials Research Institute. This system facilitates the full-chain transformation of research outcomes from "R&D - pilot testing - industrialization."

Focusing on the demand for new chemical materials in national strategic emerging industries such as new energy, aerospace, and artificial intelligence, the Company is advancing technological innovation and continuously expanding its portfolio of high-end products, demonstrating new achievements in breaking monopolies, promoting domestic substitution, and leading the future. In the field of new PV materials, the Company is one of the very few leading enterprises in China that possesses both independent R&D capabilities for PV-grade EVA and POE films and large-scale production facilities for their core raw materials. The performance metrics of its products meet the advanced international standards for similar products, and several new technologies and products have successfully replaced imports, filling gaps in the domestic market. In the field of high-value-added new materials, products such as ultra-high-molecular-weight polyethylene, PETG, nitrile rubber latex, EC/DMC, POSM, and polyols have all achieved successful first-time startup, further expanding the Company's new energy and new materials industrial portfolio.

At the same time, the Company has long placed great emphasis on the research and development of civilian-grade polyester filament products. It holds independent intellectual property rights for production technologies related to various functional fibers, has successively overcome technical barriers in ultra-fine fiber production, and has established a world-leading industrial chain for bio-based PDO monomers, PTT fibers, and recycled polyester fibers - all backed by comprehensive intellectual property rights. It has also built the world's first green product industrial chain that transforms "carbon dioxide into polyester fiber".

(III) Advantages of differentiated competition

The Shenghong Refining & Chemical Integration Project serves as the Company's basic raw materials platform. It features the largest single-unit atmospheric and vacuum distillation unit currently in China. Designed based on a strategy for optimal oil-to-chemicals ratio, the project focuses primarily on ethylene and olefin-based downstream chemical products, with chemical products accounting for over 70% of output. It is the refining and petrochemical project with the highest designed oil-to-chemical ratio in the industry. The various production stages of the refining and petrochemical operations enable mutual supply of materials, improving resource utilization and ensuring competitiveness in both product mix and cost.

Sierbang Petrochemical is the Company's key production base for new energy and new materials. It possesses a competitive advantage stemming from its experience in successfully operating large-scale olefin chemical projects.

The single-unit scale of its operational MTO unit ranks among the top globally among existing MTO facilities, and the production capacity of its supporting units (including acrylonitrile, MMA, EVA, EO, and their derivatives) is among the highest in the industry, giving the Company significant influence over regional product pricing.

In the field of polyester chemical fiber, the Company adheres to the idea of "not engaging in repeated construction, not producing conventional products and not adopting conventional production technology" and is rooted in the staggered competition strategy and mainly in high-end DTY products. It focuses on the development and production of ultra-fine fiber and differentiated functional fiber, with product differentiation rate of more than 90%. It mainly focuses on the development of green and low-carbon products such as recycled fibres and carbon-capture fibres, 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 and petrochemicals, new energy and new materials, and polyester fibers segments. After Shenghong Refining & Chemical Integration Project is put into operation, the Company will basically self-supply upstream PX and ethylene glycol raw materials of polyester chemical fiber, and its upstream and downstream product structure will be 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, 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.

In terms of the refining and petrochemical industrial layout, the Company's large-scale feedstock production capacities (including a 16 million tons/year integrated refining and petrochemical complex, a 2.4 million tons MTO facility, a 700,000 tons/year PDH facility, and a 6.3 million tons/year PTA facility) are all located within the same industrial park. These large-scale units are interconnected vertically through the park's pipeline network, significantly reducing costs associated with intermediate processes such as transportation and storage. At the same time, the Company has established an Operations and Maintenance Center for its petrochemical segment, which commercializes surplus or recovered utility resources from the production process. By supplying these resources to neighboring enterprises to generate additional revenue, the Company fully leverages the advantages of its concentrated industrial layout and efficient operations. The Company has constructed its own 300,000-ton crude oil berth within the industrial park, along with six 50,000-ton, one 100,000-ton, one 80,000-ton, and one 10,000-ton liquid chemical berths. With a total storage tank capacity exceeding 5 million cubic meters, these facilities have significantly reduced various production and operational costs, comprehensively strengthening the cost and operational advantages of the Company's large-scale petrochemical feedstock 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 processing of imported crude oil has a unique maritime advantage, low transportation costs and a significant location advantage.

IV. Analysis of primary business

In the first half of 2026, the central oil price rose temporarily due to geopolitical conflicts. Shipping disruptions in the straits limited access to raw materials, causing a rapid tightening of market supply. Combined with downstream stockpiling demand, this led to a sharp rise in petrochemical product prices, resulting in increased operating revenue for the Company and a marked improvement in product gross margins. For relevant content, please refer to "I. Primary business of the Company during the reporting period".

YoY changes in main financial data

Monetary Unit: RMB

	Reporting period	Prior-year comparative period	YoY changes	Reasons for changes
Operating revenue	69,924,386,581.16	60,916,418,734.57	14.79%	
Operating costs	55,727,691,104.44	54,738,693,841.81	1.81%	
Taxes and surcharges	4,972,274,233.86	3,610,789,045.97	37.71%	Mainly due to the increase in consumption tax payments
Selling and distribution expenses	173,028,679.86	150,971,524.91	14.61%	
General and administrative expenses	527,193,130.43	479,889,847.97	9.86%	
R&D expenses	577,572,318.16	329,015,932.61	75.55%	Mainly due to the increase in R&D expenditures during the period
Financial expenses	2,219,464,213.59	2,286,076,939.32	-2.91%	
Income tax expenses	1,327,456,637.58	-145,131,148.40	1,014.66%	Mainly due to improved profitability during the reporting period, resulting in an increase in provision for income tax expense
Investments in R&D	3,656,787,628.60	2,952,588,080.85	23.85%	
Net cash flows from operating activities	18,135,334,213.98	2,811,195,924.26	545.11%	Mainly due to the increase in the net change in cash received from sales of goods and provision of services, net of cash paid for purchases of goods and services
Net cash flows from investing activities	-2,877,604,664.09	-3,704,105,167.86	22.31%	
Net cash flows from financing activities	-7,061,865,683.53	2,197,283,881.24	-421.39%	Mainly due to the decrease in the net inflow of borrowings in the current period
Net increase in cash and cash equivalents	8,107,543,835.43	1,366,471,039.86	493.32%	Mainly due to the increase in net cash flow from operating activities

Significant changes in the profit structure or source during the reporting period

☐Applicable ☑Not applicable

During the reporting period, the profit structure or source had no significant change.

Breakdown of operating revenue

Monetary Unit: RMB

	Reporting period		Prior-year comparative period		YoY changes
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	69,924,386,581.16	100%	60,916,418,734.57	100%	14.79%
By industry					
Petrochemical and new chemical materials	57,259,013,111.42	81.88%	48,646,235,238.30	79.86%	17.70%
Chemical fiber	11,492,151,568.00	16.44%	11,225,818,265.24	18.43%	2.37%
Others	1,173,221,901.74	1.68%	1,044,365,231.03	1.71%	12.34%
By product					
Refinery products	15,427,771,993.62	22.06%	11,462,084,865.32	18.82%	34.60%
Others petrochemical and new chemical materials	41,831,241,117.80	59.82%	37,184,150,372.98	61.04%	12.50%
Polyester silk	10,843,033,632.32	15.51%	10,770,260,946.54	17.68%	0.68%
Other chemical fiber products	649,117,935.68	0.93%	455,557,318.70	0.75%	42.49%
Others	1,173,221,901.74	1.68%	1,044,365,231.03	1.71%	12.34%
By region					
Domestic	64,903,839,347.11	92.82%	57,469,841,518.03	94.34%	12.94%
Overseas	5,020,547,234.05	7.18%	3,446,577,216.54	5.66%	45.67%

Industries, products or regions accounting for more than 10% of the Company's operating revenue or operating profit

☑Applicable ☐Not applicable

Monetary Unit: RMB

	Operating revenue	Operating costs	Gross margin	Increase/ decrease in operating revenue versus the prior-year comparative period	Increase/ decrease in operating cost versus the prior-year comparative period	Increase/ decrease in gross margin versus the prior-year comparative period
By industry						
Petrochemical and new chemical materials	57,259,013,111.42	44,900,351,781.33	21.58%	17.70%	3.31%	10.92%
Chemical fiber	11,492,151,568.00	10,014,646,289.94	12.86%	2.37%	-4.20%	5.99%
By product						
Refinery products	15,427,771,993.62	10,570,387,046.19	31.48%	34.60%	28.66%	3.16%
Others petrochemical and new chemical materials	41,831,241,117.80	34,329,964,735.14	17.93%	12.50%	-2.60%	12.72%
Polyester silk	10,843,033,632.32	9,357,615,767.01	13.70%	0.68%	-6.15%	6.27%
By region						
Domestic	64,903,839,347.11	51,394,043,283.39	20.82%	12.94%	-0.14%	10.37%
Overseas	5,020,547,234.05	4,333,647,821.06	13.68%	45.67%	32.43%	8.63%

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

☐Applicable ☑Not applicable

V. Analysis of non-primary business

☑Applicable ☐Not applicable

Monetary Unit: RMB

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
Investment income	441,059,143.55	7.45%	Mainly due to the investment income from disposal of trading financial assets	No
Profit or loss from changes in fair value	-107,440,006.68	-1.82%	Mainly due to the changes in fair value of financial	No

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
			instruments	
Asset impairment	-310,137,438.69	-5.24%	Mainly due to the losses from inventory impairment in the reporting period	No
Non-operating revenue	25,322,050.97	0.43%	Mainly due to the income from compensation and fines	No
Non-operating expenses	141,788,585.57	2.40%	Mainly due to the losses from the damage and scrapping of non-current assets	No

VI. Analysis on assets and liabilities

1. Significant changes in the composition of assets

Monetary Unit: RMB

	As at June 30, 2026		As at December 31, 2025		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	20,620,384,773.18	9.88%	13,111,247,176.85	6.39%	3.49%	Mainly due to the increase in cash and cash equivalents
Financial assets held for trading	1,151,770.87	0.00%	4,640,905.02	0.00%	0.00%	Mainly due to the changes in the fair value of derivative contracts
Notes receivable	35,269,463.60	0.02%	14,799,039.90	0.01%	0.01%	Mainly due to the increase in held-to-maturity notes receivable
Accounts receivable	2,862,853,212.92	1.37%	2,991,851,617.08	1.46%	-0.09%	
Receivables financing	505,426,651.40	0.24%	277,522,606.25	0.14%	0.10%	Mainly due to the increase in notes receivable measured at fair value through other comprehensive income held
Advances to suppliers	681,732,230.07	0.33%	835,059,022.82	0.41%	-0.08%	
Other receivables	1,065,652,760.36	0.51%	1,992,685,795.56	0.97%	-0.46%	Mainly due to the recovery of proceeds from

	As at June 30, 2026		As at December 31, 2025		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
						asset disposal
Inventories	15,240,055,782.08	7.30%	17,037,492,920.06	8.30%	-1.00%	
Other current assets	994,747,355.27	0.48%	1,483,122,815.71	0.72%	-0.24%	Decrease in VAT credits
Long-term equity investments	1,006,190,004.92	0.48%	131,960,615.60	0.06%	0.42%	Mainly due to new investments
Investment properties	567,706,856.58	0.27%	587,062,523.33	0.29%	-0.02%	
Fixed assets	138,026,670,179.45	66.16%	140,662,956,202.19	68.54%	-2.38%	
Construction in progress	13,559,077,111.85	6.50%	12,796,233,629.90	6.24%	0.26%	
Right-of-use assets	4,288,511,661.84	2.06%	2,898,045,654.72	1.41%	0.65%	Mainly due to the increase in leases
Deferred income tax assets	1,818,074,387.01	0.87%	3,019,830,359.50	1.47%	-0.60%	Mainly due to the decrease in tax loss carryforwards
Short-term borrowings	52,382,222,273.10	25.11%	49,354,274,045.13	24.05%	1.06%	
Financial liabilities held for trading	119,053,048.63	0.06%	10,445,517.73	0.01%	0.05%	Mainly due to the changes in the fair value of derivative contracts
Notes payable	475,037,894.48	0.23%	97,251,272.25	0.05%	0.18%	Mainly due to the increase in settlement of external bills
Contract liabilities	1,976,656,459.31	0.95%	2,305,007,596.52	1.12%	-0.17%	
Employee compensation payable	288,586,908.74	0.14%	425,339,188.88	0.21%	-0.07%	Year-end bonus payment
Other payables	1,079,349,604.65	0.52%	2,871,293,477.33	1.40%	-0.88%	Mainly due to the decrease in accounts receivable and payable
Non-current liabilities maturing within one year	33,702,681,748.11	16.15%	23,427,188,231.44	11.42%	4.73%	Mainly due to the reclassification of bonds payable and long-term

	As at June 30, 2026		As at December 31, 2025		Increase/ decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
						borrowings
Other current liabilities	149,126,786.26	0.07%	266,889,627.88	0.13%	-0.06%	Mainly due to the decrease in output tax pending reversal
Long-term borrowings	52,105,140,635.39	24.97%	58,410,984,356.09	28.46%	-3.49%	
Bonds payable	0.00	0.00%	4,761,216,079.43	2.32%	-2.32%	Mainly due to the reclassification of bonds payable
Lease liabilities	4,110,726,110.14	1.97%	2,770,515,601.83	1.35%	0.62%	Mainly due to the increase in leases
Special reserves	29,334,964.73	0.01%	22,502,177.17	0.01%	0.00%	Mainly due to the provision for special reserves

2. Breakdown of main overseas assets

☐Applicable ☑Not applicable

3. Assets and liabilities measured at fair value

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Amount as at January 1, 2026	Amount as at June 30, 2026
Financial assets		
1. Financial assets held for trading (excluding derivative financial assets)		
2. Derivative financial assets	4,640,905.02	1,151,770.87
3. Other creditor's right investments		
4. Other equity instrument investments	586,861,000.00	586,861,000.00
5. Other non-current financial assets	8,492,900.00	8,492,900.00
6. Receivables financing	277,522,606.25	505,426,651.40
Sub-total of financial assets	877,517,411.27	1,101,932,322.27
Total	877,517,411.27	1,101,932,322.27
Financial liabilities	10,445,517.73	119,053,048.63

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

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

Monetary Unit: RMB

Item	Carrying amount as at June 30, 2026	Reason for restriction
Monetary funds	1,445,727,783.58	For details on the reasons for these restrictions, please refer to Section VIII-VII-1
Notes receivable	12,357,519.85	Endorsed bills not yet due
Fixed assets	69,366,567,526.09	Mainly as collateral to obtain financing credit lines from financial institutions
Intangible assets	2,566,412,381.11	Mainly as collateral to obtain financing credit lines from financial institutions
Accounts receivable	98,563.20 [Note]	Pledged as collateral to obtain financing credit lines from financial institutions
Total	73,391,163,773.83	

Note: In addition to the above RMB 98,563.20, the wholly-owned subsidiaries within the consolidation scope, Lianyungang Guanghong Industrial Co., Ltd. has pledged their rights to collect RMB 89 million of accounts receivable from related parties within the consolidation as collateral to provide guarantees for bank financing.

VII. Analysis of investment status

1. General information

☑Applicable ☐Not applicable

Investment amount in the reporting period (RMB)	Investment amount in the prior-year comparative period (RMB)	Extent of change
835,566,666.39	837,102,843.53	0.18%

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

Item 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	Index of Disclosure
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	813,795,171.84	1,874,036,731.33	Self-owned fund + special borrowings	Construction in progress	January 13, 2022	CNINFO: *Announcement on the Investment and Construction of Super-simulation Functional Fiber Project with an Annual Output of 500,000 Tons - Phase II by Subsidiaries* (Announcement No.: 2022-010)
Biodegradable material project (Phase I) of Hongke New Materials	Self-built	Yes.	Chemical industry	14,220,632.04	334,569,286.37	Self-owned fund + special borrowings	Postponed	March 24, 2022, October 31, 2024	CNINFO: *Announcement on the Investment and Construction of the Biodegradable Materials Project (Phase I) by Subsidiaries* (Announcement No.: 2022-047), *Announcement on the Deferral of the*

Item 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	Index of Disclosure
									Biodegradable Materials Project (Phase I) by Subsidiaries (Announcement No.: 2024-069)
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	Self-built	Yes	Chemical industry	1,286,204.77	161,989,402.61	Self-owned fund + special borrowings	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)
1,000,000 tons/year Acetic Acid Project	Self-built	Yes	Chemical industry	6,254,654.20	643,167,109.31	Self-owned fund + special borrowings	Construction phase of the projects	April 26, 2024	CNINFO: *Announcement on Shenghong Refining & Chemical' Investment in the Construction of the 1 Million Tons/Year Acetic Acid Project*

Item 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	Index of Disclosure
									(Announcement No.: 2024-035)
Delayed Coking Optimization, Renovation and Upgrade Project	Self-built	Yes	Chemical engineering	10,003.54	7,922,267.69	Self-owned fund + special borrowings	Preliminary approval stage	April 3, 2026	CNINFO: *Announcement on the Investment and Construction of the Delayed Coking Optimization, Renovation and Upgrade Project by the Company's Wholly-Owned Subsidiary* (Announcement No.: 2026-023)
Total	--	--	--	835,566,666.39	3,021,684,797.31	--	--	--	--

4. Financial assets investment

(1) Securities investment

☐Applicable ☑Not applicable

The Company had no securities investments during the reporting period.

(2) Investment in derivatives

☑Applicable ☐Not applicable

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

☑Applicable ☐Not applicable

Monetary unit: RMB'0,000

Investment type	Amount as at January 1, 2026	Profit or loss from changes in fair value in this period	Investment income in the current period	Amount as at June 30, 2026	Proportion of investment amount as at June 30, 2026 in the Company's net assets as at June 30, 2026
Commodity derivatives	67,692.32	-7,149.64	-24,443.51	34,936.57	0.81%
Foreign exchange derivatives	0.00	-182.99	540.68	16,446.02	0.38%
Total	67,692.32	-7,332.63	-23,902.83	51,382.59	1.19%
Description of the accounting policies and specific accounting principles for hedging, and whether they have had significant changes by comparison with those during the prior reporting period	The Company, in accordance with the Ministry of Finance's Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 - Hedging, and Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments 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 -312.3546 million.				
Description of hedging effect	Conducive to improving the 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	The transaction varieties of commodity derivatives conducted by the Company have great market transparency and active transactions, and the				

Investment type	Amount as at January 1, 2026	Profit or loss from changes in fair value in this period	Investment income in the current period	Amount as at June 30, 2026	Proportion of investment amount as at June 30, 2026 in the Company's net assets as at June 30, 2026
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	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, 2026				
Date of disclosure of the announcement of the Shareholders' Meeting on approving investment in derivatives	May 22, 2026				

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

☐Applicable ☑Not applicable

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

5. Use of the funds raised

☐Applicable ☑Not applicable

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

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 products	235.45	1,247.32	248.03	536.26	57.43	44.14
Shenghong	Subsidiary	R&D,	0.50	334.10	142.55	115.51	7.92	5.84

Company Name	Company type	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Chemical Fiber		production, and sales of PFY (polyester filament yarn)						

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 Chuangyuan Intelligent Computing Technology Co., Ltd.	Direct establishment	Established based on business needs
Shanghai Chuangyuan Chenxing Intelligence Technology Co., Ltd.	Direct establishment	Established based on business needs
Jiangsu Dongfang Intelligent Computing Co., Ltd.	Direct establishment	Established based on business needs

Description of major holding and participating companies

The Company had no material information regarding its controlled or equity-participated companies that required disclosure during the reporting period.

X. Structured entities controlled by the Company

☐Applicable ☑Not applicable

XI. 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 risks

In recent years, China's chemical and chemical fiber industry has developed rapidly, and relevant authorities have introduced a series of policies, 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, and produces important chemical and chemical fiber products in the ethylene, propylene and aromatics industry chain. The chemical and chemical fiber industry in which the Company is located is cyclical, and the market prices of major raw materials and products may fluctuate significantly with the fluctuation of commodity prices such as oil, natural gas and coal, as well as changes in the international political and economic situation, macroeconomic development and market supply and demand, which may have certain impact on the Company's operation and performance stability.

5. Environmental protection and work safety risks

The Company is mainly engaged in the R&D, production and sales of products related to chemical and chemical fiber industries, which will discharge pollutants such as wastewater, 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. Formulation and implementation of market capitalization management systems and valuation enhancement plans

Whether the Company has established a market capitalization management system

☑Yes ☐No

Whether the Company has disclosed a valuation enhancement plan

☐Yes ☑No

To strengthen the Company's market capitalization management, further standardize its market capitalization management practices, and safeguard the legitimate rights and interests of the Company, investors, and other stakeholders, the Company has formulated the *Market Capitalization Management System*, which was reviewed and approved at the 24th Meeting of the 9th Board of Directors.

XIII. 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 always attached great importance to the interests of investors, firmly establishing an investor-oriented philosophy, promoting the improvement of the Company's operational development quality, investment value, and sustainable development level, and actively maintaining market stability. Based on confidence in the Company's future development prospects and recognition of the Company's value, the Company disclosed the "Announcement on the 'Dual Enhancement of Quality and Returns' Action Plan" (Announcement No.: 2024-013) on March 2, 2024. Since the release of the action plan, the Company has actively implemented the relevant work, and convened the 8th meeting of the 10th Board of Directors on August 27, 2026, at which the "Proposal on the Progress of the 'Dual Enhancement of Quality and Returns' Action Plan" was reviewed and approved. For details, please refer to the "Announcement on the Progress of the 'Dual Enhancement of Quality and Returns' Action Plan" (Announcement No.: 2026-069) disclosed on the same day as this report.

Section IV Corporate Governance, Environment, and Social Responsibility

I. Change in directors and senior management

☑Applicable ☐Not applicable

Name	Position	Type	Date	Reasons
Yang Tianwei [Note]	Vice Chairman and director	Elected	February 6, 2026	Term Change
	Deputy General Manager and financial principal	Leaving office at the expiration of the term of office	February 6, 2026	Term Change
Ji Gaoxiong [Note]	Vice Chairman	Leaving office at the expiration of the term of office	February 6, 2026	Term Change
	Executive Deputy General Manager	Leaving office at the expiration of the term of office	February 6, 2026	Term Change
	Deputy General Manager	Appointment	February 6, 2026	Term Change
Yao Xingjiang	Employee Director	Elected	February 6, 2026	Term Change
Hu Guiyang [Note]	Financial principal	Appointment	February 6, 2026	Term Change
Qiu Hairong	Director	Leaving office at the expiration of the term of office	February 6, 2026	Term Change
Yang Xiaowei	Director	Leaving office at the expiration of the term of office	February 6, 2026	Term Change

[Note]: 1. Mr. Yang Tianwei resigned from his positions as Vice Chairman, director, and member of the Strategy Committee under the Board of Directors on July 3, 2026. Following his resignation, he no longer holds any position with the Company or its controlled subsidiaries. For details, please refer to the *Announcement on the Resignation of a Director and the By-Election of a Directo*r (Announcement No. 2026-053) disclosed by the Company on July 6, 2026, on CNINFO.

2. Mr. Hu Guiyang assumed the positions of Director and Member of the Board's Strategy Committee effective July 27, 2026, with a term ending upon the expiration of the 10th Board of Directors; on the same day, Mr. Ji Gaoxiong resigned from his concurrent position as Deputy General Manager of the Company due to work requirements. Mr. Ji Gaoxiong remains employed by the Company and continues to serve as a director, member of the Strategy Committee under the Board of Directors, and member of the Remuneration and Evaluation Committee under the Board of Directors.

II. Profit distribution and the conversion of capital reserves to share capital during the reporting period

☐Applicable ☑Not applicable

The Company did not plan to pay cash dividends or bonus shares, and convert capital reserves into share capital for the half year.

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

☑Applicable ☐Not applicable

1. Equity incentive

☐Applicable ☑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 specific details, please refer to the *Announcement on Adjustments to Matters Related to the Second Employee Stock Ownership Plan* (Announcement No. 2025-057) disclosed by the Company 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 specific details, please refer to the *Announcement on Adjustments to Matters Related to the Third Employee Stock Ownership Plan* (Announcement No. 2026-005) disclosed by the Company on January 14, 2026.	1.32%	
	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 January 13, 2026, the Company convened the 36th Meeting of the 9th Board of Directors, which reviewed and approved the *Proposal on Adjustments to Matters Related to the Third Employee Stock Ownership Plan*. The Board agreed to extend the term of the Company's Third Employee Stock Ownership Plan from 36 months to 60 months, while also making adjustments to the management model and implementation procedures of the Third Employee Stock Ownership Plan. The *Proposal on Adjustments to Matters Related to the Third Employee Stock Ownership Plan* has been approved by holders representing more than two-thirds of the shares at the meeting of holders of the Third Employee Stock Ownership Plan and has been reviewed and approved by the Remuneration and Evaluation Committee under the Board of Directors. For specific details, please refer to the *Announcement on Adjustments to Matters Related to the Third Employee Stock Ownership Plan* (Announcement No. 2026-005) disclosed by the Company on January 14, 2026.

3. Other employee incentive measures

☐Applicable ☑Not applicable

IV. Environmental information disclosure

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

☑Yes ☐No

<table>
<tr><td colspan="2">Number of enterprises included in the list of enterprises required to disclose environmental information by law</td><td>12</td></tr>
<tr><th>No.</th><th>Name of enterprise</th><th>Query index for the environmental information disclosure report</th></tr>
<tr><td>1</td><td>Shenghong Refining & Chemical (Lianyungang) Co., Ltd.</td><td rowspan="12">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</td></tr>
<tr><td>2</td><td>Jiangsu Sierbang Petrochemical Co., Ltd.</td></tr>
<tr><td>3</td><td>Jiangsu Honggang Petrochemical Co., Ltd.</td></tr>
<tr><td>4</td><td>Shenghong Refining & Chemical (Lianyungang) Co., Ltd. (outer tank area)</td></tr>
<tr><td>5</td><td>Jiangsu Hongwei Chemical Co., Ltd.</td></tr>
<tr><td>6</td><td>Jiangsu Hongjing New Materials Co., Ltd.</td></tr>
<tr><td>7</td><td>Lianyungang Rongtai Chemical Warehousing Co., Ltd.</td></tr>
<tr><td>8</td><td>Jiangsu Guowang High-Tech Fiber Co., Ltd.</td></tr>
<tr><td>9</td><td>Suzhou Tangnan Sewage Treatment Co., Ltd.</td></tr>
<tr><td>10</td><td>Guowang High-Tech Fiber (Suqian) Co., Ltd.</td></tr>
<tr><td>11</td><td>Jiangsu Reborn Technology Co., Ltd.</td></tr>
<tr><td>12</td><td>Shengze Thermal Power Plant of Jiangsu Eastern Shenghong Co., Ltd.</td></tr>
</table>

Environmental accidents of listed companies

Not Applicable

V. Social responsibility

The Company regards fulfilling social responsibility as a key mission. It closely integrates social responsibility with its corporate development strategy and daily operations, actively advocates for social welfare, adheres to social ethics, and engages in charitable causes. The Company actively carries out various public welfare initiatives (including educational assistance, blood donation, community outreach, and public welfare funds) and organizes employees to participate in these efforts to enhance their sense of value and belonging.

The Company places great importance on protecting the legitimate rights and interests of shareholders, creditors, and employees; strictly manages production governance and safety; treats suppliers and customers with integrity; and actively maintains good relationships with them. It practices the concept of green development, actively plans green and low-carbon industrial projects, develops green products through technological innovation, safeguards the ecological environment surrounding the enterprise, strives to achieve a win-win outcome in economic, social, and environmental benefits, and promotes the coordinated and harmonious development of the Company and society as a whole.

Section V Important Matters

I. Commitments of actual controller, shareholders, affiliates, acquirer, the Company and other related parties that were fulfilled during the reporting period and that remained overdue and unfulfilled as at the end of the reporting period

☑Applicable ☐Not applicable

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
Commitments made during asset restructuring	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	August 18, 2017	Effective in the long term	No shares were sold as at June 30, 2026

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
			purchased within 6 months before the suspension of the Company for major asset restructuring would be vested in the Company.			
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 after Suzhou Shengze China Oriental Market Textile Electronic Exchange Co., Ltd.'s return on net assets after deducting non-recurring profit or loss has been higher than 6% for two consecutive years, 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 at June 30, 2026, the commitment performance conditions have not been met
Other commitments	Jiangsu Shenghong Technology Co., Ltd. and Shenghong (Suzhou) Group Co., Ltd.	Commitments under the Shareholding Increase Plan	The Company's controlling shareholder Shenghong Technology and its persons acting in concert Shenghong Suzhou plan to increase their holdings of the Company's A-shares through centralized bidding and block trades on the Shenzhen Stock Exchange within six	April 17, 2026	To July 10, 2026	Commitments to increase holdings was fulfilled

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
			months starting from April 17, 2026. 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 CSRC and the Shenzhen Stock Exchange, refraining from insider trading, trading during sensitive periods, and short-term trading.			
Whether the commitments have been fulfilled on time				Yes		
If the commitments are overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail.				None		

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

☐Applicable ☑Not applicable

During the reporting period of the Company, there was no non-operational appropriation of funds by the controlling shareholder and other related parties to the Company.

III. Illegal external guarantees

☐Applicable ☑Not applicable

During the reporting period, the Company had no external guarantees in violation of regulations.

IV. Appointment and dismissal of accounting firm

Whether the semi-annual financial report has been audited

☐Yes ☑No

The Company's semi-annual report has not been audited.

V. Explanation of the Board of Directors on the "non-standard audit report" of the accounting firm during the reporting period

☐Applicable ☑Not applicable

VI. Explanation of the Board of Directors on the relevant situation of the "non-standard audit report" of the prior year

☐Applicable ☑Not applicable

VII. 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.

VIII. Litigation matters

Significant litigation and arbitration

☐Applicable ☑Not applicable

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

Other litigation matters

☐Applicable ☑Not applicable

IX. Punishment and Rectification

☐Applicable ☑Not applicable

There was no punishment or rectification during the reporting period.

X. Integrity of the Company, Its Controlling Shareholders and Actual Controllers

☐Applicable ☑Not applicable

XI. Major related transactions

1. Related transactions related to daily operations

☑Applicable ☐Not applicable

Related parties	Relationship	Type of related transactions	Content of related transaction	Pricing principles for related transactions	Related transaction price	Amount of related transactions (RMB'0,000)	Proportion in the amount of similar transactions	Approved transaction amount (RMB'0,000)	Whether exceed the approved limit or not	Settlement method of related transactions	Available market price for similar transactions
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related relationship	Purchase of fuel, power, etc. from related parties	Steam, etc.	Deals priced based on government guidance	Pricing based on government-guided prices	241,813.44	94.34%	510,640.79	No	Monthly settlement	Not Applicable
Total				--	--	241,813.44	--	510,640.79	--	--	--
Date of Disclosure				December 27, 2025							
Index of Disclosure				*Announcement on Estimating Daily Related Transactions in 2026* (Announcement No.: 2025-092); of the aforementioned approved transaction limit, RMB0.9 million was approved by the General Manager's Office Meeting in the first half of 2026.							
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 (if any)				During the reporting period, please refer to "XIV. Related parties and related transaction" in Section VIII for 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 (if applicable)				Not Applicable							

2. Related transactions in the acquisition and 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 external investment

☐Applicable ☑Not applicable

During the reporting period, the Company had no related-party transactions involving joint external investment.

4. Related creditor's rights and debts

☑Applicable ☐Not applicable

Whether there are non-operating related claims and debts

☑Yes ☐No

Debts payable to related parties

Related party	Relationship	Forming reason	Balance as at January 1, 2026 (RMB'0,000)	Increases in the current period (RMB'0,000)	Repayments in the current period (RMB'0,000)	Interest rate	Interest in the current period (RMB'0,000)	Balance as at June 30, 2026 (RMB'0,000)
Jiangsu Shenghong Technology Co., Ltd.	Controlled by the same actual controller	Used to repay interest-bearing liabilities	149,352.90	114,040.10	183,751.40	Interest rates range from 0.1% to 2.8%, determined based on Shenghong Technology's actual financing costs	336.36	79,641.60 [Note]
The impact of related debts on the Company's operating results and financial position				None				

Note: Excluding interest.

5. Dealing with related financial companies

☐Applicable ☑Not applicable

There is no deposit, loan, credit or other financial business between the financial company that has a related relationship with the Company and related parties.

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

☐Applicable ☑Not applicable

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

7. Other major related transactions

☑Applicable ☐Not applicable

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

Related inquiries on temporary report disclosure website for major related transactions

Temporary announcement name	Disclosure date of temporary announcement	Name of temporary announcement disclosure website
Announcement on Estimating Daily Related Transactions in 2026 (Announcement No.: 2025-092)	December 27, 2025	CNINFO

XII. 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 June 30, 2026 (A3)	0	Total balance of external guarantees as at June 30, 2026 (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 amount of guarantee	Guarantee type	Collateral	Counter-guarantee status	Guarantee period	Whether fully performed	Whether guaranteed for a related party
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	March 13, 2018	80,000	September 10, 2019	40,700	Joint liability guarantee			2037/9/10	No	No
Jiangsu Honggang Petrochemical Co., Ltd.	August 31, 2019	270,000	September 20, 2019	132,251.74	Joint liability guarantee			2032/9/20	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	July 4, 2020	4,150,000	November 13, 2020	3,187,349.84	Joint liability guarantee			2038/11/12	No	No
Guowang High-Tech Fiber (Suqian) Co., Ltd.	July 17, 2021	275,000	August 23, 2021	144,050	Joint liability guarantee			2031/3/1	No	No
Jiangsu Reborn Technology Co., Ltd.	December 16, 2021	250,000	December 21, 2021	45,205	Joint liability guarantee			2031/12/20	No	No
Jiangsu Reborn Technology Co., Ltd.			January 20, 2022	31,864.74	Joint liability guarantee			2030/11/21	No	No
Jiangsu Hongjing New Materials Co., Ltd.	January 13, 2023	840,000	March 24, 2023	810,000	Joint liability guarantee			2041/3/23	No	No
Jiangsu Hongwei Chemical Co., Ltd.	January 13, 2023	400,000	February 6, 2023	281,046.37	Joint liability guarantee			2037/3/23	No	No
Jiangsu Hongjing New Materials Co., Ltd.	December 27, 2025	[Note]	May 29, 2026	25,000	Joint liability guarantee			2030/6/30	No	No
Jiangsu Hongjing New Materials Co., Ltd.			March 16, 2026	25,000	Joint liability guarantee			2030/3/19	No	No
Jiangsu Hongjing New Materials Co., Ltd.			March 27, 2026	1,000	Joint liability guarantee			2030/3/27	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 30, 2022	320,000	Joint liability guarantee			2036/6/29	No	No

Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			February 27, 2026	411,500	Joint liability guarantee			2029/8/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			September 2, 2025	79,900	Joint liability guarantee			2030/8/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			August 22, 2025	69,900	Joint liability guarantee			2030/8/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			July 25, 2024	149,700	Joint liability guarantee			2029/7/25	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			August 28, 2024	99,700	Joint liability guarantee			2029/8/28	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			October 31, 2025	445,200	Joint liability guarantee			2029/10/31	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			October 28, 2025	58,130	Joint liability guarantee			2029/10/28	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			September 5, 2025	148,405.4	Joint liability guarantee			2029/8/14	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 26, 2026	160,606.18	Joint liability guarantee			2030/5/26	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			December 18, 2025	146,767.65	Joint liability guarantee			2029/12/10	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			March 20, 2026	146,971.8	Joint liability guarantee			2030/3/24	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			March 20, 2026	359,786.77	Joint liability guarantee			2030/3/24	No	No

Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 4, 2025	38,217.27	Joint liability guarantee			2029/5/29	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			March 31, 2025	19,800	Joint liability guarantee			2029/9/28	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			March 18, 2026	87,100	Joint liability guarantee			2030/3/17	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 11, 2026	10,000	Joint liability guarantee			2030/5/10	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			September 19, 2025	20,000	Joint liability guarantee			2029/9/18	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			August 29, 2024	74,681.88	Joint liability guarantee			2030/6/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			August 29, 2024	224,218.88	Joint liability guarantee			2030/6/23	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			January 30, 2026	30,000	Joint liability guarantee			2030/7/9	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 4, 2026	297,722.12	Joint liability guarantee			2030/6/3	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			December 31, 2025	6,714.2	Joint liability guarantee			2029/12/31	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			December 16, 2025	150,000	Joint liability guarantee			2029/12/16	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			December 26, 2025	150,000	Joint liability guarantee			2029/12/26	No	No

Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			September 15, 2023	88,109	Joint liability guarantee			2032/12/13	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			November 27, 2025	12,600	Joint liability guarantee			2029/11/26	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 22, 2026	31,706.91	Joint liability guarantee			2030/5/21	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			January 22, 2026	5,000	Joint liability guarantee			2029/7/27	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			January 1, 2026	15,100	Joint liability guarantee			2029/12/30	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			January 28, 2026	5,000	Joint liability guarantee			2030/1/27	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			February 9, 2026	20,000	Joint liability guarantee			2030/2/8	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 12, 2026	10,000	Joint liability guarantee			2030/6/11	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 25, 2026	10,000	Joint liability guarantee			2030/6/24	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			December 20, 2025	110,887.8	Joint liability guarantee			2029/12/19	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 14, 2026	150,000	Joint liability guarantee			2030/5/13	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 7, 2026	150,000	Joint liability guarantee			2030/5/6	No	No

Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			September 1, 2025	50,000	Joint liability guarantee			2029/8/31	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			March 18, 2025	35,592.06	Joint liability guarantee			2029/3/18	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 21, 2024	68,109	Joint liability guarantee			No maturity date	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			January 29, 2026	30,000	Joint liability guarantee			2027/1/28	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			April 27, 2026	10,000	Joint liability guarantee			2026/10/26	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 18, 2026	10,000	Joint liability guarantee			2026/11/17	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 26, 2026	40,000	Joint liability guarantee			2026/12/26	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			September 19, 2025	181,000	Joint liability guarantee			2029/9/19	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			January 20, 2025	7,000	Joint liability guarantee			2029/7/16	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			February 27, 2025	49,800	Joint liability guarantee			2030/2/26	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			March 27, 2026	14,000	Joint liability guarantee			2030/3/26	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			March 19, 2026	23,000	Joint liability guarantee			2030/2/14	No	No

Shenghong Petrochemical (Singapore) International Co., Ltd.			June 18, 2026	28,165.13	Joint liability guarantee			2029/6/18	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			June 9, 2026	7,653.19	Joint liability guarantee			2026/8/10	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			January 1, 2026	35,592.06	Joint liability guarantee			2026/12/31	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			November 26, 2024	50,000	Joint liability guarantee			2029/8/23	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			June 29, 2026	60,000	Joint liability guarantee			2030/12/21	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			December 16, 2024	19,700	Joint liability guarantee			2029/12/17	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			April 9, 2025	52,358.27	Joint liability guarantee			2029/12/2	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			October 29, 2025	14,971.92	Joint liability guarantee			2029/10/11	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			January 14, 2026	12,055.01	Joint liability guarantee			2029/8/4	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			August 25, 2025	40,528.46	Joint liability guarantee			2029/1/14	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			November 28, 2024	2,818.12	Joint liability guarantee			2028/12/31	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			November 4, 2025	65,357.53	Joint liability guarantee			2029/12/31	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			January 26, 2026	45,833.33	Joint liability guarantee			2032/1/15	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			March 30, 2026	25,666.67	Joint liability guarantee			2032/3/15	No	No

Jiangsu Sierbang Petrochemical Co., Ltd.			January 7, 2025	23,333.33	Joint liability guarantee			2030/1/7	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			April 25, 2025	32,598.47	Joint liability guarantee			2033/4/27	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			April 25, 2025	27,204.17	Joint liability guarantee			2030/4/27	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			April 15, 2026	13,511.93	Joint liability guarantee			2030/4/14	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			April 15, 2025	54,996.51	Joint liability guarantee			2029/4/14	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			August 29, 2024	24,731.82	Joint liability guarantee			2030/3/18	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			August 29, 2024	24,649.53	Joint liability guarantee			2030/6/22	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			June 25, 2023	21,986.13	Joint liability guarantee			2031/6/25	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			March 30, 2026	1,851.7	Joint liability guarantee			2030/3/29	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			March 13, 2026	30,000	Joint liability guarantee			2029/12/31	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			April 28, 2026	25,000	Joint liability guarantee			2030/4/28	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			December 16, 2025	69,500	Joint liability guarantee			2029/12/16	No	No
Lianyungang Shunmeng Trading Co., Ltd.			September 15, 2025	993.7	Joint liability guarantee			2029/9/15	No	No
Lianyungang Rongtai Chemical Warehousing Co., Ltd.			October 29, 2024	23,100	Joint liability guarantee			2032/10/28	No	No

Jiangsu Sierbang Petrochemical Co., Ltd.			November 28, 2024	3,934.63	Joint liability guarantee			2026/11/11	No	No
Jiangsu Hongjing New Materials Co., Ltd.			December 5, 2025	13,032.13	Joint liability guarantee			2026/9/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			December 25, 2025	2,335.28	Joint liability guarantee			2027/6/22	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			December 25, 2025	234.88	Joint liability guarantee			2027/6/22	No	No
Jiangsu Hongjing New Materials Co., Ltd.			December 25, 2025	27,426.92	Joint liability guarantee			2027/6/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			March 7, 2025	3,293.73	Joint liability guarantee			2026/7/9	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			January 28, 2026	1,168.25	Joint liability guarantee			2027/6/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			November 24, 2025	1,737.89	Joint liability guarantee			2027/6/22	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			November 24, 2025	2,013.2	Joint liability guarantee			2027/6/22	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 19, 2025	23,653.42	Joint liability guarantee			2027/5/20	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			June 19, 2025	5,525.71	Joint liability guarantee			2027/5/20	No	No
Jiangsu Shenghong Petrochemical Centralized Procurement Co., Ltd.			June 19, 2025	531.57	Joint liability guarantee			2027/5/20	No	No
Jiangsu Hongjing New Materials Co., Ltd.			June 19, 2025	50,263.91	Joint liability guarantee			2027/5/20	No	No

Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			June 23, 2026	3,099.65	Joint liability guarantee			2027/6/22	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			June 23, 2026	4,417.34	Joint liability guarantee			2027/6/22	No	No
Jiangsu Hongjing New Materials Co., Ltd.			June 23, 2026	6,942.62	Joint liability guarantee			2027/6/22	No	No
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.			June 23, 2026	5,183.96	Joint liability guarantee			2027/6/22	No	No
Jiangsu Sierbang Petrochemical Co., Ltd.			May 9, 2026	265.76	Joint liability guarantee			2027/5/20	No	No
Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.			December 26, 2025	984	Joint liability guarantee			2029/12/12	No	No
Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.			December 26, 2025	173	Joint liability guarantee			2029/12/12	No	No
Shenghong (Shanghai) New Material Technology Co., Ltd.			October 31, 2024	30,596.67	Joint liability guarantee			2037/9/21	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			December 23, 2024	40,800	Joint liability guarantee			2030/4/22	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			December 23, 2025	57,300	Joint liability guarantee			2030/9/18	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			December 23, 2025	2,045.61	Joint liability guarantee			2030/9/18	No	No

Jiangsu Guowang High-Tech Fiber Co., Ltd.			December 23, 2025	169.18	Joint liability guarantee			2030/9/18	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			February 3, 2026	20,000	Joint liability guarantee			2029/10/30	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			March 26, 2024	78,022.1	Joint liability guarantee			2034/3/21	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			May 19, 2026	19,719.61	Joint liability guarantee			2030/6/18	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			February 29, 2024	20,000	Joint liability guarantee			2030/2/28	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			January 8, 2026	45,833.33	Joint liability guarantee			2031/1/8	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			August 15, 2025	11,854.76	Joint liability guarantee			2030/2/14	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			May 12, 2022	10,000	Joint liability guarantee			2029/5/16	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			August 19, 2024	24,000	Joint liability guarantee			2029/11/7	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			September 18, 2024	29,745.54	Joint liability guarantee			2030/6/18	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			November 27, 2024	59,700	Joint liability guarantee			2029/11/20	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			November 28, 2025	49,016.61	Joint liability guarantee			2030/6/18	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			May 19, 2026	15,000	Joint liability guarantee			2030/5/18	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			July 3, 2025	11,573	Joint liability guarantee			2029/7/1	No	No

Jiangsu Guowang High-Tech Fiber Co., Ltd.			July 4, 2025	15,000	Joint liability guarantee			2029/7/2	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			January 2, 2026	1,400	Joint liability guarantee			2029/12/31	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			November 11, 2025	29,900	Joint liability guarantee			2030/2/25	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			May 21, 2026	5,000	Joint liability guarantee			2030/5/21	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			June 9, 2026	1,060	Joint liability guarantee			2030/6/9	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			June 22, 2026	5,000	Joint liability guarantee			2030/6/22	No	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.			June 24, 2026	1,300	Joint liability guarantee			2030/6/24	No	No
Jiangsu Reborn Technology Co., Ltd.			March 24, 2022	79,447.74	Joint liability guarantee			2033/3/24	No	No
Jiangsu Reborn Technology Co., Ltd.			June 1, 2022	20,613.79	Joint liability guarantee			2031/8/2	No	No
Jiangsu Reborn Technology Co., Ltd.			June 4, 2026	4,444.32	Joint liability guarantee			2030/6/4	No	No
Jiangsu Reborn Technology Co., Ltd.			November 7, 2025	6,386.61	Joint liability guarantee			2027/6/18	No	No
Jiangsu Reborn Technology Co., Ltd.			January 28, 2026	5,485.48	Joint liability guarantee			2027/6/8	No	No
Jiangsu Reborn Technology Co., Ltd.			June 23, 2026	7.70	Joint liability guarantee			2027/6/29	No	No
Guowang High-Tech Fiber (Suqian) Co., Ltd.			June 30, 2026	5,000	Joint liability guarantee			2030/6/20	No	No

Guowang High-Tech Fiber (Suqian) Co., Ltd.			June 23, 2026	785.44	Joint liability guarantee			2027/6/29	No	No
Guowang High-Tech Fiber (Suqian) Co., Ltd.			November 7, 2025	954.30	Joint liability guarantee			2027/6/18	No	No
Siyang Yiyang Environmental Energy Co., Ltd.			March 21, 2025	15,434.19	Joint liability guarantee			2035/12/28	No	No
Siyang Yiyang Environmental Energy Co., Ltd.			June 23, 2026	1,196.32	Joint liability guarantee			2027/6/29	No	No
Jiangsu Zhonglu Technology Development Co., Ltd.			October 31, 2024	7,500	Joint liability guarantee			2030/10/30	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)	4,407,859.66					
Total amount of guarantees for subsidiaries approved as at June 30, 2026 (B3)		[Note]		Total balance of guarantees for subsidiaries as at June 30, 2026 (B4)	11,277,061.76					
Guarantees provided by subsidiaries for subsidiaries and by subsidiaries for the Company										
Name of guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual amount of guarantee	Guarantee type	Collateral	Counter-guarantee status	Guarantee period	Whether fully performed	Whether guaranteed for a related party
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	December 27, 2025	[Note]	September 22, 2023	3,187,349.84	Joint liability guarantee	Pledge of Sierbang Petrochemical shares held by Petrochemical Industry Group		2038/11/12	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			January 1, 2026	552.20	Joint liability guarantee			2026/12/31	No	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.			May 6, 2026	20,000	Joint liability guarantee			2027/4/30	No	No
Shenghong Petrochemical (Singapore) International Co., Ltd.			March 17, 2025	0	Joint liability guarantee			2027/4/15	No	No

Jiangsu Reborn Technology Co., Ltd.			June 4, 2025	5,278.49	Joint liability guarantee			2029/6/24	No	No	
Jiangsu Reborn Technology Co., Ltd.			June 25, 2026	9,000	Joint liability guarantee			2030/6/24	No	No	
Jiangsu Zhonglu Technology Development Co., Ltd.			November 8, 2024	18,873.03	Joint liability guarantee			2030/8/25	No	No	
Jiangsu Zhonglu Technology Development Co., Ltd.			December 31, 2025	20,000	Joint liability guarantee			2030/5/19	No	No	
Jiangsu Zhonglu Technology Development Co., Ltd.			October 28, 2025	9,800	Joint liability guarantee			2030/1/28	No	No	
Suzhou Suzhen Biological Engineering Co., Ltd.			August 15, 2025	5,000	Joint liability guarantee			2030/2/14	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			June 28, 2021	25,877.5	Joint liability guarantee			2031/7/6	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			January 1, 2026	30,000	Joint liability guarantee			2030/5/13	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			August 15, 2025	5,000	Joint liability guarantee			2030/2/14	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			October 30, 2025	30,000	Joint liability guarantee			2029/10/28	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			November 8, 2024	59,700	Joint liability guarantee			2030/7/16	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			December 11, 2025	616.2	Joint liability guarantee			2029/8/11	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			September 24, 2025	15,000	Joint liability guarantee			2031/9/20	No	No	
Jiangsu Ganghong Fiber Co., Ltd.			December 28, 2025	8,000	Joint liability guarantee			2029/12/31	No	No	
Suzhou Shenghong Fiber Co., Ltd.			November 8, 2024	28,462.27	Joint liability guarantee			2030/6/18	No	No	
Suzhou Shenghong Fiber Co., Ltd.			December 23, 2025	25,300	Joint liability guarantee			2030/6/13	No	No	

Suzhou Shenghong Fiber Co., Ltd.			December 23, 2025	159.38	Joint liability guarantee			2030/6/13	No	No
Suzhou Shenghong Fiber Co., Ltd.			February 14, 2025	4,440	Joint liability guarantee			2029/7/16	No	No
Suzhou Shenghong Fiber Co., Ltd.			May 12, 2026	16,000	Joint liability guarantee			2030/11/12	No	No
Suzhou Shenghong Fiber Co., Ltd.			March 11, 2026	17,718.88	Joint liability guarantee			2030/6/15	No	No
Suzhou Shenghong Fiber Co., Ltd.			August 15, 2025	10,000	Joint liability guarantee			2029/11/18	No	No
Suzhou Shenghong Fiber Co., Ltd.			May 20, 2026	1,200	Joint liability guarantee			2030/5/20	No	No
Suzhou Shenghong Fiber Co., Ltd.			June 9, 2026	800	Joint liability guarantee			2030/6/9	No	No
Suzhou Shenghong Fiber Co., Ltd.			June 17, 2026	1,200	Joint liability guarantee			2030/6/17	No	No
Suzhou Shenghong Fiber Co., Ltd.			June 25, 2026	500	Joint liability guarantee			2030/6/25	No	No
The Company			January 1, 2022	47,000	Joint liability guarantee			2029/12/28	No	No
The Company			February 28, 2022	6,090	Joint liability guarantee			2029/12/28	No	No
The Company			March 29, 2022	5,900	Joint liability guarantee			2029/12/28	No	No
The Company			April 15, 2022	23,900	Joint liability guarantee			2029/12/28	No	No
The Company			December 8, 2023	71,900	Joint liability guarantee	Pledge of Guanghong Industrial and Petrochemical Port Storage shares held by Petrochemical Industry Group		2028/12/01	No	No
The Company			December 8, 2023	29,540	Joint liability guarantee	Pledge of Guanghong Industrial and Petrochemical Port Storage shares held by Petrochemical Industry Group		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)	278,486.03
Total amount of guarantees for subsidiaries approved as at June 30, 2026 (C3)	[Note]	Total balance of guarantees for subsidiaries as at June 30, 2026 (C4)	3,740,157.80
Total amount of the Company's guarantee (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)	4,686,345.69
Total approved amount of guarantees as at June 30, 2026 (A3 + B3 + C3)	18,707,300	Total balance of all guarantees as at June 30, 2026 (A4+B4+C4)	15,017,219.56
Proportion of total guarantee balance (i.e., A4+B4+C4) to the Company's net assets			387.16%
Including:			
Balance of guarantee provided for shareholders, actual controllers and their related parties (D)			0
Balance of debt guarantees directly or indirectly provided for the guaranteed object with the asset-liability ratio exceeding 70% (E)			12,910,556.00
Amount of the total amount of guarantee exceeding 50% of net assets (F)			13,077,818.02
Total amount of the above three guarantees (D+E+F)			25,988,374.02

[Note]: On December 27, 2025, the Company convened the 35th Meeting of the 9th Board of Directors, at which the *Proposal on the Estimated Mutual Guarantee Limit for 2026* was reviewed and unanimously approved. It is estimated that the mutual guarantee limit for the Company and its subsidiaries in 2026 will not exceed the equivalent of RMB 124.423 billion, and the guarantee limit will be valid for 12 months starting from January 14, 2026. 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 Shareholders' Meeting of 2026.

3. Entrusted financial management

☐Applicable ☑Not applicable

There was no entrusted wealth management of the Company 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	Carrying amount of assets involved in the contracts (RMB'0,000)	Appraised value of assets involved in the contracts (RMB'0,000)	Name of appraisal institution	Appraisal base date	Pricing principles	Transaction price (RMB'0,000)	Related-party transaction or not	Relationship
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Xuzhou Haotong New Material Technology Co., Ltd. [Note]	Waste catalysts containing precious metals	December 16, 2024	198,558.25	None	None	None	Adopting three modes: market price order, limit price order, and instant order	/	No	None
Execution status as at June 30, 2026	Part of the subject assets under the contract have been delivered to Xuzhou Haotong New Material Technology Co., Ltd., and the contract is being performed normally.										
Date of Disclosure	December 14, 2024										
Index of Disclosure	CNINFO: *Announcement on the Sale of Assets Consisting of Waste Catalysts Containing Precious Metals by Subsidiaries* (Announcement No.: 2024-077)										

Note: Xuzhou Haotong New Material Technology Co., Ltd. has been renamed to Xuzhou Haotong New Material Technology Group Co., Ltd.

XIII. Record of activities such as research visits, meetings and interviews 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
January 7, 2026	Company Conference Room	On-site Research	Institution	Investors	Operation, future development of the Company	CNINFO: *Record of Investor Relations Activities* (No. 2026-001)
January 30, 2026	Conference Call	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: *Record of Investor Relations Activities* (No. 2026-002)
April 29, 2026	Conference Call	Telephone communication	Institution	Online investor	Operation, future development of the Company	CNINFO: *Record of Investor Relations Activities* (No. 2026-003)
May 11, 2026	Value Online (https://www.ir-online.cn/)	Online communication via a network platform	Institutions, individuals	Online investor	Operation, future development of the Company	CNINFO: *Record of Investor Relations Activities* (No. 2026-004)

XIV. Explanation of other important matters

☑Applicable ☐Not applicable

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

On April 17, 2026, the Company disclosed the *Announcement on the Increase in Shareholdings by Controlling Shareholders and Their Persons Acting in Concert* (Announcement No.: 2026-025). The Company's controlling shareholder, Shenghong Technology, and its party acting in concert, Shenghong Suzhou, plan to increase their holdings of the Company's A-shares through centralized bidding and block trades within six months starting from April 17, 2026. The total amount of the increase will be no less than RMB 980 million and no more than RMB 1.96 billion. From April 17, 2026 to July 10, 2026, Shenghong Technology and Shenghong Suzhou collectively increased their holdings of the Company's shares by 94,307,982 shares through centralized bidding on the Shenzhen Stock Exchange. This represents 1.43% of the Company's total issued share capital (calculated based on the total issued share capital of 6,611,232,395 shares as at July 9, 2026), with a total purchase amount of RMB1167.2227 million (excluding transaction fees). This share purchase has been fully completed.

2. Government grants

On January 18, 2025, the Company disclosed the *Announcement on Receipt of Government Grants* (Announcement No. 2025-008). Shenghong Refining & Chemical, a wholly-owned subsidiary of the Company, received government grant approval and is expected to receive income-related government subsidies totaling RMB 336.55732 million. As at June 30, 2026, Shenghong Refining & Chemical had not yet received this government grant.

3. Issuance and duration of GDR

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange* (ZJXK [2022] No.3151) issued by the CSRC, the Company issued 39,794,000 GDRs on December 28, 2022 (Swiss time) and 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 interests in a total of 8,310,000 GDRs through Qualified Domestic Institutional Investor (QDII) overseas securities investment products and yield swap contracts. Shenghong New Materials holds interests in a total of 19,390,000 GDRs through QDII overseas securities investment products. Shenghong Technology and Shenghong New Material have undertaken to comply 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 Depository Receipts under the Stock Connect Scheme between Domestic and Overseas Stock Exchanges*.

The redemption restriction period for the Company's GDRs expired on April 26, 2023 (Swiss time). The number of GDRs at the expiration of the redemption restriction period was 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 in the number of A shares of the Company held by the depositary, Citibank, National Association, as the nominal holder, being correspondingly reduced in accordance with the GDR cancellation order and such shares will be circulated and traded in the domestic market.

As at June 30, 2026, the number of the Company's A shares held by the depository 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.

4. Issuance of exchangeable corporate bonds by the Company's controlling shareholder

Shenghong Technology's exchangeable bonds were successfully issued on December 22, 2025. These exchangeable bonds are abbreviated as "25 Shenghong EB," with bond code "117246". The actual issuance amount was RMB 3 billion, with a term of 3 years, a coupon rate of 0.10% and an initial exchange price of RMB12.50/share. The conversion period for these exchangeable bonds runs from the first trading day six months after the issuance completion date until the trading day immediately preceding the maturity date, i.e., from June 23, 2026, to December 21, 2028.

5. Re-election of the Board of Directors

On February 6, 2026, the Company convened its Second Extraordinary Shareholders' Meeting of 2026, at which the *Proposal on the Election of Non-Independent Directors of the Tenth Board of Directors* and the *Proposal on the Election of Independent Directors of the Tenth Board of Directors* were reviewed and approved. On the same day, the Company convened the first meeting of the Tenth Board of Directors, at which the *Proposal on the Election of the Company's Chairman*, the *Proposal on the Election of the Company's Vice Chairman*, the *Proposal on the Election of Members of the Board's Specialized Committees*, the *Proposal on the Appointment of the Company's General Manager*, the *Proposal on the Appointment of the Company's Deputy General Manager*, the *Proposal on the Appointment of Secretary of the Board of Directors of the Company*, and the *Proposal on the Appointment of the Financial Principal of the Company*, among others, were reviewed and approved. With these, the Company completed the transition of the 10th Board of Directors and senior management.

XV. Important matters concerning the Company's subsidiaries

☑Applicable ☐Not applicable

According to the operational patterns of petrochemical production facilities and the characteristics of periodic maintenance, the Company, as planned, conducted a routine shutdown and maintenance of the 16 million tons/year Shenghong Refining & Chemical Integration Project facilities starting from the end of June 2026. Some other supporting facilities were shut down concurrently as required for maintenance. The net maintenance period is expected to be 45 days. The specific resumption date will be determined by the actual restart time of the facilities. On August 18, 2026, the Company disclosed the *Announcement on the Resumption of Production of the Maintenance Units* (Announcement No.: 2026-065). All equipment maintenance, quality improvement and efficiency enhancement technical renovation projects, and statutory inspection of special equipment carried out during the shutdown have been successfully completed. The Company will subsequently arrange for the resumption of production and operation of the units in accordance with its operational plan.

Section VI Changes in Shares and Shareholders' Information

I. Changes in shares

1. Changes in shares

Unit: share

	Before this change		Change in the current period (+, -)					After this change	
	Quantity	Proportion	New shares issued	Bonus shares	Conversion of capital reserves into share capital	Others	Sub-total	Quantity	Proportion
I. Shares with restrictive conditions for sales	2,674,572	0.04%				184,875	184,875	2,859,447	0.04%
1. State-owned shares									
2. State-owned legal person's shares									
3. Shares held by other domestic capital	2,674,572	0.04%				184,875	184,875	2,859,447	0.04%
Including: shares held by domestic legal person									
Shares held by domestic natural person	2,674,572	0.04%				184,875	184,875	2,859,447	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	6,608,555,745	99.96%				-182,797	-182,797	6,608,372,948	99.96%
1. RMB ordinary shares	6,608,555,745	99.96%				-182,797	-182,797	6,608,372,948	99.96%
2. Foreign shares listed domestically									

	Before this change		Change in the current period (+, -)					After this change	
	Quantity	Proportion	New shares issued	Bonus shares	Conversion of capital reserves into share capital	Others	Sub-total	Quantity	Proportion
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	6,611,230,317	100.00%				2,078	2,078	6,611,232,395	100.00%

Reasons for changes in shares

☑Applicable ☐Not applicable

(1) Conversion of convertible bonds into shares

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 2,078 shares.

(2) Changes in locked-up shares held by senior management

During the reporting period, adjustments made by China Securities Depository and Clearing Corporation Limited to the lock-up quotas for departing directors resulted in changes to the locked-up shares held by senior management.

Approval status of shareholding changes

☐Applicable ☑Not applicable

Transfer status of share changes

☐Applicable ☑Not applicable

Implementation progress of share repurchases

☐Applicable ☑Not applicable

Progress of implementation of the reduction of repurchased shares by means of centralized bidding

☐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 2,078 in the current period. The basic earnings per fully diluted share in the first half of 2026 was RMB 0.68/share, and the net asset attributable to shareholders of the Listed Company was RMB 5.87/share.

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

☐Applicable ☑Not applicable

2. Changes in restricted shares

☑Applicable ☐Not applicable

Unit: share

Shareholder's name	Number of restricted shares as at January 1, 2026	Number of restricted shares lifted in the current period	Increase in restricted shares in the current period	Number of restricted shares as at June 30, 2026	Reasons for sales restriction	Date of release of restricted sales
Ji Gaoxiong	802,500	0	0	802,500	Locked-up shares held by directors, supervisors, and senior management	Release of restricted sale by installments in accordance with relevant regulations
Ni Genyuan	734,997	0	0	734,997		August 2026
Qiu Hairong	554,625	0	184,875	739,500		August 2026
Wang Jun	582,450	0	0	582,450		Release of restricted sale by installments in accordance with relevant regulations
Total	2,674,572	0	184,875	2,859,447	--	--

II. Securities issuance and listing

☐Applicable ☑Not applicable

III. Number and shareholding of the Company's shareholders

Unit: share

<table>
<tr><td colspan="3">Total number of ordinary shareholders as at June 30, 2026</td><td colspan="2">64,395</td><td colspan="3">Total number of preferred shareholders with restored voting rights as at June 30, 2026</td><td>0</td></tr>
<tr><td colspan="9">Shareholdings of shareholders holding more than 5% of the shares or the top 10 shareholders(excluding shares lent through refinancing)</td></tr>
<tr><td rowspan="2">Shareholder's name</td><td rowspan="2">Nature of shareholder</td><td rowspan="2">Shareholding ratio</td><td rowspan="2">Number of shares held as at June 30, 2026</td><td rowspan="2">Increase/decrease in the reporting period</td><td rowspan="2">Number of shares with restricted conditions</td><td rowspan="2">Number of shares subject to no restrictions</td><td colspan="2">Pledge, mark or freezing</td></tr>
<tr><td>Share status</td><td>Quantity</td></tr>
<tr><td>Jiangsu Shenghong Technology Co., Ltd. [Note]</td><td>Domestic non-state-owned legal person</td><td>44.22%</td><td>2,923,789,922</td><td>65,297,482</td><td>0</td><td>2,923,789,922</td><td>Not Applicable</td><td>0</td></tr>
<tr><td>Shenghong Petrochemical Group Co., Ltd.</td><td>Domestic non-state-owned legal person</td><td>16.92%</td><td>1,118,692,575</td><td>0</td><td>0</td><td>1,118,692,575</td><td>Pledged</td><td>55,450,000</td></tr>
<tr><td>Shenghong (Suzhou) Group</td><td>Domestic non-state-</td><td>7.36%</td><td>486,479,923</td><td>23,582,800</td><td>0</td><td>486,479,923</td><td>Not</td><td>0</td></tr>
</table>

Co., Ltd.	owned legal person						Applicable	
Citibank, National Association	Overseas legal person	4.19%	277,000,000	0	0	277,000,000	Not Applicable	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.86%	122,729,446	27,758,523	0	122,729,446	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
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				
Notes to shareholders' related relationship or concerted actions				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.				
Notes to the above shareholders' involvement in entrusting/entrusted voting rights and waiver of voting rights:				Not Applicable				
Special note on the presence of repurchase accounts among				Not Applicable				

the top 10 shareholders			
Shareholdings of the top 10 shareholders not subject to sales restrictions (excluding shares lent through refinancing and shares locked for senior executives)			
Shareholder's name	Number of shares not subject to sales restrictions held as at June 30, 2026	Type of shares	
		Type of shares	Quantity
Jiangsu Shenghong Technology Co., Ltd.	2,923,789,922	RMB ordinary shares	2,923,789,922
Shenghong Petrochemical Group Co., Ltd.	1,118,692,575	RMB ordinary shares	1,118,692,575
Shenghong (Suzhou) Group Co., Ltd.	486,479,923	RMB ordinary shares	486,479,923
Citibank, National Association	277,000,000	RMB ordinary shares	277,000,000
Hong Kong Securities Clearing Company Ltd.	122,729,446	RMB ordinary shares	122,729,446
Jiangsu Wujiang Silk Group Co., Ltd.	122,662,170	RMB ordinary shares	122,662,170
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	82,522,600	RMB ordinary shares	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 ordinary shares	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 ordinary shares	63,756,084
Lianyungang Bohong Industrial Co., Ltd.	59,123,847	RMB ordinary shares	59,123,847
Notes to the related relationship or concerted action among the top 10 shareholders not subject to restricted conditions for sales, and between the top 10 shareholders not subject to restricted conditions for sales and the top 10 shareholders	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.		
Notes to the participation of the top 10 shareholders of ordinary shares in the margin financing and securities lending business	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.		

[Note]: In connection with the issuance of exchangeable bonds, Shenghong Technology has pledged 540,000,000 shares of the Company's stock as collateral, so as to ensure that holders of the exchangeable bonds can exchange them for the underlying shares and that the principal and interest of the exchangeable bonds can be repaid in full and on time as agreed.

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 prior period due to lending/return of shares through refinancing

☐Applicable ☑Not applicable

Whether the Company's top 10 shareholders of ordinary shares and top 10 shareholders of ordinary shares not subject to sales restrictions conducted 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.

IV. Changes in shareholdings of directors and senior management

☐Applicable ☑Not applicable

There was no change in the shareholdings of the Company's directors and senior management during the reporting period. For details, see the Annual Report for the Year Ended December 31, 2025.

V. Changes in controlling shareholders or actual controllers

Changes in controlling shareholders during the reporting period

☐Applicable ☑Not applicable

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

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.

VI. Information on 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

During the reporting period, the Company did not have enterprise bonds.

II. Corporate bonds

☐Applicable ☑Not applicable

During the reporting period, the Company did not have any corporate bonds.

III. Debt financing instruments of non-financial enterprises

☐Applicable ☑Not applicable

During the reporting period, the Company had no non-financial corporate debt financing instruments.

IV. Convertible corporate bonds

☑Applicable ☐Not applicable

1. Issuance of convertible bonds

According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No.512) issued by the CSRC, the Company publicly issued 50,000,000 convertible corporate bonds at a par value of RMB 100 per bond 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/share.

2. Guarantor and top 10 convertible bond holders during the reporting period

Name of convertible corporate bonds		**Shenghong Convertible Bond**			
Number of convertible bond holders as at June 30, 2026		6,548			
Guarantor of the Company's convertible bonds		None			
Significant changes in the profitability, asset position and credit standing of the guarantor		Not Applicable			
Top 10 convertible bond holders are as follows:					
No.	Name of holder of convertible bonds	Nature of holder of convertible bonds	Quantity of convertible bonds held as at June 30, 2026	Amount of convertible bonds held as at June 30, 2026 (RMB)	Proportion of convertible bonds held as at June 30, 2026
1	Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	17,055,314	1,705,531,400.00	34.13%
2	China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bond & Exchangeable Bond Index	Others	4,629,034	462,903,400.00	9.26%

Name of convertible corporate bonds		Shenghong Convertible Bond			
	ETF				
3	Industrial and Commercial Bank of China, Ltd. - Nanfang Guangli Return Bond-type Securities Investment Fund	Others	2,083,813	208,381,300.00	4.17%
4	Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	1,800,000	180,000,000.00	3.60%
5	Agricultural Bank of China, Ltd. - Zhongyou Ruixin Enhanced Bond-type Securities Investment Fund	Others	1,700,000	170,000,000.00	3.40%
6	Bank of China, Ltd. - Nanfang Changyuan Convertible Bond Bond-type Securities Investment Fund	Others	1,080,880	108,088,000.00	2.16%
7	Bank of Beijing Co., Ltd. - Invesco Great Wall Jingyi Dual-benefit Bond-type Securities Investment Fund	Others	817,667	81,766,700.00	1.64%
8	Industrial and Commercial Bank of China Limited - Fullgoal Xingli Enhanced Bond-type Sponsor-initiated Securities Investment Fund	Others	763,040	76,304,000.00	1.53%
9	Agricultural Bank of China Limited - Zhongyou Pure Bond Hengli Bond-type Securities Investment Fund	Others	700,000	70,000,000.00	1.40%
10	NanfangFund Ningkang Convertible Bond Fixed-Income Pension Product - Bank of China Limited	Others	697,975	69,797,500.00	1.40%

3. Changes in convertible bonds during the reporting period

☑Applicable ☐Not applicable

Monetary Unit: RMB

Name of convertible corporate bonds	Before this change	Change in the current period (+, -)			After this change
		Conversion	Redemption	Put-back	
Shenghong Convertible Bond	4,997,458,400.00	27,500.00	0.00	0.00	4,997,430,900.00

4. Cumulative conversion status

☑Applicable ☐Not applicable

Name of convertible corporate bonds	Commencement and ending date of 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 converted shares to the total issued shares of the Company before the commencement date of conversion	Amount not yet converted into shares (RMB)	Proportion of the amount not converted to shares in the total amount of issue
Shenghong Convertible Bond	From September 27, 2021 to March 21, 2027	50,000,000	5,000,000,000.00	2,567,200.00	186,094	0.00%	4,997,430,900.00	99.95%

5. Previous adjustments and corrections to the conversion price

Name of convertible corporate bonds	Adjustment date of conversion price	Adjusted conversion price (RMB)	Disclosure time	Explanation of conversion price adjustment	Latest conversion price as at June 30, 2026 (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 implemented the 2020 annual dividend distribution plan in June 2021. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 14.20/share to RMB 14.10/share, and the effective date of the adjustment of the conversion price was June 18, 2021.	13.21
	January 27, 2022	13.53	January 24, 2022	According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXK [2021] No.4179) issued by the CSRC, the Company issued 1,111,528,326 RMB ordinary shares in January 2022 by issuing shares to purchase assets. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 14.10/share to RMB 13.53/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 implemented the 2021 annual dividend distribution plan in May 2022. After the implementation	

Name of convertible corporate bonds	Adjustment date of conversion price	Adjusted conversion price (RMB)	Disclosure time	Explanation of conversion price adjustment	Latest conversion price as at June 30, 2026 (RMB)
				of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.53/share to RMB 13.38/share, and the effective date of the adjustment of the conversion price was May 27, 2022.	
	July 20, 2022	13.46	July 15, 2022	According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXK [2021] No.4179) issued by the CSRC, the Company raised supporting funds by way of a non-public issuance of 266,714,109 RMB ordinary shares in July 2022. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.38/share to RMB 13.46/share, and the effective date of the adjustment of the conversion price was July 20, 2022	
	December 28, 2022	13.41	December 28, 2022	According to the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange* (ZJXK [2022] No.3151) issued by the CSRC, , 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 Bonds" was adjusted from RMB 13.46/share to RMB 13.41/share, and the effective date of the adjustment of the conversion price was December 28, 2022	
	May 22, 2023	13.31	May 16, 2023	According to the resolution of the Company's 2022 Annual Shareholders' Meeting, the Company implemented the 2022 annual dividend distribution plan in	

Name of convertible corporate bonds	Adjustment date of conversion price	Adjusted conversion price (RMB)	Disclosure time	Explanation of conversion price adjustment	Latest conversion price as at June 30, 2026 (RMB)
				May 2023. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.41/share to RMB 13.31/share, and the effective date of the adjustment of the conversion price 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 implemented the 2023 annual dividend distribution plan in June 2024. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.31/share to RMB 13.21/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 as at June 30, 2026

For the Company's key financial indicators, please refer to "Section VII: VI. Key accounting data and financial indicators for two recent years as at June 30, 2026" in this report.

On June 30, 2026, the Company disclosed the *2026 Follow-up Rating Report on Publicly Issued Convertible Corporate Bonds* (LH [2026] No. 4459). After conducting a follow-up analysis and assessment of the Company's credit status and that of its related bonds, China Lianhe Credit Rating Co., Ltd. determined to maintain the Company's long-term credit rating at AA+ and the credit rating of Shenghong Convertible Bonds at AA+, with a stable outlook.

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

☐Applicable ☑Not applicable

VI. Key accounting data and financial indicators for two recent years as at June 30, 2026

Monetary unit: RMB'0,000

Item	As at June 30, 2026	As at December 31, 2025	Increase/decrease as at June 30, 2026 versus December 31, 2025
Current Ratio	40.66%	39.78%	2.21%
Asset-liability Ratio	79.43%	81.38%	-1.95%
Quick Ratio	25.91%	21.83%	18.69%
	Reporting period	Prior-year comparative period	Increase/decrease versus the prior-year comparative period

Item	As at June 30, 2026	As at December 31, 2025	Increase/decrease as at June 30, 2026 versus December 31, 2025
Net profit after deducting non-recurring profit or loss	431,550.34	27,172.39	1,488.19%
EBITDA all debt ratio	8.45%	4.29%	4.16%
Interest coverage multiple	3.5930	1.0289	249.21%
Cash interest coverage multiple	10.0960	2.2169	355.41%
EBITDA interest coverage multiple	5.4799	2.5753	112.79%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

Section VIII Financial Reports

I. Auditor's Report

Whether the semi-annual report is audited or not

☐Yes ☑No

The semi-annual financial report of the Company is not audited.

II. Financial Statements

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

1. Consolidated Balance Sheet

Prepared by: Jiangsu Eastern Shenghong Co., Ltd.

June 30, 2026

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Current assets:		
Monetary funds	20,620,384,773.18	13,111,247,176.85
Balances with clearing companies		
Loans to banks and other financial institutions		
Financial assets held for trading	1,151,770.87	4,640,905.02
Derivative financial assets		
Notes receivable	35,269,463.60	14,799,039.90
Accounts receivable	2,862,853,212.92	2,991,851,617.08
Receivables financing	505,426,651.40	277,522,606.25
Advances to suppliers	681,732,230.07	835,059,022.82
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	1,065,652,760.36	1,992,685,795.56
Including: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	15,240,055,782.08	17,037,492,920.06
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Other current assets	994,747,355.27	1,483,122,815.71
Total current assets	42,007,273,999.75	37,748,421,899.25
Non-current assets:		
Loans and advances to customers		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	1,006,190,004.92	131,960,615.60
Other equity instrument investments	586,861,000.00	586,861,000.00
Other non-current financial assets	8,492,900.00	8,492,900.00
Investment properties	567,706,856.58	587,062,523.33
Fixed assets	138,026,670,179.45	140,662,956,202.19
Construction in progress	13,559,077,111.85	12,796,233,629.90
Productive biological assets		
Oil and gas assets		
Right-of-use assets	4,288,511,661.84	2,898,045,654.72
Intangible assets	4,750,338,354.41	4,776,868,294.10
Including: data resources		
Development expenses		
Including: data resources		
Goodwill	736,561,153.10	736,561,153.10
Long-term deferred expenses	6,023,751.05	5,494,425.79
Deferred income tax assets	1,818,074,387.01	3,019,830,359.50
Other non-current assets	1,272,628,379.95	1,269,029,471.65
Total non-current assets	166,627,135,740.16	167,479,396,229.88
Total assets	208,634,409,739.91	205,227,818,129.13
Current liabilities:		
Short-term borrowings	52,382,222,273.10	49,354,274,045.13
Borrowings from central bank		
Loans from banks and other financial institutions		
Financial liabilities held for trading	119,053,048.63	10,445,517.73
Derivative financial liabilities		
Notes payable	475,037,894.48	97,251,272.25
Accounts payable	11,879,377,969.00	14,679,599,773.43
Advances from customers	24,036,323.87	31,438,311.63
Contract liabilities	1,976,656,459.31	2,305,007,596.52

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Funds from sales of financial assets under repurchase agreement		
Absorption of deposits and interbank deposit		
Funds received as agent for trading securities		
Funds received as agent for underwriting securities		
Employee compensation payable	288,586,908.74	425,339,188.88
Taxes payable	1,243,059,584.90	1,421,094,519.05
Other payables	1,079,349,604.65	2,871,293,477.33
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	33,702,681,748.11	23,427,188,231.44
Other current liabilities	149,126,786.26	266,889,627.88
Total current liabilities	103,319,188,601.05	94,889,821,561.27
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	52,105,140,635.39	58,410,984,356.09
Bonds payable	0.00	4,761,216,079.43
Including: preferred shares		
Perpetual bonds		
Lease liabilities	4,110,726,110.14	2,770,515,601.83
Long-term payables	3,253,750,324.34	3,275,475,803.72
Long-term employee compensation payable		
Estimated liabilities	7,194,735.20	7,754,143.23
Deferred income	2,382,928,537.07	2,399,537,783.82
Deferred income tax liabilities	529,283,820.48	495,400,510.32
Other non-current liabilities	6,680,806.57	9,303,182.58
Total non-current liabilities	62,395,704,969.19	72,130,187,461.02
Total liabilities	165,714,893,570.24	167,020,009,022.29
Owners' equity:		
Share capital	9,599,632,103.16	9,599,630,025.16
Other equity instruments	906,711,327.03	906,716,316.52

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Including: preferred shares		
Perpetual bonds		
Capital reserves	19,537,469,538.54	19,307,586,976.46
Less: treasury stock		
Other comprehensive income	7,538,524.63	63,705,900.45
Special reserves	29,334,964.73	22,502,177.17
Surplus reserves	640,513,186.71	640,513,186.71
General risk reserves		
Undistributed profits	8,066,831,076.74	3,566,679,486.81
Total equity attributable to owners of the parent company	38,788,030,721.54	34,107,334,069.28
Non-controlling interests	4,131,485,448.13	4,100,475,037.56
Total owners' equity	42,919,516,169.67	38,207,809,106.84
Total liabilities and owner's equity	208,634,409,739.91	205,227,818,129.13

Legal Representative: Miao Han'gen

Accounting Principal: Hu Guiyang

Head of the Accounting Department: Hu Guiyang

2. Parent Company's Balance Sheet

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Current assets:		
Monetary funds	10,958,588,934.57	681,819,613.98
Financial assets held for trading		
Derivative financial assets		
Notes receivable	0.00	300,000,000.00
Accounts receivable	28,086,907.08	44,606,433.65
Receivables financing		
Advances to suppliers	4,766,768.98	710,617.50
Other receivables	3,988,874,211.94	2,300,726,378.65
Including: interest receivable		
Dividends receivable		
Inventories	16,453,368.04	10,440,153.12
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Other current assets	7,119,410.46	5,642,637.16
Total current assets	15,003,889,601.07	3,343,945,834.06
Non-current assets:		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	54,102,749,058.82	53,929,648,481.56
Other equity instrument investments	586,861,000.00	586,861,000.00
Other non-current financial assets		
Investment properties	4,022,803.37	4,106,870.92
Fixed assets	269,549,682.84	283,397,787.77
Construction in progress	11,061,987.36	7,467,938.74
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	59,532,736.00	61,634,672.01
Including: data resources		
Development expenses		
Including: data resources		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	1,500,370.68	0.00
Total non-current assets	55,035,277,639.07	54,873,116,751.00
Total assets	70,039,167,240.14	58,217,062,585.06
Current liabilities:		
Short-term borrowings	1,737,138,067.96	1,505,170,230.69
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	0.00	200,000,000.00
Accounts payable	681,982,319.02	1,502,973,406.60
Advances from customers	4,900,622.22	3,305,337.34
Contract liabilities	1,633,904,325.80	2,685,267,685.68
Employee compensation payable	14,715,853.57	19,765,389.29
Taxes payable	2,294,313.23	2,694,231.82
Other payables	15,593,400,989.91	2,896,219,772.53
Including: interest payable		

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Dividends payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	8,907,697,227.23	2,416,810,151.43
Other current liabilities	211,107,736.59	348,067,328.38
Total current liabilities	28,787,141,455.53	11,580,273,533.76
Non-current liabilities:		
Long-term borrowings	2,385,600,000.00	2,825,600,000.00
Bonds payable	0.00	4,761,216,079.43
Including: preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	165,192,625.93	211,500,125.10
Other non-current liabilities	6,680,806.57	9,303,182.58
Total non-current liabilities	2,557,473,432.50	7,807,619,387.11
Total liabilities	31,344,614,888.03	19,387,892,920.87
Owners' equity:		
Share capital	6,611,232,395.00	6,611,230,317.00
Other equity instruments	906,711,327.03	906,716,316.52
Including: preferred shares		
Perpetual bonds		
Capital reserves	29,759,575,436.25	29,750,882,765.72
Less: treasury stock		
Other comprehensive income	70,770,750.00	70,770,750.00
Special reserves		
Surplus reserves	727,756,828.68	727,756,828.68
Undistributed profits	618,505,615.15	761,812,686.27
Total owners' equity	38,694,552,352.11	38,829,169,664.19
Total liabilities and owner's equity	70,039,167,240.14	58,217,062,585.06

3. Consolidated Income Statement

Monetary Unit: RMB

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
I. Total operating revenue	69,924,386,581.16	60,916,418,734.57
Including: operating revenue	69,924,386,581.16	60,916,418,734.57
Interest income		
Premiums earned		
Revenue from handling charges and commissions		
II. Total operating costs	64,197,223,680.34	61,595,437,132.59
Including: operating costs	55,727,691,104.44	54,738,693,841.81
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net amount of compensation payout		
Net amount withdrawn for insurance contract reserves		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	4,972,274,233.86	3,610,789,045.97
Selling and distribution expenses	173,028,679.86	150,971,524.91
General and administrative expenses	527,193,130.43	479,889,847.97
R&D expenses	577,572,318.16	329,015,932.61
Financial expenses	2,219,464,213.59	2,286,076,939.32
Including: interest expenses	2,182,259,434.14	2,330,154,324.38
Interest income	60,173,991.59	94,214,802.51
Plus: other income	282,761,345.77	1,066,978,311.94
Investment income ("-" for losses)	441,059,143.55	-1,688,443.62
Including: income from investment in associates and joint ventures	787,489.32	457,008.02
Gains from derecognition of financial assets measured at amortized cost		
Foreign exchange gains ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	-107,440,006.68	71,361,227.00

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Losses from credit impairment ("-" for losses)	38,196,933.91	-7,071,882.70
Losses from asset impairment ("-" for losses)	-310,137,438.69	-218,627,947.50
Gains from disposal of assets ("-" for losses)	-36,036,659.70	-430,709.05
III. Operating profits ("-" for losses)	6,035,566,218.98	231,502,158.05
Plus: non-operating revenue	25,322,050.97	23,135,032.67
Less: non-operating expenses	141,788,585.57	11,751,736.70
IV. Total profits ("-" for total losses)	5,919,099,684.38	242,885,454.02
Less: income tax expenses	1,327,456,637.58	-145,131,148.40
V. Net profit ("-" for net loss)	4,591,643,046.80	388,016,602.42
(I) Classified by operating sustainability		
1. Net profit from continued operation ("-" for net loss)	4,591,643,046.80	388,016,602.42
2. Net profit from discontinued operation ("-" for net loss)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company ("-" for net loss)	4,500,151,589.93	386,245,051.32
2. Profit or loss attributable to non-controlling interests ("-" for net loss)	91,491,456.87	1,771,551.10
VI. Other comprehensive income, net of tax	-56,167,375.82	-47,999,628.51
Other comprehensive income, net of tax attributable to owners of the parent company	-56,167,375.82	-47,999,628.51
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
(II) Other comprehensive income that will be reclassified into profit or loss	-56,167,375.82	-47,999,628.51
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedging reserve	-4,349,073.09	-42,395,422.64
6. Differences arising from translation of foreign-currency financial statements	-51,818,302.73	-5,604,205.87
7. Others		
Other comprehensive income net of tax attributable to non-controlling interests		
VII. Total comprehensive income	4,535,475,670.98	340,016,973.91
Total comprehensive income attributable to owners of the parent company	4,443,984,214.11	338,245,422.81
Total comprehensive income attributable to non-controlling interests	91,491,456.87	1,771,551.10
VIII. Earnings per share:		
(I) Basic earnings per share	0.68	0.06
(II) Diluted earnings per share	0.66	0.06

Legal Representative: Miao Han'gen

Accounting Principal: Hu Guiyang

Head of the Accounting Department: Hu Guiyang

4. Parent Company's Income Statement

Monetary Unit: RMB

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
I. Operating revenue	397,081,860.20	430,588,473.95
Less: operating costs	240,115,726.73	232,278,100.65
Taxes and surcharges	3,337,349.53	11,431,760.58
Selling and distribution expenses	37,924.53	209,573.92
General and administrative	57,558,631.71	40,586,680.65

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
expenses		
R&D expenses		
Financial expenses	291,067,239.60	283,676,831.34
Including: interest expenses	296,027,773.79	309,682,861.93
Interest income	17,405,780.74	35,392,998.81
Plus: other income	246,355.71	204,108.82
Investment income ("-" for losses)	4,376,996.83	676,802.85
Including: income from investment in associates and joint ventures	577.26	41,817.36
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)	0.00	-701,169.30
Losses from credit impairment ("-" for losses)	779,679.76	801,452.57
Losses from asset impairment ("-" for losses)		
Gains from disposal of assets ("-" for losses)	34,596.76	24,970.85
II. Operating profits ("-" for losses)	-189,597,382.84	-136,588,307.40
Plus: non-operating revenue	7,783.53	866,017.01
Less: non-operating expenses	24,970.98	249,269.55
III. Total profits ("-" for total losses)	-189,614,570.29	-135,971,559.94
Less: income tax expenses	-46,307,499.17	-33,976,171.10
IV. Net profit ("-" for net loss)	-143,307,071.12	-101,995,388.84
(I) Net profit from continued operation ("-" for net loss)	-143,307,071.12	-101,995,388.84
(II) Net profit from discontinued operation ("-" for net loss)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
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		

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedging reserve		
6. Differences arising from translation of foreign-currency financial statements		
7. Others		
VI. Total comprehensive income	-143,307,071.12	-101,995,388.84
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

Monetary Unit: RMB

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	87,754,470,675.47	80,085,024,403.95
Net increase in deposits from customers and deposits with banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Cash received from receiving insurance premiums of original insurance contracts		

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
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	987,302,159.78	630,736,682.89
Cash received from other operating activities	1,403,220,941.82	4,454,603,259.73
Sub-total of cash inflows from operating activities	90,144,993,777.07	85,170,364,346.57
Cash paid for goods purchased and services received	61,999,430,275.88	70,429,336,746.12
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,289,579,806.08	2,235,665,681.30
Cash paid for taxes and surcharges	6,904,486,299.09	4,865,642,510.17
Cash paid for other operating activities	816,163,182.04	4,828,523,484.72
Sub-total of cash outflows from operating activities	72,009,659,563.09	82,359,168,422.31
Net cash flows from operating activities	18,135,334,213.98	2,811,195,924.26
II. Cash flows from investing activities:		
Cash received from disposal of investments	552,128,782.99	214,694,232.42
Cash received from investment income	4,376,419.57	72,344,853.12

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	969,557,478.01	193,260,314.55
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	53,890,707.84	100,222,139.84
Subtotal of cash inflows from investing activities	1,579,953,388.41	580,521,539.93
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	3,225,394,447.17	3,781,248,925.40
Cash paid for investments	982,592,171.29	249,579,009.77
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	249,571,434.04	253,798,772.62
Sub-total of cash outflows from investing activities	4,457,558,052.50	4,284,626,707.79
Net cash flows from investing activities	-2,877,604,664.09	-3,704,105,167.86
III. Cash flows from financing activities:		
Cash from absorption of investments	500,000,000.00	496,000,000.00
Including: cash received from non-controlling interests for capital contributions to subsidiaries	500,000,000.00	496,000,000.00
Cash received from borrowings	37,897,812,933.29	50,486,756,345.65
Cash received from other financing activities	2,482,401,021.99	3,033,282,186.12
Subtotal of cash inflows from financing activities	40,880,213,955.28	54,016,038,531.77
Cash paid for debts repayments	41,060,609,129.45	47,952,729,315.58
Cash paid for distribution of dividends and profits or payment of interest	2,345,756,087.07	2,567,691,592.32
Including: dividends and profits paid by subsidiaries to non-controlling interests	346,280,000.00	291,280,000.00
Cash paid for other financing activities	4,535,714,422.29	1,298,333,742.63
Sub-total of cash outflows from financing activities	47,942,079,638.81	51,818,754,650.53
Net cash flows from financing	-7,061,865,683.53	2,197,283,881.24

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
activities		
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-88,320,030.93	62,096,402.22
V. Net increase in cash and cash equivalents	8,107,543,835.43	1,366,471,039.86
Plus: beginning balance of cash and cash equivalents	11,067,113,154.17	12,009,784,562.13
VI. Ending balance of cash and cash equivalents	19,174,656,989.60	13,376,255,601.99

6. Parent Company's Statement of Cash Flows

Monetary Unit: RMB

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	455,492,638.40	12,516,950,506.63
Refunds of taxes and surcharges		
Cash received from other operating activities	13,671,044,017.53	8,212,654,073.91
Sub-total of cash inflows from operating activities	14,126,536,655.93	20,729,604,580.54
Cash paid for goods purchased and services received	138,090,683.22	9,965,052,071.14
Cash paid to and on behalf of employees	67,269,971.97	60,750,812.51
Cash paid for taxes and surcharges	13,967,763.56	18,024,554.12
Cash paid for other operating activities	2,781,687,978.86	1,073,094,811.71
Sub-total of cash outflows from operating activities	3,001,016,397.61	11,116,922,249.48
Net cash flows from operating activities	11,125,520,258.32	9,612,682,331.06
II. Cash flows from investing activities:		
Cash received from disposal of investments	0.00	121,772,675.01
Cash received from investment income	4,376,419.57	72,344,853.12
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	239,213.37	283,000.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing		

Item	Six Months Ended June 30, 2026	Six Months Ended June 30, 2025
activities		
Subtotal of cash inflows from investing activities	4,615,632.94	194,400,528.13
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	9,040,971.92	10,112,087.32
Cash paid for investments	173,100,000.00	0.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	182,140,971.92	10,112,087.32
Net cash flows from investing activities	-177,525,338.98	184,288,440.81
III. Cash flows from financing activities:		
Cash from absorption of investments		
Cash received from borrowings	2,090,000,000.00	3,813,006,666.64
Cash received from other financing activities	2,048,500,000.00	199,850,000.00
Subtotal of cash inflows from financing activities	4,138,500,000.00	4,012,856,666.64
Cash paid for debts repayments	1,469,200,000.00	2,995,201,904.96
Cash paid for distribution of dividends and profits or payment of interest	203,525,598.75	237,937,286.23
Cash paid for other financing activities	3,033,900,000.00	3,549,850,000.00
Sub-total of cash outflows from financing activities	4,706,625,598.75	6,782,989,191.19
Net cash flows from financing activities	-568,125,598.75	-2,770,132,524.55
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	0.00	-162.20
V. Net increase in cash and cash equivalents	10,379,869,320.59	7,026,838,085.12
Plus: beginning balance of cash and cash equivalents	359,719,613.98	709,997,219.91
VI. Ending balance of cash and cash equivalents	10,739,588,934.57	7,736,835,305.03

7. Consolidated Statement of Changes in Owners' Equity

Amount in the current period

Monetary Unit: RMB

Item	Six Months Ended June 30, 2026														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
		Preferred shares	Perpetual bonds	Others											
I. 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
Plus: changes in accounting policies															
Correction of accounting errors in prior period															
Others															
II. Balance at the beginning of the period	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
III. Increases/decreases in the current period ("-" for decreases)	2,078.00			-4,989.49	229,882,562.08		-56,167,375.82	6,832,787.56			4,500,151,589.93		4,680,696,652.26	31,010,410.57	4,711,707,062.83
(I) Total comprehensive income							-56,167,375.82				4,500,151,589.93		4,443,984,214.11	91,491,456.87	4,535,475,670.98
(II) Capital contributed or reduced by owners	2,078.00			-4,989.49	229,766,256.10								229,763,344.61	285,093,079.86	514,856,424.47
1. Ordinary shares contributed by owners					216,214,234.13								216,214,234.13	283,785,765.87	500,000,000.00
2. Capital contributed by the holders of other equity instruments	2,078.00			-4,989.49	29,444.14								26,532.65		26,532.65
3. Amounts of share-based payments recognized in owners' equity															
4. Others					13,522,577.83								13,522,577.83	1,307,313.99	14,829,891.82
(III) Profit distribution														-346,280,000.00	-346,280,000.00

Item	Six Months Ended June 30, 2026														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
		Preferred shares	Perpetual bonds	Others											
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)														-346,280,000.00	-346,280,000.00
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								6,832,787.56					6,832,787.56	705,873.84	7,538,661.40
1. Amount withdrawn in the current period								176,326,903.66					176,326,903.66	3,382,953.30	179,709,856.96
2. Amount used in the current period								169,494,116.10					169,494,116.10	2,677,079.46	172,171,195.56
(VI) Others					116,305.98								116,305.98		116,305.98
IV. Balance as at June 30, 2026	9,599,632,103.16			906,711,327.03	19,537,469,538.54		7,538,524.63	29,334,964.73	640,513,186.71		8,066,831,076.74		38,788,030,721.54	4,131,485,448.13	42,919,516,169.67

Prior year

Monetary Unit: RMB

Item	Six Months Ended June 30, 2025														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
		Preferred shares	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 period															
Others															
II. Balance at the beginning of the period	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 the current period ("-" for decreases)	6,267.00			-15,385.73	214,537,428.38		-47,999,628.51	-42,551,789.01			386,245,051.32		510,221,943.45	-7,056,298.63	503,165,644.82
(I) Total comprehensive income							-47,999,628.51				386,245,051.32		338,245,422.81	1,771,551.10	340,016,973.91
(II) Capital contributed or reduced by owners	6,267.00			-15,385.73	214,537,428.38								214,528,309.65	281,548,168.30	496,076,477.95
1. Ordinary shares contributed by owners					214,451,831.70								214,451,831.70	281,548,168.30	496,000,000.00
2. Capital contributed by the holders of other equity instruments	6,267.00			-15,385.73	85,596.68								76,477.95		76,477.95
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution														-291,280,000.00	-291,280,000.00
1. Withdrawal of															

Item	Six Months Ended June 30, 2025														
	Equity attributable to owners of the parent company													Non-controlling interests	Total owners' equity
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others	Sub-total		
		Preferred shares	Perpetual bonds	Others											
surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)														-291,280,000.00	-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								-42,551,789.01					-42,551,789.01	903,981.97	-41,647,807.04
1. Amount withdrawn in the current period								187,890,763.47					187,890,763.47	3,487,619.63	191,378,383.10
2. Amount used in the current period								230,442,552.48					230,442,552.48	2,583,637.66	233,026,190.14
(VI) Others															
IV. Balance as at June 30, 2025	9,599,627,682.16			906,721,941.03	19,493,292,159.16		41,167,246.62	43,556,412.08	629,926,949.95	0.00	3,829,764,457.08		34,544,056,848.08	3,431,252,676.27	37,975,309,524.35

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

Amount in the current period

Monetary Unit: RMB

Item	Six Months Ended June 30, 2026											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. 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
Plus: changes in accounting policies												
Correction of accounting errors in prior period												
Others												
II. Balance at the beginning of the period	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
III. Increases/decreases in the current period ("-" for decreases)	2,078.00			-4,989.49	8,692,670.53					-143,307,071.12		-134,617,312.08
(I) Total comprehensive income										-143,307,071.12		-143,307,071.12
(II) Capital contributed or reduced by owners	2,078.00			-4,989.49	8,692,670.53							8,689,759.04
1. Ordinary shares contributed by owners												
2. Capital contributed by the holders of other equity instruments	2,078.00			-4,989.49	29,444.14							26,532.65

Item	Six Months Ended June 30, 2026											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
3. Amounts of share-based payments recognized in owners' equity												
4. Others					8,663,226.39							8,663,226.39
(III) Profit distribution												
1. Withdrawal of surplus reserves												
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 earnings												
5. Carry-forward of other												

Item	Six Months Ended June 30, 2026											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Balance as at June 30, 2026	6,611,232,395.00			906,711,327.03	29,759,575,436.25		70,770,750.00		727,756,828.68	618,505,615.15		38,694,552,352.11

Prior year

Monetary Unit: RMB

Item	Six Months Ended June 30, 2025											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	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 period												
Others												
II. Balance at the beginning of the	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

Item	Six Months Ended June 30, 2025											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
period												
III. Increases/decreases in the current period ("-" for decreases)	6,267.00			-15,385.73	85,596.68					-101,995,388.84		-101,918,910.89
(I) Total comprehensive income										-101,995,388.84		-101,995,388.84
(II) Capital contributed or reduced by owners	6,267.00			-15,385.73	85,596.68							76,477.95
1. Ordinary shares contributed by owners												
2. Capital contributed by the holders of other equity instruments	6,267.00			-15,385.73	85,596.68							76,477.95
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution												
1. Withdrawal of surplus reserves												
2. Profit distributed to owners (or shareholders)												
3. Others												

Item	Six Months Ended June 30, 2025											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	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												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Balance as at June 30, 2025	6,611,227,974.00			906,721,941.03	29,750,151,165.75		68,941,905.00		698,328,259.36	394,960,173.53		38,430,331,418.67

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 CSRC, 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 High-Tech") held by Jiangsu Shenghong Technology Co., Ltd. ("Shenghong Technology") 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 manufacturing industry of chemical raw materials and chemical products.

As at June 30, 2026, the Company has a total issued share capital of 6,611.2324 million shares and a registered capital of RMB 6,611.2324 million, with the registered office at No.289, Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province and the headquarters' address at No.289, Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.

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

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

The financial statements have been approved by the Board of Directors of the Company on August 27, 2026 for disclosure.

IV. Basis for preparation of the financial statements

1. Preparation Basis

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

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 parent company's financial position of the Company as at June 30, 2026, and the consolidated and the parent company's financial performance and cash flows for the six months 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 carrying amount of the assets and liabilities of the combinee in the consolidated financial statements of the ultimate controller on the combination date. The stock premium in capital reserves is adjusted according to the difference between the carrying amount of net assets acquired through combination and the carrying amount of consideration paid for the combination (or total par value of shares issued). If the stock premium in capital reserves is insufficient to cover the difference, the remaining amount will be charged against retained earnings.

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

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

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

Criteria for judging control

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

Procedures for consolidation

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

The portions of subsidiaries’ equity, net profit or loss for the current period and total comprehensive income for the current period attributable to non-controlling interests are presented separately under equity in the consolidated statement of financial position, under net profit or loss in the consolidated statement of profit or loss, and under total comprehensive income respectively. Where losses for the current period allocated to non-controlling interests of a subsidiary exceed the non-controlling interests’ share of the subsidiary’s equity at the beginning of the period, the resulting excess shall be offset against non-controlling interests.

(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 comparative period or the current profit or loss.

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

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

(2) Disposal of subsidiaries

① General method of disposal

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

② Disposal of subsidiaries by stages

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

i. The transactions are concluded at the same time or under the consideration of mutual effect.

ii. The transactions as a whole can reach a complete business result.

iii. The occurrence of a transaction depends on that of at least one other transaction; and/or

iv. A single transaction is uneconomical but it is economical when considered together with other transactions.

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

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

(3) Purchase of non-controlling interests of subsidiary

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

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

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

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

Joint arrangements are classified into joint operation and joint venture.

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

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

(1) Assets it solely holds and its share of jointly-held assets based on its percentage;

(2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;

(3) Incomes from sale of output enjoyed by it from the joint operation;

(4) Income from selling the production of the joint operation recognized based on the shares held by the Company;

and (5) Separate costs and costs for the joint operation based on the shares held by the Company.

For details about the Company's investments in joint ventures are accounted for under the equity method, please refer to "14. Long-term equity investments" under Part V of these Notes.

8. Recognition criteria of cash and cash equivalents

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

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

Foreign currency transactions

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

The balances of foreign currency monetary items on the balance sheet date are translated at the spot exchange rate on the balance sheet date. The exchange difference arising therefrom is included in the current profit or loss, except that the 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

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

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

10. Financial instruments

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

Classification of financial instruments

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

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

The business model is adopted for the purpose of obtaining the contractual cash flow;

The contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

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

The business model is adopted for the purpose of obtaining the contractual cash flow and selling such financial assets;

The contractual cash flows are solely payments of principal and interest on the principal amount outstanding.

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

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

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

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

(1) This designation can eliminate or significantly reduce the accounting mismatch.

(2) Management and performance evaluation of the financial liability portfolio or portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in a formal written document, and reporting to key officers on this basis within the Company.

(3) The financial liability contains embedded derivative needed to be separated.

Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortized cost

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

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

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

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

In case one of the following conditions is met, the Company will derecognize financial assets:

The contractual right of collecting cash flows of financial assets is terminated;

The financial assets have been transferred, and nearly all of the risks and rewards related to the ownership of the financial assets have been transferred to the transferee;

The financial assets have been transferred, and the Company does not retain the control over the financial assets, though it has neither transferred nor retained nearly all risks and rewards related to the ownership of the financial assets.

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

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

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

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

(1) The carrying amount of the financial asset transferred;

(2) The sum of the consideration received from the transfer and the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

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

(1) The carrying amount of derecognized part;

(2) The sum of the consideration received from the derecognition and the amount of the derecognized part in the accumulated amount of the changes in fair value originally and directly included in owners' equity (where the financial asset transferred is a financial asset (debt instrument) measured at fair value through other comprehensive income is involved).

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

Derecognition of financial liabilities

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

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

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

Where the Company repurchases part of its financial liabilities, it should, on the repurchase date, allocate the entire carrying amount of whole financial liabilities based on the comparative fair value of the part that continues to be recognized and the derecognized part. The difference between the carrying amount allocated to the derecognized part and the considerations paid (including non-cash assets surrendered and the new financial liabilities assumed) should be included in the current profit or loss.

Determination method for the fair value of financial assets and financial liabilities

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

Testing method and accounting treatment method for impairment of financial instruments

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

The Company recognizes expected credit losses by calculating the probability-weighted present value of the difference between the contractual cash flows due and the expected cash flows to be received, taking into account reasonable and supportable information regarding past events, current conditions, and forecasts of future economic conditions, and weighting the risk of default.

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 lifetime expected credit loss.

For lease receivables arising from transactions governed by *Accounting Standards for Business Enterprises No. 21 - Leases*, the Company elects to measure its loss allowance at an amount equivalent to the expected credit loss over the entire lease term.

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

The Company determines the relative change in the risk of default over the expected life of the financial instrument by comparing the risk of default at the balance sheet date with the risk of default at the date of initial recognition, in order to assess whether the credit risk of the financial instrument has increased significantly since initial recognition. Generally, if a financial instrument is past due by more than 30 days, the Company considers the credit risk of that instrument to have increased significantly, unless there is conclusive evidence that the credit risk of the 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 lifetime expected credit loss of such financial instrument; if there is no obvious increase in credit risk following the initial recognition of such financial instrument, the Company will measure the loss provision at the amount which is equivalent to the amount of the future 12-month expected credit loss of such financial instrument. Amount increased or reversed of loss provision arising therefrom will be included in the current profit or loss as impairment loss or gain. 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 carrying amount 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) Receivable (excluding accounts receivable) for which expected credit losses are measured on a portfolio basis

Item	Basis for portfolio determination	Measurement method of expected credit loss
Credit risk characteristic portfolio	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of future economic position, the expected credit loss is calculated based on the default risk exposure and the 12-month or lifetime expected credit loss ratio.
Portfolio of related parties	Related party	
Portfolio of government receivables	Non-operating receivables from government agencies and tax refund receivables during the credit period	

(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 state-owned enterprise customers during the credit period	
Portfolio of trade payment of overseas companies	Nature of payment	

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

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

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. Inventories

Classification and cost of inventories

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

Valuation method of inventories dispatched

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

Inventory system

Perpetual inventory system is adopted.

Amortization method for low-cost consumables and packaging materials

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

(2) Packaging materials are amortized at lump-sum method.

Determining criteria and provision method for 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 realizable value, the provision for inventory depreciation should be made. During routine activities, net realizable values of inventories refer to the amounts of the estimated selling prices of inventories minus the estimated costs to completion, estimated selling expenses and relevant taxes and surcharges.

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

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

12. Contract assets

Recognition method and standards for contract assets

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

Determination method and accounting treatment of expected credit losses of contractual assets

For details about the determination method and accounting treatment method for the expected credit loss of contract assets, please refer to "10. Testing method and accounting treatment method for impairment of financial instruments" under Part V of these Notes.

13. Assets held for sale and discontinued operation

Assets held for sale

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

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

(1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

(2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

If the carrying amount of non-current assets (excluding financial assets, deferred income tax assets and the assets arising from employee compensation) or disposal groups classified as held for sale is higher than the net fair value less costs to sell, the carrying amount is written down to the net fair value less costs to sell, and the write-down is recognized as assets impairment losses and charged to current profit or loss, together with a provision for impairment of assets held for sale.

Discontinued operation

Discontinued operations refer to the component meeting any of the following conditions that can be separately distinguished and that 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 joint control and significant influence

Joint control refers to the control shared over an arrangement in accordance with the relevant stipulations, and the decision-making of related activities of the arrangement requires the unanimous consent of the parties sharing control. Where the Company exercises joint control over the investee together with other parties to the joint venture, and enjoys the right on the investee's net assets, the investee should be a joint venture of the Company.

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

Determination of initial investment cost

A long-term equity investment as a result of business combination

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

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

Long-term equity investments obtained by means other than business combination

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

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

Subsequent measurement and recognition of gains and losses

Long-term equity investments calculated under cost method

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

Long-term equity investments calculated under equity method

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

The Company 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 carrying amount 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 carrying amount 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 carrying amount of the long-term equity investment and include such change in the owners' equity.

The share of the investee's net profit or loss, other comprehensive income and changes in other shareholders' equity should be recognized after adjustments are made to net profit and other comprehensive income of the investee based on the fair value of identifiable net assets of the investee upon acquisition of investments and according to accounting policies and accounting period of the Company.

The Company shall write off the part of incomes from internal unrealized transactions between the Company and associates and joint ventures which are attributable to the Company according to the corresponding ratio and recognize the profit or loss on investments on such basis except that the assets invested or sold constitute business. Where the losses from internal transactions between the Company and the investee fall into the scope of assets impairment losses, the full amount of such losses should be recognized.

For net losses incurred by joint ventures or associates, the Company shall, unless it has an obligation to bear additional losses, recognize such losses only to the extent of the carrying amount of long-term equity investments and other long-term interests that in substance constitute net investment in such joint ventures or associates. If a joint venture or an associate realizes net profits in the future, the Company shall resume recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

Disposal of long-term equity investments

For disposal of long-term equity investments, the difference between the carrying amount and the actual price shall be included in the current investment income.

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

Where the Company loses the joint control over or significant influence on the investee on account of the disposal of equity investment and any other reason, when the accounting by the equity method is terminated, other comprehensive income recognized upon the accounting by the equity method from the original equity investment should be subject to the accounting treatment which is made on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in shareholders' equity should be transferred to the current profit or loss in full.

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

Where the disposal of subsidiaries' equity investments till the loss of control by stages through multiple transactions belongs to a package deal, the accounting treatment should be made by taking the transactions as a single transaction in which 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 carrying amount 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. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

15. Investment properties

Investment property is the property to earn rentals or for capital appreciation or both. Examples include land leased out under operating leases, land held for long-term capital appreciation, buildings leased out under operating leases (including buildings that have been constructed or developed for future lease out under operating leases, and buildings that are being constructed or developed for future lease out under operating leases).

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

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;

(2) The costs of the fixed assets can be measured reliably.

A fixed asset shall be initially measured at its cost with the consideration of the expected discard expenses.

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

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 the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the carrying amount after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the company should choose different depreciation rates or methods to separately provide for depreciation.

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

Type	Depreciation method	Depreciation life (Year)	Residual rate (%)	Annual depreciation rate (%)
Buildings and constructions	Straight-line method	20~50	3~5	1.90~4.85
Machinery equipment	Straight-line method	3~ 20	3~5	4.75~32.33
Transportation equipment	Straight-line 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 of the income from sales, transfer, retirement or damage of fixed assets deducting the carrying amount and related taxes 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. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use, and the provision of depreciation will be provided since the next month.

18. Borrowing costs

Recognition principles of capitalization of borrowing costs

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

Assets meeting the capitalization requirements refers to fixed assets, investment properties and inventories, etc. that need to be purchased, constructed or produced for a long time to be available for intended use or sale.

Capitalization period of borrowing costs

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

Borrowing costs shall begin to be capitalized when all of the following conditions are met:

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

(2) borrowing costs have occurred;

(3) purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use or sale have commenced.

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

Period of suspension for capitalization

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

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 of intangible assets

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

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

(2) Subsequent measurement

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

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

Estimate of useful lives of intangible assets with definite useful lives

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

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

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

The useful life of intangible assets with indefinite useful life is reviewed at the end of each period.

Upon review, the useful life of this category of intangible assets remains indefinite.

Scope of collection of R&D expenditures

(1) Staff and labor costs

Staff and labor costs include wages and salaries, basic endowment insurance premiums, basic medical insurance premiums, unemployment insurance premiums, work-related injury insurance premiums, maternity insurance premiums and housing provident funds of the Company's R&D personnel, as well as labor costs of external R&D personnel.

If the R&D personnel serve multiple R&D projects at the same time, the labor costs shall be recognized according to the working hours records of the R&D personnel of each R&D project provided by the Company's management department, and shall be allocated among different R&D projects in proportion.

For personnel directly engaged in R&D activities and external R&D personnel engaged in non-R&D activities at the same time, the Company shall, according to the working hours records of the R&D personnel in different positions, allocate the actual labor costs between the R&D expenses and the production and operation expenses according to the proportion of actual working hours and other reasonable methods.

(2) Direct input costs

Direct input costs refer to the relevant expenses actually incurred by the Company for the implementation of research and development activities. Including: 1) directly consumed materials, fuel and power costs; 2) the development and manufacturing costs of molds and process equipment used for intermediate tests and product trial production, the purchase costs of samples, prototypes and general testing means that do not constitute fixed assets, and the inspection costs of trial-produced products; 3) the operation, maintenance, adjustment, inspection, testing and maintenance costs of instruments and equipment used for research and development activities.

(3) Depreciation expenses and long-term deferred expenses

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

If the instruments, equipment and buildings in use used for R&D activities are also used for non-research and development activities, necessary records shall be made on the use of such instruments, equipment and buildings, and the depreciation expenses actually incurred shall be allocated between the R&D expenses and the production and operation expenses in a reasonable way according to the actual working hours, usable area and other factors.

Long-term deferred expenses refer to the long-term deferred expenses incurred in the process of reconstruction, modification, decoration and repair of R&D facilities, which are collected according to the actual expenses and amortized evenly by stages within the prescribed period.

(4) Intangible assets amortization expenses

Intangible assets amortization expenses refer to the amortization expenses of software, intellectual property rights, non-patented technologies (proprietary technology, licenses, design and calculation methods, etc.) used for research and development activities.

(5) Design fee

Design expenses refer to the expenses incurred for the conception, development and manufacture of new products and new processes, as well as the design of processes, technical specifications, procedures and operational characteristics, including the relevant expenses incurred for creative design activities to obtain innovative, creative and breakthrough products.

(6) Equipment commissioning costs and test costs

Equipment commissioning expenses refer to the expenses incurred in research and development activities in the process of tooling preparation, including the expenses incurred in activities such as developing special and dedicated production machines, changing production and quality control procedures, or formulating new methods and standards.

Expenses incurred for routine tooling preparation and industrial engineering for large-scale mass production and commercial production are not included in the scope of collection.

The trial expenses include the clinical trial expenses for the research and development of new drugs, the on-site test expenses for exploration and development technologies, and the field test expenses.

(7) External research and development expenses

External research and development expenses refer to the expenses incurred by the Company in entrusting other institutions or individuals at home and abroad to carry out research and development activities (the results of research and development activities are owned by the Company and closely related to the Company's main business).

(8) Other expenses

Other expenses refer to other expenses directly related to research and development activities in addition to the above expenses, including the technical book material fees, material translation fees, the expert consulting fees, the high-tech R&D insurance fees, the retrieval, demonstration, review, appraisal and inspection fees for R&D results, the application fees, registration fees and agency fees for intellectual property rights, the conference fees, the travel & accommodation fees, the communication fees, etc.

Specific criteria for classification of research phase and development phase

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

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

Development phase: it 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 phase

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.

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

20. Impairment of long-term assets

The Company will conduct the impairment test if there is any indication on the balance sheet date 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, may be impaired. If the result of the impairment test shows that the recoverable amount of the asset is lower than its carrying amount, the provision for impairment shall be made and included in impairment loss. The recoverable amount of the asset is the higher of the net amount of its fair value less disposal expenses or the present value of its estimated future cash flows. Provision for asset impairment is made on individual asset basis. If it is difficult to estimate the recoverable amount of the individual asset, the Company will estimate the recoverable amount of the asset portfolio where the individual asset belongs. The asset group is the minimum asset group that can independently generate the cash inflow.

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

The carrying amount of goodwill arising from business combination is allocated to related asset groups by the reasonable method as of the acquisition date; if it is difficult to do so, such value will be allocated 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 carrying amount, 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 carrying amount thereof with said recoverable amount; if the said recoverable amount is lower than the carrying amount thereof, the amount of impairment losses should be firstly used to deduct carrying amount of goodwill allocated to the asset group or the portfolio of asset group, and then deduct carrying amount of other assets according to the proportion of the carrying amount of other assets other than the goodwill in the asset group or the portfolio of asset group. The assets impairment losses cannot be reversed in subsequent accounting periods once recognized.

21. Long-term deferred expenses

Long-term deferred expenses refer to the expenses which have been already incurred but will be borne in this period and in the future with an amortization period of over 1 year.

22. Contract liabilities

According to the relationship between the performance of obligations and the customer payment, the Company presents contract assets or contract liabilities in the balance sheet. The Company's obligation to transfer goods or provide services to customers for consideration received or receivable from the customer is presented as contract liabilities. Contract assets and contract liabilities under the same contract should be presented at net amount.

23. Employee benefits

Accounting treatment of short-term compensation

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

The social insurance premiums and housing fund paid for employees by the Company, as well as the labor union expense and employee education expense accrued according to the provisions, shall be calculated according to the stipulated contribution base and proportion to determine the amount of corresponding employee benefits during the accounting period of employees providing services to the Company.

Employee benefits incurred by the Company are charged to current income or loss or the cost of related assets based on the actual amount incurred, of which non-monetary benefits are measured at fair value.

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 the current profit or loss or assets-related cost. In addition, the Company also participated in the enterprise annuity plan/supplementary pension insurance fund approved by relevant state departments. The Company makes payments to the annuity plans or local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

(2) Defined benefit plan

The Company attributes the benefit obligation under the defined benefit plan to the period during which employees provide service to the Company, based on the formula determined based on the estimated accumulated benefit unit method, and charges the same to the current profit or loss or relevant asset costs.

The deficit or surplus arising from the present value of the obligation under the defined benefit plan less the fair value of the assets under the defined benefit plan is recognized as a net liability or net asset in connection with the defined benefit plan. For a surplus of the 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 ceiling.

The obligations under the defined benefit plan, including the estimated payment obligation within 12 months following the annual report period during which the employees provide service, are discounted to the present value at the market return of the national debt of which the term and currency match those of the obligation under the defined benefit plan on the balance sheet date, or of the high-quality corporate debt in an active market.

The service costs of the defined benefit plan and net interest on the net liabilities or net assets in respect of the defined benefit plan are included in the current profit or loss or related assets cost; changes in the re-measurement of net liabilities or net assets under the defined benefit plan should be included in other comprehensive income and should not be reversed in subsequent accounting periods. When the original defined benefit plan terminates, the portion originally included in other comprehensive income will all be transferred to the undistributed profits.

When the defined benefit plan is settled, the settlement gain or loss will be measured at the balance between the present value of the obligations of the defined benefit plan and the settlement price determined on the settlement date.

Accounting treatment of dismissal benefits

As to providing employees dismissal benefits, employee benefits incurred from dismissal benefits should be recognized as liabilities and included in the current profit or loss at the date when the Company is unable to unilaterally withdraw the dismissal benefits provided in the plan on the cancellation of labor relationship or the layoff proposal or when the Company recognizes the cost related to restructuring concerning payment of dismissal benefits (whichever is earlier).

24. Provisions

Where the obligation related to contingency meets all the following conditions simultaneously, the Company recognizes it as a provision:

(1) The obligation is a present obligation of the Company;

(2) The performance of such obligation is likely to result in outflow of economic benefits from the Company;

and (3) The amount of the obligation can be measured reliably.

Provisions of the Company are initially measured as the best estimate of expenses required for the performance of relevant present obligations.

When determining the best estimates, the Company comprehensively considers the risks, uncertainties, time value of money, and other factors relating to the contingencies. If the time value of money is significant, the best estimates will be determined after discount of relevant future cash outflows.

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate 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;

If the contingency involves multiple items, the best estimate is determined based on the various possible outcomes and the associated probabilities.

When all or part of the expenses necessary for the settlement of a provision of the Company is expected to be compensated by a third party, the compensation should be separately recognized as an asset only when it is virtually certain that the compensation will be received. The amount recognized for the compensation should not exceed the carrying amount of the provisions.

On the balance sheet date, the carrying amount of provisions shall be reviewed. If there is conclusive evidence that the best estimate cannot be reflected, the carrying amount shall be adjusted based on the current best estimate.

25. Share-based payment

The Company's share-based payment refers to the transaction where it grants the equity instrument or assumes the liability determined based on the equity instrument for the purpose of acquiring services rendered by employees or other parties. The Company's share-based payment is divided into the equity-settled share-based payment and the cash-settled share-based payment.

Equity-settled share-based payment and equity instruments

Where the Company acquires services rendered by employees via the equity-settled share-based payment, such payment should be calculated at the fair value of equity instruments granted to 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 grant date. 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, and the capital reserves shall be increased accordingly.

In case any clause on the equity-settled share-based payment has been modified, the Company shall recognize, at a minimum, the services acquired as if such clause has not been modified. In addition, any modification that increases the fair value of the equity instrument granted, or any change that is beneficial to the employee on the modification date, is recognized as an increase in services obtained.

During the waiting period, if any equity instrument granted is canceled, the Company will accelerate the right exercise relevant to the equity instrument canceled, immediately include the amount which should be recognized during the remaining waiting period in the current profit or loss, and recognize capital reserves at the same time. However, if any new equity instrument is granted and on the date of granting such new equity instrument, it is affirmed that such new equity instrument can replace the canceled one, the treatment for such new equity instrument will be made in the way for modifying terms and conditions of the original equity instrument.

Cash-settled share-based payment and equity instruments

A cash-settled share-based payment shall be measured in accordance with the fair value of liability calculated and confirmed based on the shares or other equity instruments undertaken by the Company. As for the share-based payment transaction that can be exercised immediately after the grant, the fair value of the liability undertaken by the Company shall, on the grant date, be included in the relevant cost or expense and the liabilities shall be increased 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.

When the Company modifies the terms and conditions of a cash-settled share-based payment agreement to make it a equity-settled share-based payment, on the modification date (whether it occurs during the waiting period or after the waiting period), the Company measures the equity-settled share-based payment at the fair value of the equity instrument granted on the same day, and includes the services obtained in the capital reserve, and at the same time, terminates the recognition of the liability recognized on the modification date for the cash-settled share-based payment, and the difference between the two is included in the current profit and loss. If the waiting period is extended or shortened due to the modification, the Company shall conduct accounting treatment according to 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 the right of control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all of the economic benefits therefrom.

If two or more performance obligations are covered in the contract, on the contract commencement date, the transaction price will be allocated to each individual performance obligation based on the relative proportion of the individual selling price of goods or services involved in the individual performance obligation. The Company measures revenue based on the transaction price apportioned to each individual performance obligation.

The transaction price is the amount of consideration to which the Company expects to be entitled as a result of the transfer of goods or provision of services to the customer, excluding amounts collected on behalf of third parties and amounts that the Company expects to refund to the customer. The Company determines the transaction price based on the terms of the contract, taking into account its past customary practice, and considers the impact of variable consideration, the existence of significant financing components in the contract, non-cash consideration, and consideration payable to the customer in determining the transaction price. The Company determines the transaction price that includes variable consideration by an amount not exceeding the amount for which it is highly probable that there will be no material reversal of the cumulative recognized revenue at the time the relevant uncertainty is removed. For contracts with a significant financing component, the Company determines the transaction price based on the amount payable in cash assuming that the customer will pay for the goods or services as soon as control is obtained, and amortizes the difference between this transaction price and the contract consideration over the term of the contract using the effective interest rate method.

If the Company meets one of the following conditions, it is deemed to fulfill the performance obligations within a certain period of time; otherwise, it is deemed to so at a certain point of time:

- The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.
- The customer can control the commodities under construction during the Company's performance.
- The commodities produced by the Company during the performance of the contract have no alternative use, and the Company has the right to receive payment for the accumulated performance of the contract so far throughout the contract period.

For performance obligations to be performed within a certain period of time, the Company recognizes revenue in accordance with the progress of performance over that period, except when the progress of performance cannot be reasonably determined. The Company determines the progress of performance using the output method or the input method, taking into account the nature of the goods or services. When there is no reasonable certainty of the progress of performance, revenue is recognized at the costs incurred when the costs incurred are expected to be reimbursed until the progress of performance can be reasonably determined.

The Company recognizes the income from the performance obligations to be performed at certain time, that is, when the customer obtained control of the related goods or services. The Company will consider the following signs when judging whether the customer has obtained control of the goods or services, including:

• The Company has a present right to receive payment in respect of the commodity or services, i.e., the customer has a present payment obligation in respect of the commodity.

• The Company has transferred the legal title to the commodity to the customer, i.e., the customer has the legal title to the commodity.

• The Company has transferred the physical commodity to the customer, i.e., the customer has taken physical possession of the commodity.

• The Company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e. the customer has acquired principal risks and rewards with respect to the title to the commodity.

• The customer has accepted the goods or services, etc.

The Company determines whether its status is a main principal or agent at the time of engaging in a transaction based on whether it has control over the goods or services prior to transferring them to the customer. If the Company is able to control the goods or services before transferring them to the customer, the Company is the main principal and recognizes revenue based on the total consideration received or receivable; otherwise, the Company is the agent and recognizes revenue based on the amount of commissions or handling fees to which it expects to be entitled.

Disclosure of specific revenue recognition and measurement methods by business type

(1) Petrochemical and chemical new material product sales business

a. Domestic sales: Revenue from self-delivery goods is recognized when such goods leave the factory 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) Electricity and thermal energy sales business

The sales revenue is recognized after the power and thermal energy services have been provided.

(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 no alternative use 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

Contract costs include contract performance costs and contract acquisition costs.

If the costs incurred by the Company for the performance of the contract do not belong to the scope of the relevant standards such as inventories, fixed assets or intangible assets, and the following conditions are met at the same time, such costs shall be recognized as an asset categorized as contract performance costs:

• The costs are directly related to a current or expected contract obtained.

• Such costs increase the resource which will be used by the Company for obligation performance.

• Where the costs are expected to be recovered.

If the incremental cost incurred by the Company on account of contract acquisition is expected to be recoverable, it, as the contract acquisition cost, will be recognized as an asset.

Assets related to contract costs are amortized on the same basis as the recognition of revenue from the goods or services related to such asset; however, if the amortization period of contract acquisition costs does not exceed one year, the Company will include them in the current profit or loss at the time of occurrence.

If the assets related to contract costs whose carrying amount is higher than the difference between the following two items, the Company will make provision for impairment for the excess 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 prior period change, resulting that the above-mentioned difference is higher than the carrying amount 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 carrying amount of assets reversed should not exceed the carrying amount 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 other than asset-related government grants.

Timing of recognition

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

Asset-related government grants shall be used to offset the carrying amount of relevant assets or recognized as deferred income. Where such subsidies are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (Where such subsidies are related to the routine activities of the Company, they will be included in other income; where such subsidies are not related to the routine activities of the Company, they will be included in non-operating 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 interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

29. Deferred income tax assets and deferred income tax liabilities

Income tax includes the current income tax and deferred income tax. Except for the income tax arising from business mergers and such transactions or items as are directly included in shareholders' equity (including other comprehensive income), the Company shall include the current income tax and the deferred income tax in the current profit or loss.

Deferred income tax assets and deferred income tax liabilities are calculated and recognized based on differences (temporary differences) between tax base and carrying amount of the assets and liabilities.

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

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

Such special circumstances include:

• The initial recognition of goodwill;

• The transaction or matter that is not a business combination and that affects neither accounting profit nor taxable income (or deductible loss) when it occurs, and in which initially recognized asset or liability does not cause equal taxable temporary difference and deductible temporary difference.

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred income tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when it is probable that the temporary differences will be reversed in the foreseeable future and that taxable income will be available against which the deductible temporary differences can be utilized in the future.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities should be measured at the applicable tax rate during the period of expected recovery of the relevant assets or settlement of the relevant liabilities according to the provisions of tax laws.

On the balance sheet date, the Company reviews the carrying amount of deferred income tax assets. If it is unlikely to obtain sufficient taxable income to offset the benefit of the deferred income tax assets, the carrying amount of the deferred income tax assets shall be written down. When it is likely to earn sufficient taxable income, the write-down amount shall be reversed.

When the Company has the legal right to settle in net amount and intends to settle in net amount or to obtain assets and discharge liabilities simultaneously, the current income tax assets and current income tax liabilities shall be presented at the net amount after offset.

On the balance sheet date, deferred income tax assets and deferred income tax liabilities are presented by net amount after offset when meeting the following conditions at the same time:

• The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;

- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpayer intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

30. Leases

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration. On the contract commencement date, the Company evaluates whether the contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

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

The Company as the lessee

(1) Right-of-use assets

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

The initial measurement amount of lease liabilities;

in case of any lease incentives, relevant amount of the lease incentives enjoyed shall be deducted from the lease payment paid on or before the commencement date of the lease term

The initial direct costs incurred by the Company;

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

The Company subsequently makes the provision for the depreciation of the right-of-use assets under the straight-line-method. Where it can be reasonably certain that the Company will obtain ownership of the leased asset at the expiry of the lease term, the leased assets are depreciated over the remaining useful life; otherwise, the leased assets are depreciated over the shorter of the lease term or the useful life of the leased assets.

The Company confirms whether the right-of-use assets have been impaired in the principles specified in "20. Impairment of long-term assets" under the section V of these Notes, and makes accounting treatment for impairment losses recognized.

(2) Lease liabilities

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

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

Variable lease payments depending on the index or ratio;

The payments expected to be payable based on the guaranteed residual value provided by the Company;

Exercise price of purchase option, provided that the Company reasonably determines that it will exercise the option;

The amount to be paid to exercise the lease termination option, provided that it is reflected that the Company will exercise the lease termination option during the lease period;

The Company takes the interest rate implicit in lease as the discount rate, or takes the interest rate for incremental borrowings of the Company as the discount rate if the interest rate implicit in lease cannot be determined reasonably.

The Company calculates the interest expenses of lease liabilities in each lease term based on a fixed periodic interest rate, and includes such expenses into the current profit or loss or the related asset costs.

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

After the commencement date of the lease term, the Company will re-measure the lease liabilities and adjust the corresponding right-of-use assets when falling under any of the following circumstances; If the carrying amount of the right-of-use assets has been reduced to zero but the lease liabilities still need to be further reduced, the difference will be included in the current profit or loss:

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

When the actual substantial fixed payments changes, the expected payable amount of the guaranteed residual value changes, or the index or proportion used to determine the lease payment changes, the Company remeasures lease liabilities according to the present value calculated based on the changed lease payment and the original discount rate. However, if the change in lease payment is caused by the change in the floating rate, the present value will be calculated at the revised discount rate.

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

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

(4) Lease changes

Where any lease has changed and meet the following conditions at the same time, the Company should take such lease as an individual lease for accounting treatment:

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

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

Where the lease change is not accounted for as a separate lease, on the effective date of the lease change, the Company will re-distribute the consideration of the contract after the change, re-determine the lease period, and re-measure lease liabilities according to the present value calculated by the changed lease payments and the revised discount rate.

If the lease change results in a reduction in the leasing scope or a shortening of the lease term, the Company will reduce the carrying amount of the right-of-use assets accordingly and recognize the gain or loss related to the partial termination or complete termination of the lease in the current profit or loss. If other lease changes result in the remeasurement of the lease liability, the Company will adjust the carrying amount of the right-of-use asset accordingly.

The Company as the lessor

Leases of the Company are classified as financing lease and operating lease on the lease commence date. Lease under which almost all the risks and rewards relevant to the ownership of leased assets are materially transferred is recognized as finance lease, regardless of whether the ownership is ultimately transferred. The operating lease refers to the lease other than the finance lease. When the Company is a sub-lessor, it classifies the sub-leases based on the right-of-use assets generated by the original lease.

Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the rental revenue by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is considered to be the amount of payments for the new lease.

Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables for 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 "10. Financial instruments" under the section V of these Notes.

The variable lease payable that is not included in the net lease investment for measurement shall be included in the current profit or loss at the time of actual occurrence.

If the finance lease changes and the following conditions are met at the same time, the Company will carry out accounting treatment over the lease change as a separate lease:

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

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

Where the changed finance lease does not be taken as an individual lease for accounting treatment, the Company will treat such changed finance lease according to the following situations:

If the change takes effect on the lease commencement date, and such lease may be classified as the operating lease, the Company will make accounting treatment for such lease by taking it as a new lease from the lease change effectiveness date, and recognize the carrying amount 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 "10. Financial instruments" under the section V of these Notes.

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 "26. Revenue" under the section V of these Notes.

(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 carrying amount 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.

For details about the subsequent measurement of right-of-use assets and lease liabilities, as well as lease modifications, after the commencement date of the lease term, please refer to "30. Leases - The Company as the lessee" under Part V of these Notes. 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 of use acquired under the leaseback.

If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. For details about the accounting treatment of financial liabilities, please refer to "10. Financial instruments" under Part V of these Notes.

(2) As the lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor in accordance with the aforementioned policy stated in "The Company as the lessor"; if the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds. For details about the accounting treatment of financial assets, please refer to "10. Financial instruments" under Part V of these Notes.

31. Hedge accounting

Classification of hedging

(1) The term "fair value hedging" refers to a hedging of the risk of changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign exchange risk).

(2) The term "cash flow hedging" refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or a foreign exchange risk contained in an unrecognized firm commitment.

(3) The term "hedging of net investment in an overseas operation" refers to a hedging of the foreign exchange risk arising from net investment in an overseas operation. Net investment in an overseas operation refer to the equity proportion of an enterprise in net assets in an overseas operation.

Designation of hedging relationship and recognition of hedging effectiveness:

At the commencement of the hedging, the Company formally designates the hedging relationship and prepares a formal written document about the hedging relationship, risk management objectives and the strategies of hedging. This document specifies the nature and quantity of the hedging instrument and the hedged item, the nature of the hedged risk, type of hedging, and the assessment by the Company on the effectiveness of the hedging instruments. The term "hedging effectiveness" refers to the extent that the changes in the fair value or cash flow of a hedging instrument offset the changes resulting from the hedging risks in the fair value or cash flow of a hedged item.

The Company continues to evaluate the effectiveness of hedges, and ensures that whether the hedge meets the requirement for effectiveness by use of the hedge accounting during the accounting period designated as to the hedging relationship. If it doesn't meet the requirement, the hedging relationship will be terminated.

For the application of hedging accounting, the following requirements of hedging effectiveness shall be met:

(1) There is an economic relationship between the hedged item and the hedging instrument.

(2) For the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.

(3) It is required to adopt the proper hedge ratio, which will not form an imbalance of relative weight between the hedged item and the hedging instrument, resulting in an accounting result that is inconsistent with the hedging accounting objective. If the hedge ratio 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 hedge ratio meet the requirements for effectiveness again.

Accounting treatment of hedging

Fair value hedging

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

If a hedged item is an unrecognized firm commitment, the accumulative amount of the changes in the fair value of the firm commitment incurred by the hedged risk should be recognized as an asset or liability and the relevant profit or loss shall be recorded into the current profit or loss. Changes in the fair value of the hedging instrument are also recognized in the current profit or loss.

(2) Cash flow hedges

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

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

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

(3) Hedges of net investment in an overseas operation

For hedging of net investment in an overseas operation including the hedging of monetary items as a part of net investment, the accounting treatment of such hedging is similar to that of cash flow hedging. The portion of profit or loss on the hedging instrument attributable to the effective hedging shall be recognized as other comprehensive income, which attributable to the ineffective hedging shall be recorded in the current profit or loss. When overseas operation is disposed, any accumulated profit or loss in other comprehensive income shall be transferred out and included in the current profit or loss.

32. Segment report

The Company determines operating segments based on internal organization structure, management requirements and internal reporting system, determines reporting segments based on operating segments, and disclose the information of the segments.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) The Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts. If two or more operating segments have the similar economic characteristics, meeting certain conditions, they can be combined into one operating segment.

33. Methodology and basis for determining materiality thresholds

☑Applicable ☐Not applicable

Item	Materiality thresholds
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.

Item	Materiality thresholds
Significant accounts payable aged over one year	The Company identifies accounts payable as significant if a single amount exceeds 5% of accounts payable or exceeds RMB100 million.
Significant other payables aged over one year	The Company identifies other payables as significant if a single amount exceeds 5% of other payables or exceeds RMB100 million.
Significant contract liabilities aged over one year	The Company identifies contract liabilities as significant if a single amount exceeds 1% of total liabilities.
Major 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.
Significant associates	The Company identifies an associate as a significant associate if its carrying amount of investment exceeds 0.5% of the Company's total assets.
Significant 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) Adjustments for changes in significant accounting policies

☑Applicable ☐Not applicable

The Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 19" (Cai Kuai [2025] No. 32, hereinafter referred to as "Interpretation No. 19") on December 19, 2025. Interpretation No. 19 sets forth new provisions regarding "accounting treatment for compensatory assets in business combinations not under common control" "accounting treatment for related capital reserves upon disposal of subsidiaries acquired through business combinations under common control," "disclosure of equity instruments designated as measured at fair value through other comprehensive income," "derecognition of financial liabilities settled through electronic payment systems," and "assessment and related disclosure of contractual cash flow characteristics of financial assets."

The Ministry of Finance issued the "Interpretation of Accounting Standards for Business Enterprises No. 20" (Cai Kuai [2026] No. 7, hereinafter referred to as "Interpretation No. 20") on June 17, 2026. Interpretation No. 20 sets forth new provisions regarding "assessment of contractual cash flow characteristics of financial assets" and "accounting treatment and related disclosures when currency lacks exchangeability." Pursuant to Interpretation No. 19 and Interpretation No. 20, the Company has adopted the above provisions effective January 1, 2026. These provisions are not expected to have a material impact on the Company's financial position or results of operations.

(2) Changes in significant accounting estimates

☐Applicable ☑Not applicable

(3) Adjustments to the relevant items of the financial statements at the beginning of the current year when the new accounting standards are first applied from 2026

☐Applicable ☑Not applicable

VI. Taxation

1. Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
VAT	The balance from output tax calculated on the basis of revenue from the sale of goods and taxable services calculated by tax laws deducting input tax deductible for current period shall be VAT payable	According to the *Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs on Policies Relating to the Deepening of VAT Reform* (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No.39), there are five VAT rates, namely 3%, 5%, 6%, 9% and 13%, effective as of April 1, 2019.
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 on the basis of the actual VAT and consumption tax paid	5%, 7%
Corporate income tax	Levied based on taxable income	See the table below for details
Property taxes	Levied based on 12% of the rental revenue from rental housing; levied based on 1.2% of the remaining value after deducting 30% of the original value of the houses for self-use	1.2%, 12%

Disclosure of information about taxpayers applying different corporate income tax rates:

Name of taxpayer	Income tax rate
Jiangsu Eastern Shenghong Co., Ltd.	25%
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	25%
Jiangsu Guowang High-Tech Fiber Co., Ltd.	15%
Suzhou Shenghong Fiber Co., Ltd.	15%
Jiangsu Zhonglu Technology Development Co., Ltd.	15%
Suzhou Suzhen Biological Engineering Co., Ltd.	15%
Jiangsu Ganghong Fiber Co., Ltd.	15%
Jiangsu Shenghong Technology and Trade Co., Ltd.	25%
Jiangsu Ruikong Technology Co., Ltd.	25%
Lantean Holding Group Co., Limited	Calculated according to the relevant regulations of the

Name of taxpayer	Income tax rate
	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 Fiber (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 & 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%
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%

Name of taxpayer	Income tax rate
Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	15%
Lianyungang Fanghong Port Storage and Transportation 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 Haigesi 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 Operation and Management Co., Ltd.	25%
Jiangsu Chuangyuan Intelligent Computing Technology Co., Ltd.	25%
Shanghai Chuangyuan Chenxing Intelligence Technology Co., Ltd.	25%
Jiangsu Dongfang Intelligent Computing Co., Ltd.	25%

2. Tax preference

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

According to the High-tech Enterprise Certificate (Certificate No. GR202332001197, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 6, 2023, Jiangsu Guowang High-tech Fiber Co., Ltd. was entitled to the preferential income tax rate of 15% from 2023 to 2025.

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

According to the High-tech Enterprise Certificate (Certificate No. GR202532001718, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 18, 2025, Jiangsu Zhonglu Technology Development Co., Ltd. was entitled to the preferential income tax rate of 15% from 2025 to 2027.

(3) Suzhou Shenghong Fiber Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202432005620, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 19, 2024, Suzhou Shenghong Fiber Co., Ltd. was entitled to the preferential income tax rate of 15% from 2024 to 2026.

(4) Suzhou Suzhen Bioengineering Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202532015879, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on December 19, 2025, Suzhou Suzhen Bioengineering Co., Ltd. was entitled to the preferential income tax rate of 15% from 2025 to 2027.

(5) Jiangsu Ganghong Fiber Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202432005990, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 19, 2024, Jiangsu Ganghong Fiber Co., Ltd. was entitled to the preferential income tax rate of 15% from 2024 to 2026.

(6) Jiangsu Reborn Technology Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202432007048, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 19, 2024, Jiangsu Reborn Technology Co., Ltd. was entitled to the preferential income tax rate of 15% from 2024 to 2026.

(7) Guowang High-Tech Fiber (Suqian) Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202432004339, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 19, 2024, Guowang High-Tech Fiber (Suqian) Co., Ltd. was entitled to the preferential income tax rate of 15% from 2024 to 2026.

(8) Jiangsu Sierbang Petrochemical Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202432003787, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 19, 2024, Jiangsu Sierbang Petrochemical Co., Ltd. was entitled to the preferential income tax rate of 15% from 2024 to 2026.

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

According to the High-tech Enterprise Certificate (Certificate No. GR202432017492, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on December 24, 2024, Shenghong Refining & Chemical (Lianyungang) Co., Ltd. was entitled to the preferential income tax rate from 2024 to 2026. Due to carryforward losses from prior years, Shenghong Refining & Chemical opted not to claim the tax preference when filing its corporate income tax return and continues to pay corporate income tax at a rate of 25%.

(10) Jiangsu Honggang Petrochemical Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202532003276, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on November 18, 2025, Jiangsu Honggang Petrochemical Co., Ltd. was entitled to the preferential income tax rate from 2025 to 2027. Due to accumulated carryforward losses, Honggang Petrochemical opted not to claim the corporate income tax preference when filing its corporate income tax return and continues to pay corporate income tax at a rate of 25%.

(11) Jiangsu Hongwei Chemical Co., Ltd.

According to the High-tech Enterprise Certificate (Certificate No. GR202532008458, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on December 19, 2025, Jiangsu Hongwei Chemical Co., Ltd. was entitled to the preferential income tax rate from 2025 to 2027. Due to accumulated unused tax losses, Hongwei Chemical chose not to claim the corporate income tax incentive when filing its corporate income tax return and continued to pay corporate income tax at the 25% rate.

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

According to the High-tech Enterprise Certificate (Certificate No. GR202532009620, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu

Province and Jiangsu Provincial Tax Service, STA on December 19, 2025, Jiangsu Hongjing New Materials Co., Ltd. was entitled to the preferential income tax rate of 15% from 2025 to 2027.

(13) Shenghong Refining & Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.

Shenghong Refining & Chemical (Lianyungang) Port Storage and Transportation Co., Ltd. According to Article 87 of the *Implementing Regulations of the Enterprise Income Tax Law*, for Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd., the enterprises engaged in the port, airport, railway, highway, urban public transportation, electricity and water conservancy and other projects as listed in the *Catalogue of Public Infrastructure Projects for Preferential Enterprise Income Tax Treatment*, the income from the investment and operation, from the tax year when such project has obtained the first income from putting into the commercial production and operation to the third year, the corporate income tax is exempted, and in the following 3 years, the corporate income tax is half exempted. Shenghong Refining & Chemical (Lianyungang) Port Storage & Transportation Co., Ltd. generated its first revenue from production and operations in 2021, is exempt from corporate income tax related to the aforementioned preferential projects for 2021, 2022, and 2023, and is subject to a 50% reduction in corporate income tax related to these projects for 2024, 2025, and 2026.

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

According to the High-tech Enterprise Certificate (Certificate No. GR202521001016, valid for three years) issued by the Department of Finance of Liaoning Province, the Department of Science and Technology of Liaoning Province and Liaoning Provincial Tax Service, STA on December 26, 2025, Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd. was entitled to the preferential income tax rate of 15% from 2025 to 2027.

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

According to the High-tech Enterprise Certificate (Certificate No. GR202532012354, valid for three years) issued by the Department of Finance of Jiangsu Province, the Department of Science and Technology of Jiangsu Province and Jiangsu Provincial Tax Service, STA on December 19, 2025, Lianyungang Rongtai Chemical Warehousing Co., Ltd. was entitled to the preferential income tax rate of 15% from 2025 to 2027.

(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 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 June 30, 2026	Balance as at January 1, 2026
Cash on hand	28,762.96	11,841.96
Bank deposits	18,818,549,886.47	10,897,005,552.93
Other monetary funds	1,800,787,638.03	2,212,148,582.10
Interest on unexpired time deposits	1,018,485.72	2,081,199.86
Total	20,620,384,773.18	13,111,247,176.85
Including: total amount of deposit abroad	370,518,429.05	825,225,348.64

Monetary funds restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation are as follows:

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Margin of bank acceptance bills	197,934,646.15	191,542,646.22
L/C deposit	625,209,685.57	1,491,052,348.83
L/G deposit	354,000,000.00	290,001,308.61
Others	268,583,451.86	71,537,719.02
Total	1,445,727,783.58	2,044,134,022.68

2. Financial assets held for trading

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Financial assets measured at fair value through the current profit or loss	1,151,770.87	4,640,905.02
Including:		
Equity instrument investments		
Derivative financial assets	1,151,770.87	4,640,905.02
Financial assets designated at fair value through the current profit or loss		
Total	1,151,770.87	4,640,905.02

3. Notes receivable

(1) Presentation of notes receivable by category

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Bank acceptance bills	35,269,463.60	14,799,039.90
Total	35,269,463.60	14,799,039.90

(2) Pledged notes receivable of the Company as at June 30, 2026

None

(3) Notes receivable of the Company as at June 30, 2026 that have been endorsed or discounted but not matured on the balance sheet date

Monetary Unit: RMB

Item	Amount derecognized as at June 30, 2026	Amount not derecognized as at June 30, 2026
Bank acceptance bills		12,357,519.85
Total		12,357,519.85

(4) Notes receivable actually charged off in the current period

None

4. Accounts receivable

(1) Disclosure by aging

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
Within 1 year (including 1 year)	2,942,761,531.32	3,059,779,942.99
1 - 2 years	4,026,654.26	8,673,372.91
2 - 3 years	7,736,815.35	10,672,024.62
Over 3 years	21,219,178.26	13,451,962.35
Sub-total	2,975,744,179.19	3,092,577,302.87
Less: provision for bad debts	112,890,966.27	100,725,685.79
Total	2,862,853,212.92	2,991,851,617.08

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

Monetary Unit: RMB

Type	Balance as at June 30, 2026					Balance as at January 1, 2026				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts made on an individual basis	22,371,702.86	0.75%	22,371,702.86	100.00%	0.00	24,952,680.86	0.81%	24,952,680.86	100.00%	0.00
Accounts receivable with provision for bad debts based on portfolio:	2,953,372,476.33	99.25%	90,519,263.41	3.06%	2,862,853,212.92	3,067,624,622.01	99.19%	75,773,004.93	2.47%	2,991,851,617.08
Total	2,975,744,179.19	100.00%	112,890,966.27		2,862,853,212.92	3,092,577,302.87	100.00%	100,725,685.79		2,991,851,617.08

Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2026		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	41,887,818.15		
Aging portfolio	1,681,883,878.95	90,519,263.41	5.38%
Portfolio of those with high credit rating	217,443,698.27		
Portfolio of trade payment of overseas companies	1,012,157,080.96		
Total	2,953,372,476.33	90,519,263.41	

Notes to the basis for determining the portfolio:

None

(3) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2026	Increase or decrease in current period				Balance as at June 30, 2026
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	100,725,685.79	15,826,258.48	3,660,978.00			112,890,966.27
Total	100,725,685.79	15,826,258.48	3,660,978.00			112,890,966.27

(4) Accounts receivable actually charged off in the current period

None

(5) Top 5 of accounts receivable and contract assets as at June 30, 2026, presented by debtor

Monetary Unit: RMB

Enterprise name	**Balance of accounts receivable as at June 30, 2026**	**Proportion in the total ending balance of accounts receivable**	**Balance of provision for bad debts of accounts receivable as at June 30, 2026**
Entity 1	374,327,064.00	12.58%	
Entity 2	369,406,052.53	12.41%	18,470,302.63
Entity 3	355,886,552.25	11.96%	
Entity 4	331,852,799.40	11.15%	16,592,639.97
Entity 5	187,036,655.35	6.29%	
Total	1,618,509,123.53	54.39%	35,062,942.60

5. Receivables financing

(1) Presentation of receivables financing by category

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Bank acceptance bills	505,426,651.40	277,522,606.25
Total	505,426,651.40	277,522,606.25

(2) Pledged receivables financing of the Company as at June 30, 2026

None

(3) Receivables financing endorsed or discounted by the Company as at June 30, 2026 but not expiring on the balance sheet date

Monetary Unit: RMB

Item	Amount derecognized as at June 30, 2026	Amount not derecognized as at June 30, 2026
Endorsed but not yet due	718,961,757.53	
Discounted but not yet due	3,667,839,256.76	
Total	4,386,801,014.29	

(4) Other receivables actually charged off in the current period

None

(5) Changes in receivables financing and fair values thereof in the current period

Monetary Unit: RMB

Item	Balance as at December 31, 2025	Changes in the current period	Balance as at June 30, 2026	Loss reserves accumulatively recognized in the other comprehensive income
Notes receivable	277,522,606.25	227,904,045.15	505,426,651.40	
Total	277,522,606.25	227,904,045.15	505,426,651.40	0.00

6. Advances to suppliers

(1) Advances to suppliers presented by aging

Monetary Unit: RMB

Aging	Balance as at June 30, 2026		Balance as at January 1, 2026	
	Amount	Proportion	Amount	Proportion
Within 1 year	675,547,675.53	99.09%	827,189,684.16	99.06%
1 - 2 years	820,844.77	0.12%	3,716,360.70	0.45%
2 - 3 years	2,069,532.31	0.30%	1,949,506.05	0.23%
Over 3 years	3,294,177.46	0.49%	2,203,471.91	0.26%
Total	681,732,230.07	100%	835,059,022.82	100%

(2) Top 5 of advances to suppliers as at June 30, 2026, presented by advance receiver

Monetary Unit: RMB

Advance receiver	Balance as at June 30, 2026	Proportion in the total ending balance of advances to suppliers
Entity 1	121,446,859.35	17.81%
Entity 2	76,624,081.33	11.24%
Entity 3	75,464,014.99	11.07%
Entity 4	41,469,717.29	6.08%
Entity 5	38,693,062.38	5.68%
Total	353,697,735.34	51.88%

7. Other receivables

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Other receivables	1,065,652,760.36	1,992,685,795.56
Total	1,065,652,760.36	1,992,685,795.56

(1) Other receivables

1) Category of other receivables by nature

Monetary Unit: RMB

Nature of payment	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
Receivables from government	891,580,352.94	901,571,352.94
Catalyst disposal proceeds	101,731,991.88	937,393,769.21
Advances and current accounts	50,376,302.66	50,625,390.06
Various deposit and security deposit	35,240,348.99	167,075,469.42
Imprest and others	1,970,064.71	1,666,842.59
Total	1,080,899,061.18	2,058,332,824.22

2) Disclosure by aging

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
Within 1 year (including 1 year)	193,507,422.81	1,168,042,905.83
1 - 2 years	487,287,507.09	492,977,719.10
2 - 3 years	394,717,326.80	389,691,993.54
Over 3 years	5,386,804.48	7,620,205.75
Sub-total	1,080,899,061.18	2,058,332,824.22
Less: provision for bad debts	15,246,300.82	65,647,028.66
Total	1,065,652,760.36	1,992,685,795.56

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

☑Applicable ☐Not applicable

Monetary Unit: RMB

Type	Balance as at June 30, 2026					Balance as at January 1, 2026				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts made by portfolio	1,080,899,061.18	100.00%	15,246,300.82	1.41%	1,065,652,760.36	2,058,332,824.22	100.00%	65,647,028.66	3.19%	1,992,685,795.56
Total	1,080,899,061.18	100.00%	15,246,300.82		1,065,652,760.36	2,058,332,824.22	100.00%	65,647,028.66		1,992,685,795.56

Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2026		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of government receivables	891,580,352.94		
Aging portfolio	189,318,708.24	15,246,300.82	8.05%
Total	1,080,899,061.18	15,246,300.82	

Notes to the basis for determining the portfolio:

None

Provision for bad debts made according to the general model of expected credit losses:

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2026	65,647,028.66			65,647,028.66
In the current period, balance as at January 1, 2026				
Reversal in current period	50,400,727.84			50,400,727.84
Balance as at June 30, 2026	15,246,300.82			15,246,300.82

Basis for the division of each stage and the proportion of provision for bad debts

Provision for losses/ Changes in current period/Changes in book balance of significant amount

☐Applicable ☑Not applicable

4) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2026	Increase or decrease in current period				Balance as at June 30, 2026
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	65,647,028.66		50,400,727.84			15,246,300.82
Total	65,647,028.66		50,400,727.84			15,246,300.82

5) Other receivables actually written off in current period

None

6) Information about the top 5 of other receivables as at June 30, 2026, presented by debtors

Monetary Unit: RMB

Enterprise name	Nature of payment	Balance as at June 30, 2026	Aging	Proportion in the total amount of the ending balance of other receivables (%)	Balance of provision for bad debts as at June 30, 2026
Finance Bureau of the National Demonstration Zone for East-	Subsidies receivable	519,047,862.19	1 -2 years	48.02%	

Enterprise name	Nature of payment	Balance as at June 30, 2026	Aging	Proportion in the total amount of the ending balance of other receivables (%)	Balance of provision for bad debts as at June 30, 2026
Central-West Regional Cooperation (Lianyungang Xuwei New Area)					
No. 3 Tax Sub-branch, Lianyungang Municipal Tax Service, STA	Tax rebates receivable	211,205,293.14	2 -3 years	19.54%	
Management Committee of the National East-Central-West Regional Cooperation Demonstration Zone (Lianyungang Xuwei New Area)	Transfer from government assets receivable	140,445,373.61	1-2 years	12.99%	
Xuzhou Haotong New Materials Technology Group Co., Ltd.	Asset disposal	101,731,991.88	Within 1 year	9.41%	5,086,599.59
Jiangsu Siyang Economic Development Zone Management Committee	Government receivable	20,881,824.00	Within 1 year	1.93%	
Total		993,312,344.82		91.90%	5,086,599.59

8. Inventories

(1) Classification of inventories

Monetary Unit: RMB

Item	Balance as at June 30, 2026			Balance as at January 1, 2026		
	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Carrying amount	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Carrying amount
Raw materials	4,758,150,733.52	13,478,783.68	4,744,671,949.84	6,412,713,895.55	2,980,392.34	6,409,733,503.21
Goods in process and semi-finished products	1,382,041,633.72	9,712,523.97	1,372,329,109.75	1,210,229,400.51	2,587,641.44	1,207,641,759.07
Stock Goods	8,033,966,772.09	294,388,813.11	7,739,577,958.98	5,713,649,579.63	122,358,333.76	5,591,291,245.87
Goods in transit	5,756,279.11		5,756,279.11	150,430,269.90		150,430,269.90
Materials in transit	1,376,378,751.33		1,376,378,751.33	3,677,081,462.53		3,677,081,462.53
Goods processed on consignment	115,781.64		115,781.64	144,244.48		144,244.48
Others	1,225,951.43		1,225,951.43	1,170,435.00		1,170,435.00
Total	15,557,635,902.84	317,580,120.76	15,240,055,782.08	17,165,419,287.60	127,926,367.54	17,037,492,920.06

(2) Data resources recognized as inventory

None

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

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period		Decrease in the current period		Balance as at June 30, 2026
		Provision	Others	Reversal or write-off	Others	
Raw materials	2,980,392.34	12,598,142.10		2,099,750.76		13,478,783.68
Stock commodities	122,358,333.76	285,455,719.69		113,425,240.34		294,388,813.11
Goods in process and semi-finished products	2,587,641.44	12,083,576.90		4,958,694.37		9,712,523.97
Total	127,926,367.54	310,137,438.69		120,483,685.47		317,580,120.76

9. Other current assets

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
VAT retained for future offsetting	746,721,787.37	1,304,124,419.10
Input tax to be certified	236,916,053.59	169,307,922.72
Prepaid income tax, etc.	11,109,514.31	9,690,473.89
Total	994,747,355.27	1,483,122,815.71

10. Long-term equity investments

Monetary Unit: RMB

Investee	Balance (Carrying amount) as at January 1, 2026	Balance of provision for impairment as at January 1, 2026	Increase or decrease in current period								Balance (Carrying amount) as at June 30, 2026	Balance of provision for impairment as at June 30, 2026
			Additional investment	Reduced investment	Investment gains and losses 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		
Associates:												
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	65,347,299.89				620,287.24						65,967,587.13	
Suzhou Tianjiao Technology Venture Capital Co., Ltd.	11,553,434.48				577.26						11,554,011.74	
Lianyungang Petrochemical Industry Base Energy Trading Service Co., Ltd.	5,059,881.23				85,770.35						5,145,651.58	
3D Banghai Petrochemical Engineering Co., Ltd.	1,792,440.38	1,792,440.38									1,792,440.38	1,792,440.38
Lianyungang Jinlian Energy Investment Co., Ltd.	50,000,000.00		873,441,900.00		80,854.47						923,522,754.47	
Sub-total	133,753,055.98	1,792,440.38	873,441,900.00		787,489.32						1,007,982,445.30	1,792,440.38
Total	133,753,055.98	1,792,440.38	873,441,900.00		787,489.32						1,007,982,445.30	1,792,440.38

11. Other equity instrument investments

Monetary Unit: RMB

Item name	Balance as at January 1, 2026	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Accumulated gains included in other comprehensive income as at June 30, 2026	Accumulated losses included in other comprehensive income as at June 30, 2026	Dividend income recognized in the current period	Balance as at June 30, 2026	Reason for being designated as the item measured at fair value through the other comprehensive income
Investment in equities of Goldstate Securities Co., Ltd.	586,861,000.00			94,361,000.00			4,376,419.57	The investment is held by the Company for long-term strategy
Total	586,861,000.00			94,361,000.00			4,376,419.57	

12. Other non-current financial assets

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Other non-current financial assets	8,492,900.00	8,492,900.00
Total	8,492,900.00	8,492,900.00

13. Investment properties

(1) Investment properties measured at cost

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Buildings and constructions	Land use right	Total
I. Original book value			
1. Balance as at January 1, 2026	691,112,858.10	400,218,272.54	1,091,331,130.64
2. Increase in the current period			
(1) Outsourcing			
(2) Transfer-in of inventories/fixed assets/construction in progress			
(3) Increase due to business combination			
3. Decrease in the current period			
(1) disposal			
(2) Other transfers			
4. Balance as at June 30, 2026	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, 2026	315,631,877.66	188,636,729.65	504,268,607.31
2. Increase in the current period	12,078,204.98	7,277,461.77	19,355,666.75
(1) Provision or amortization	12,078,204.98	7,277,461.77	19,355,666.75
3. Decrease in the current period			
(1) disposal			

Item	Buildings and constructions	Land use right	Total
(2) Other transfers			
4. Balance as at June 30, 2026	327,710,082.64	195,914,191.42	523,624,274.06
III. Provision for impairment			
1. Balance as at January 1, 2026			
2. Increase in the current period			
(1) Provision			
3. Decrease in the current period			
(1) disposal			
(2) Other transfers			
4. Balance as at June 30, 2026			
IV. Carrying amount			
1. Carrying amount as at June 30, 2026	363,402,775.46	204,304,081.12	567,706,856.58
2. Carrying amount as at January 1, 2026	375,480,980.44	211,581,542.89	587,062,523.33

(2) Investment properties with pending certificate of title

None

14. Fixed assets

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Fixed assets	138,026,670,179.45	140,662,956,202.19
Total	138,026,670,179.45	140,662,956,202.19

(1) Breakdown of fixed assets

Monetary Unit: RMB

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
I. Original book value:					
1. Balance as at January 1, 2026	49,452,663,787.53	118,389,864,370.02	221,301,000.89	5,490,465,956.36	173,554,295,114.80

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
2. Increase in the current period	865,830,884.90	784,670,862.89	2,685,417.76	89,055,383.89	1,742,242,549.44
(1) Purchase	0.00	25,091,091.68	2,044,621.30	42,355,421.35	69,491,134.33
(2) Transfer-in of construction in progress	865,830,884.90	759,579,771.21	640,796.46	46,699,962.54	1,672,751,415.11
(3) Increase due to business combination					
3. Decrease in the current period	0.00	183,061,807.04	4,437,934.91	187,193,094.96	374,692,836.91
(1) Disposal or scrapping	0.00	183,061,807.04	4,437,934.91	187,035,905.58	374,535,647.53
(2) Others	0.00	0.00	0.00	157,189.38	157,189.38
4. Balance as at June 30, 2026	50,318,494,672.43	118,991,473,425.87	219,548,483.74	5,392,328,245.29	174,921,844,827.33
II. Accumulated depreciation					
1. Balance as at January 1, 2026	6,793,787,181.62	23,922,418,964.88	141,685,185.01	1,692,501,884.70	32,550,393,216.21
2. Increase in the current period	823,120,918.33	2,973,343,566.02	16,049,437.97	295,994,252.80	4,108,508,175.12
(1) Provision	823,120,918.33	2,973,343,566.02	16,049,437.97	295,994,252.80	4,108,508,175.12
3. Decrease in the current period	0.00	34,858,012.10	3,308,896.80	66,503,432.56	104,670,341.46
(1) Disposal or scrapping	0.00	35,014,335.16	3,308,896.80	66,356,184.01	104,679,415.97
(2) Others	0.00	-156,323.06	0.00	147,248.55	-9,074.51
4. Balance as at June 30, 2026	7,616,908,099.95	26,860,904,518.80	154,425,726.18	1,921,992,704.94	36,554,231,049.87
III. Provision for impairment					
1. Balance as at January 1, 2026	29,974,546.99	310,862,119.51	75,108.11	33,921.79	340,945,696.40

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period	0.00	0.00	2,098.39	0.00	2,098.39
(1) Disposal or scrapping	0.00	0.00	2,098.39	0.00	2,098.39
4. Balance as at June 30, 2026	29,974,546.99	310,862,119.51	73,009.72	33,921.79	340,943,598.01
IV. Carrying amount					
1. Carrying amount as at June 30, 2026	42,671,612,025.49	91,819,706,787.56	65,049,747.84	3,470,301,618.56	138,026,670,179.45
2. Carrying amount as at January 1, 2026	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) Fixed assets leased out through operating lease

None

(3) Fixed assets with pending certificates of title

Monetary Unit: RMB

Item	Carrying amount	Reason for failure to complete the formalities for the certificate of title
Buildings and constructions, etc.	3,419,444,840.75	It is still in process.

(4) Impairment test of fixed assets

☐Applicable ☑Not applicable

15. Construction in process

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Construction in progress	13,131,716,030.44	12,357,345,287.87
Project materials	427,361,081.41	438,888,342.03
Total	13,559,077,111.85	12,796,233,629.90

(1) Construction in progress

Monetary Unit: RMB

Item	Balance as at June 30, 2026			Balance as at January 1, 2026		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	1,688,622,725.03		1,688,622,725.03	918,576,245.96		918,576,245.96
Hongjing New Material Project	7,181,809,563.82		7,181,809,563.82	6,700,803,140.51		6,700,803,140.51
100,000 tons/year High-End Polyolefins Project	1,602,574,273.16		1,602,574,273.16	1,511,988,652.28		1,511,988,652.28
Biodegradable material project (Phase I) of Hongke New Materials	334,569,286.37	16,499,120.57	318,070,165.80	320,348,654.33	16,499,120.57	303,849,533.76
1,000,000 tons/year Acetic Acid Project	392,878,027.81		392,878,027.81	386,623,373.61		386,623,373.61
Shenghong Advanced Materials Research Institute Project				454,626,850.83		454,626,850.83
New Materials Pilot Production Base Project of the National Demonstration Zone for East-Central-West Regional Cooperation	223,241,537.97		223,241,537.97	262,793,735.61		262,793,735.61
Others	1,724,519,736.85		1,724,519,736.85	1,818,083,755.31		1,818,083,755.31
Total	13,148,215,151.01	16,499,120.57	13,131,716,030.44	12,373,844,408.44	16,499,120.57	12,357,345,287.87

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

Monetary Unit: RMB

Item name	Budget (RMB '0,000)	Balance as at January 1, 2026	Increase in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Balance as at June 30, 2026	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	353,794.00	918,576,245.96	813,795,171.84	43,748,692.77		1,688,622,725.03	60.12%	Construction in progress				Self-owned funds + Financing
Hongjing New Material Project	1,558,082.41	6,700,803,140.51	481,006,423.31			7,181,809,563.82	99.99%	Partial operation	559,915,184.11	69,747,785.37	1.71%	Self-owned funds + Financing
100,000 tons/year High-End Polyolefins Project	248,472.00	1,511,988,652.28	90,585,620.88			1,602,574,273.16	72.62%	Construction in progress				Self-owned funds
Biodegradable material project (Phase I) of Hongke New Materials	648,188.56	320,348,654.33	14,220,632.04			334,569,286.37	5.31%	Postponed				Self-owned funds + Financing
New Materials Pilot Production Base Project of the National Demonstration Zone for East-Central-West Regional Cooperation	131,156.91	262,793,735.61	185,427,005.20	224,979,202.84		223,241,537.97	37.66%	Partial operation				Self-owned fund + Financing
1,000,000 tons/year Acetic Acid Project	385,249.77	386,623,373.61	6,254,654.20			392,878,027.81	21.78%	Construction in progress				Self-owned fund
Delayed Coking Optimization, Renovation and Upgrade Project	345,524.00	7,912,264.15	10,003.54			7,922,267.69	0.26%	Preliminary approval stage				Self-owned funds + Financing
Total	3,670,467.65	10,109,046,066.45	1,591,299,511.01	268,727,895.61		11,431,617,681.85			559,915,184.11	69,747,785.37		

(3) Impairment provisions for construction in progress recognized in the current period

None

(4) Impairment test of construction in progress

☐Applicable ☑Not applicable

(5) Project materials

Monetary Unit: RMB

Item	Balance as at June 30, 2026			Balance as at January 1, 2026		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Project materials	427,361,081.41		427,361,081.41	438,888,342.03		438,888,342.03
Total	427,361,081.41		427,361,081.41	438,888,342.03		438,888,342.03

16. Right-of-use assets

(1) Right-of-use assets

Monetary Unit: RMB

Item	Buildings and constructions	Means of transportation	Total
I. Original book value			
1. Balance as at January 1, 2026	2,066,007,030.69	1,328,390,996.33	3,394,398,027.02
2. Increase in the current period	14,572,124.18	1,568,851,346.51	1,583,423,470.69
3. Decrease in the current period	920,774.35	66,540,363.25	67,461,137.60
4. Balance as at June 30, 2026	2,079,658,380.52	2,830,701,979.59	4,910,360,360.11
II. Accumulated depreciation			
1. Balance as at January 1, 2026	406,409,233.57	89,943,138.73	496,352,372.30
2. Increase in the current period	54,457,502.59	75,519,954.91	129,977,457.50
(1) Provision	54,457,502.59	75,519,954.91	129,977,457.50
3. Decrease in the current period	697,980.62	3,783,150.91	4,481,131.53
(1) disposal			
(2) Others	697,980.62	3,783,150.91	4,481,131.53
4. Balance as at June 30, 2026	460,168,755.54	161,679,942.73	621,848,698.27
III. Provision for impairment			

Item	Buildings and constructions	Means of transportation	Total
1. Balance as at January 1, 2026			
2. Increase in the current period			
(1) Provision			
3. Decrease in the current period			
(1) disposal			
4. Balance as at June 30, 2026			
IV. Carrying amount			
1. Carrying amount as at June 30, 2026	1,619,489,624.98	2,669,022,036.86	4,288,511,661.84
2. Carrying amount as at January 1, 2026	1,659,597,797.12	1,238,447,857.60	2,898,045,654.72

(2) Impairment test of right-of-use assets

☐Applicable ☑Not applicable

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, 2026	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
2. Increase in the current period	28,470,000.00		10,445,022.53	2,039,029.25		40,954,051.78
(1) Purchase			8,066,441.78	2,039,029.25		10,105,471.03
(2) Internal R&D						
(3) Increase due to business combination						
(4) Transfer-in of construction in progress	28,470,000.00		2,378,580.75			30,848,580.75
3. Decrease in			3,109,943.87			3,109,943.87

Item	Land use right	Patent use right	Software	Concessions (emission rights, coal replacement volume targets and sea area use rights)	Others	Total
the current period						
(1) disposal			3,109,943.87			3,109,943.87
4. Balance as at June 30, 2026	5,244,234,095.18	62,034,368.93	251,001,887.81	161,079,922.75	1,589,796.76	5,719,940,071.43
II. Accumulated amortization						
1. Balance as at January 1, 2026	772,035,432.10	34,492,802.52	93,886,342.50	3,978,449.00	834,643.30	905,227,669.42
2. Increase in the current period	53,215,021.01	1,606,990.71	12,582,489.91		79,489.84	67,483,991.47
(1) Provision	53,215,021.01	1,606,990.71	12,582,489.91		79,489.84	67,483,991.47
3. Decrease in the current period			3,109,943.87			3,109,943.87
(1) disposal			3,109,943.87			3,109,943.87
4. Balance as at June 30, 2026	825,250,453.11	36,099,793.23	103,358,888.54	3,978,449.00	914,133.14	969,601,717.02
III. Provision for impairment						
1. Balance as at January 1, 2026						
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) disposal						
4. Balance as at June 30, 2026						
IV. Carrying amount						
1. Carrying amount as at June 30, 2026	4,418,983,642.07	25,934,575.70	147,642,999.27	157,101,473.75	675,663.62	4,750,338,354.41
2. Carrying amount as at January 1, 2026	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) Data resources recognized as intangible assets

None

(3) Land use right with pending certificates of title

Monetary Unit: RMB

Item	Book value	Reason for pending certificate of title
Land	10,487,954.20	In process

(4) Impairment test of intangible assets

☐Applicable ☑Not applicable

18. Goodwill

(1) Original book value of goodwill

Monetary Unit: RMB

Name of the investee or matters forming goodwill	Balance as at January 1, 2026	Increase in the current period		Decrease in the current period		Balance as at June 30, 2026
		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 common control						
Sub-total	316,637,709.90					316,637,709.90
Total	736,561,153.10					736,561,153.10

(2) Provision for impairment of goodwill

None

(3) Information about the asset group or combination of asset groups in which goodwill is located

None

19. Long-term deferred expenses

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Amortization in the current period	Other decreases	Balance as at June 30, 2026
Others	5,494,425.79	1,762,687.32	1,233,362.06		6,023,751.05
Total	5,494,425.79	1,762,687.32	1,233,362.06		6,023,751.05

20. Deferred income tax assets and deferred income tax liabilities

(1) Deferred income tax assets before offset

Monetary Unit: RMB

Item	Balance as at June 30, 2026		Balance as at January 1, 2026	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provisions for impairment of assets	498,971,901.38	99,170,256.92	314,406,746.54	54,685,941.59
Provision for credit impairment	123,096,682.58	25,605,462.04	160,903,832.70	35,097,563.62
Deferred income	895,856,512.20	168,552,673.05	897,251,673.78	169,215,150.90
Lease liabilities	4,461,655,725.34	680,168,175.45	2,986,057,918.25	598,428,944.78
Internal unrealized gains and losses	279,208,265.63	61,000,233.99	238,914,933.11	42,210,417.42
Losses not recovered	7,472,596,745.43	1,470,869,448.37	12,764,750,031.94	2,788,675,813.50
Others	1,832,668,743.39	437,933,546.13	1,874,732,680.37	443,094,322.00
Total	15,564,054,575.95	2,943,299,795.95	19,237,017,816.69	4,131,408,153.81

(2) Deferred income tax liabilities without offset

Monetary Unit: RMB

Item	Balance as at June 30, 2026		Balance as at January 1, 2026	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment from business combination not under common control	382,365,629.07	95,076,693.52	396,220,428.79	98,524,952.03
Accelerated depreciation	3,841,376,836.70	584,533,414.78	3,785,882,592.32	577,069,134.21
Right-of-use assets	4,288,511,661.84	651,783,759.01	2,898,045,654.72	578,707,583.10
Convertible bond tax difference	138,310,567.02	34,577,641.77	236,242,320.57	59,060,580.15

Item	Balance as at June 30, 2026		Balance as at January 1, 2026	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Changes in fair value	96,879,524.00	24,219,881.00	95,496,530.00	23,874,132.50
Others	1,146,868,848.20	264,317,839.34	1,171,023,822.71	269,741,922.64
Total	9,894,313,066.83	1,654,509,229.42	8,582,911,349.11	1,606,978,304.63

(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	1,125,225,408.94	1,818,074,387.01	1,111,577,794.31	3,019,830,359.50
Deferred income tax liabilities	1,125,225,408.94	529,283,820.48	1,111,577,794.31	495,400,510.32

(4) Breakdown of unrecognized deferred income tax assets

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Deductible temporary differences	174,994,176.96	187,964,375.25
Deductible losses	561,930,490.41	489,889,489.00
Total	736,924,667.37	677,853,864.25

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

Monetary Unit: RMB

Year	Amount as at June 30, 2026	Amount as at January 1, 2026	Note
2026	149,432,930.54	153,950,450.17	
2027	51,861,659.44	51,861,816.47	
2028	59,720,667.23	59,720,941.31	
2029	74,045,813.47	68,251,600.92	
2030	149,504,871.81	156,104,680.13	
2031	77,364,547.92		
Total	561,930,490.41	489,889,489.00	

21. Other non-current assets

Monetary Unit: RMB

Item	Balance as at June 30, 2026			Balance as at January 1, 2026		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Prepaid engineering and equipment costs	1,272,628,379.95		1,272,628,379.95	1,269,029,471.65		1,269,029,471.65
Total	1,272,628,379.95		1,272,628,379.95	1,269,029,471.65		1,269,029,471.65

22. Assets with restrictions on the ownership or use right

Monetary Unit: RMB

Item	As at June 30, 2026	
	Book balance	Type of restriction
Monetary funds	1,445,727,783.58	Letters of credit, bank acceptance bill guarantees, etc.
Notes receivable	12,357,519.85	Endorsed bills not yet due
Fixed assets	69,366,567,526.09	Mainly as collateral to obtain financing credit lines from financial institutions
Intangible assets	2,566,412,381.11	Mainly as collateral to obtain financing credit lines from financial institutions
Accounts receivable	98,563.20 [Note]	Pledged as collateral to obtain financing credit lines from financial institutions
Total	73,391,163,773.83	

[Note]: In addition to the above RMB 98,563.20, the wholly-owned subsidiaries within the consolidation scope, Lianyungang Guanghong Industrial Co., Ltd. has pledged their rights to collect RMB 89 million of accounts receivable from related parties within the consolidation as collateral to provide guarantees for bank financing.

23. Short-term borrowings

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Pledged borrowings	2,787,613,250.00	3,111,940,000.00
Mortgage borrowings	2,019,348,856.04	2,041,965,709.02
Guaranteed borrowings	45,181,065,083.69	42,320,521,626.69
Credit borrowings	2,300,973,350.55	1,776,913,992.60
Interest on short-term borrowings	98,602,876.52	138,111,140.47
Less: interest adjustment	5,381,143.70	35,178,423.65
Total	52,382,222,273.10	49,354,274,045.13

24. Financial liabilities held for trading

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Financial liabilities held for trading	119,053,048.63	10,445,517.73
Including:		
Derivative financial liabilities	119,053,048.63	10,445,517.73
Total	119,053,048.63	10,445,517.73

25. Notes payable

Monetary Unit: RMB

Category	Balance as at June 30, 2026	Balance as at January 1, 2026
Commercial acceptance bills	300,000,000.00	8,411,272.25
Bank acceptance bills	175,037,894.48	88,840,000.00
Total	475,037,894.48	97,251,272.25

26. Accounts payable

(1) Presentation of accounts payable

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Payables for goods	6,065,715,328.17	7,034,182,617.54
Payables for equipment and projects	5,813,662,640.83	7,645,417,155.89
Total	11,879,377,969.00	14,679,599,773.43

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

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Reason for no payment or carry-forward
Sinopec Tenth Construction Co., Ltd.	273,492,531.97	Project payment not yet settled

Item	Balance as at June 30, 2026	Reason for no payment or carry-forward
China Petroleum First Construction Corporation	299,739,403.15	Project payment not yet settled
Sinopec Fifth Construction Co., Ltd.	150,976,841.28	Project payment not yet settled
China Petroleum Seventh Construction Co., Ltd.	106,398,691.13	Project payment not yet settled
Total	830,607,467.53	

27. Advances from customers

(1) Presentation of advances from customers

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Advances from customers	24,036,323.87	31,438,311.63
Total	24,036,323.87	31,438,311.63

(2) Significant advances from customers aged over one year or past due

None

28. Contract liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Advances from customers	1,976,656,459.31	2,305,007,596.52
Total	1,976,656,459.31	2,305,007,596.52

Significant contractual liabilities aged over one year: None

29. Employee compensation payable

(1) Presentation of employee compensation payable

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
I. Short-term compensation	420,869,541.12	2,065,736,786.58	2,202,903,765.06	283,702,562.64
II. Post-employment benefits - defined contribution plans	4,469,647.76	192,420,506.17	192,449,429.82	4,440,724.11
III. Dismissal benefits		26,115,234.07	25,671,612.08	443,621.99
Total	425,339,188.88	2,284,272,526.82	2,421,024,806.96	288,586,908.74

(2) Presentation of short-term compensation

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
1. Salaries, bonuses, allowances and subsidies	420,112,658.93	1,755,325,730.67	1,892,185,878.64	283,252,510.96
2. Employee welfare fees	414,205.80	144,713,084.30	145,116,002.34	11,287.76
3. Social insurance premiums	113,495.04	104,034,068.45	104,031,090.14	116,473.35
Including: medical insurance premiums	87,479.36	81,974,695.15	81,968,834.43	93,340.08
Work-related injury insurance premiums	17,735.61	10,820,811.59	10,823,950.84	14,596.36
Maternity insurance premiums	6,561.32	10,525,601.15	10,525,161.62	7,000.85
Other insurance	1,718.75	712,960.56	713,143.25	1,536.06
4. Housing provident funds	79,069.00	58,279,173.44	58,264,884.44	93,358.00
5. Labor union expenditures and employee education funds	150,112.35	3,384,729.72	3,305,909.50	228,932.57
Total	420,869,541.12	2,065,736,786.58	2,202,903,765.06	283,702,562.64

(3) Presentation of defined contribution plans

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
1. Basic endowment insurance premiums	401,818.76	186,600,971.20	186,630,292.33	372,497.63
2. Unemployment insurance premiums	5,216.95	5,819,534.97	5,819,137.49	5,614.43
3. Others	4,062,612.05			4,062,612.05
Total	4,469,647.76	192,420,506.17	192,449,429.82	4,440,724.11

30. Taxes and surcharges payable

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
VAT	501,298,987.40	264,837,957.70
Consumption tax	479,710,029.56	859,272,369.77
Corporate income tax	116,498,256.82	97,048,954.60
Individual income tax	7,231,178.30	12,030,719.53

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Urban maintenance and construction tax	34,806,995.62	64,927,478.38
Educational surtax	24,952,857.80	47,152,765.10
Property taxes	31,205,018.80	30,229,836.50
Land use tax	9,689,940.60	9,805,552.34
Stamp duty	35,016,894.07	33,277,247.23
Environmental protection tax	2,144,776.01	1,974,221.68
Water resources tax	504,649.92	537,416.22
Total	1,243,059,584.90	1,421,094,519.05

31. Other payables

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Dividends payable	830,990.60	830,990.60
Other payables	1,078,518,614.05	2,870,462,486.73
Total	1,079,349,604.65	2,871,293,477.33

(1) Dividends payable

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Ordinary shares dividends	830,990.60	830,990.60
Total	830,990.60	830,990.60

(2) Other payables

1) Presentation of other payables by nature

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Borrowings from shareholders	799,458,818.58	1,493,559,519.96
Margin, deposit, risk fund	225,578,314.01	261,883,658.11
Accrued expenses	15,583,500.99	16,480,345.79
Collection, payment and transactions	31,833,852.04	1,088,750,184.61
Others	6,064,128.43	9,788,778.26
Total	1,078,518,614.05	2,870,462,486.73

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

None

32. Non-current liabilities due within one year

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Long-term borrowings due within one year	26,696,311,113.23	21,438,618,807.72
Bonds payable maturing within one year	4,859,120,332.98	0.00
Long-term payables due within one year	1,696,414,222.87	1,623,688,988.48
Lease liabilities due within one year	357,346,659.81	215,542,316.35
Interest on long-term borrowings with interest paid by installments and principal paid at maturity	65,832,317.14	79,099,343.10
Interest on bonds payable with interest paid by installments and principal paid at maturity	27,657,102.08	70,238,775.79
Total	33,702,681,748.11	23,427,188,231.44

33. Other current liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Output tax to be carried forward	138,907,030.81	266,889,627.88
Estimated liabilities	10,219,755.45	0.00
Total	149,126,786.26	266,889,627.88

34. Long-term borrowings

(1) Classification

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Pledged borrowings	29,948,005,142.08	31,686,273,272.00
Mortgage borrowings	16,647,892,163.92	18,079,796,310.79
Guaranteed borrowings	4,535,508,369.11	7,396,124,716.80
Credit borrowings	1,160,000,000.00	1,448,000,000.00
Less: interest adjustment	186,265,039.72	199,209,943.50
Total	52,105,140,635.39	58,410,984,356.09

35. Bonds payable

(1) Bonds payable

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Convertible corporate bonds	0.00	4,761,216,079.43
Total	0.00	4,761,216,079.43

(2) Increase/decrease of bonds payable (excluding preferred shares, perpetual bonds and other financial instruments classified 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, 2026	Bonds issued in the current period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in the current period	Conversion into shares in the current period	Other decrease in the current period	Balance as at June 30, 2026	Whether or not in breach of contract
Shenghong Convertible Bond	100.00	0.2%-2%	March 22, 2021	6	5,000,000,000.00	4,761,216,079.43			97,930,835.88		26,582.33	4,859,120,332.98	0.00	No

(3) Description of convertible corporate bonds

Upon approval by the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No.512) issued by the CSRC, the Company publicly issued 50,000,000 convertible corporate bonds at a par value of RMB 100 per bond on March 22, 2021. These convertible corporate bonds amount to RMB 5 billion, 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/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 June 30, 2026	Balance as at January 1, 2026
Payables for leases	6,015,049,600.32	4,091,268,923.15
Less: unrecognized financing expenses	1,546,976,830.37	1,105,211,004.97
Less: lease liabilities due within one year	357,346,659.81	215,542,316.35
Total	4,110,726,110.14	2,770,515,601.83

37. Long-term payables

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Accounts payable for finance lease	5,190,718,681.69	5,151,093,825.30
Less: unrecognized financing expenses	240,554,134.48	251,929,033.10
Less: the part due within one year	1,696,414,222.87	1,623,688,988.48
Total	3,253,750,324.34	3,275,475,803.72

38. Provisions

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026	Forming reason
Estimated contract losses	7,194,735.20	7,754,143.23	Estimated contract losses
Total	7,194,735.20	7,754,143.23	

39. Deferred income

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
Asset-related government grants	2,397,537,783.82	58,248,719.94	73,957,966.69	2,381,828,537.07
Income-related government grants	2,000,000.00	600,000.00	1,500,000.00	1,100,000.00
Total	2,399,537,783.82	58,848,719.94	75,457,966.69	2,382,928,537.07

40. Other non-current liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Long-term house rent	6,680,806.57	9,303,182.58
Total	6,680,806.57	9,303,182.58

41. Share capital

Monetary Unit: RMB

	Balance as at January 1, 2026	Changes in the current period (+, -)					Balance as at June 30, 2026
		New shares issued	Share donation	Conversion of capital reserves into share capital	Others	Sub-total	
Total shares	9,599,630,025.16				2,078.00	2,078.00	9,599,632,103.16

42. Other equity instruments

(1) Basic information on outstanding preferred shares, perpetual bonds and other financial instruments as at June, 2026

Upon approval by the *Official Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No.512) issued by the CSRC, the Company publicly issued 50,000,000 convertible corporate bonds at a par value of RMB 100 per bond on March 22, 2021. These convertible corporate bonds amount to RMB 5 billion, 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/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 outstanding preferred shares, perpetual bonds and other financial instruments as at June 30, 2026

Monetary Unit: RMB

Outstanding financial instruments	As at January 1, 2026		Increase in the current period		Decrease in the current period		As at June 30, 2026	
	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount	Quantity	Carrying amount
Shenghong Convertible Bond	49,974,584.00	906,716,316.52			275.00	4,989.49	49,974,309.00	906,711,327.03
Total	49,974,584.00	906,716,316.52			275.00	4,989.49	49,974,309.00	906,711,327.03

Other equity instruments decreased by RMB 4,989.49 during the current period due to the conversion of Shenghong Convertible Bonds into the Company's shares.

43. Capital reserves

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
Capital (share capital) premium	19,296,145,880.57	229,882,562.08		19,526,028,442.65
Other capital reserves	11,441,095.89			11,441,095.89
Total	19,307,586,976.46	229,882,562.08		19,537,469,538.54

Other notes, including notes to increase and decrease and reason for the changes in the current period:

(1) The current increase of capital (share capital) premium of the Company, amounting to RMB 216,214,234.13, was caused by the transaction in a subsidiary during the reporting period, for which the shares of owners' equity of such subsidiary changed and the control over such subsidiary remained unchanged.

(2) The current increase in in capital (share capital) premium of the Company, amounting to RMB 29,444.14, was caused by the increase in capital reserves under the conversion of the Company's "Shenghong Convertible Bonds" into shares in the current period.

44. Other comprehensive income

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Current period						Balance as at June 30, 2026
		Amount before income tax in the current period	Less: amount previously included in other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the Company	Attributable to non-controlling interests, net of tax	
I. Other comprehensive income that will not to be reclassified to profit and loss	70,770,750.00							70,770,750.00
Changes in fair value of investments in other equity instruments	70,770,750.00							70,770,750.00
II. Other comprehensive income that will be reclassified to profit or loss	-7,064,849.55	-56,650,606.16			-483,230.34	-56,167,375.82		-63,232,225.37
Cash flow hedging reserve	5,742,387.14	-4,832,303.43			-483,230.34	-4,349,073.09		1,393,314.05
Translation differences of foreign currency financial statements	-12,807,236.69	-51,818,302.73				-51,818,302.73		-64,625,539.42
Total of other comprehensive income	63,705,900.45	-56,650,606.16			-483,230.34	-56,167,375.82		7,538,524.63

45. Special reserves

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
Work safety expenses	22,502,177.17	176,326,903.66	169,494,116.10	29,334,964.73
Total	22,502,177.17	176,326,903.66	169,494,116.10	29,334,964.73

The Company's subsidiaries, Shenghong Refining & Chemical, Sierbang Petrochemical, Honggang Petrochemical, Hongjing New Materials, Hongwei Chemical, Rongtai Warehousing, Xinrongtai Terminal, and Hongyang Port Storage, among others, are hazardous materials production and storage enterprises. According to the *Measures for the Allocation and Use of Enterprise Work Safety Expenses* (CZ [2022] No. 136) issued by the Ministry of Finance and the Ministry of Emergency Management, these companies allocate work safety expenses based on the prior year's operating revenue of the hazardous materials production and storage enterprises, using a degressive rate system to allocate work safety expenses on a monthly basis according to the following standards: for the portion of operating revenue up to RMB 10 million, 4.5% is set aside; for the portion of operating revenue between RMB10 million and RMB100 million (inclusive), 2.25% shall be set aside; for the portion of operating revenue between RMB100 million and RMB1 billion (inclusive), 0.55% shall be set aside; for the portion of operating revenue exceeding RMB1 billion, 0.2% shall be set aside.

At the same time, Shenghong Refining & Chemical, Sierbang Petrochemical, Honggang Petrochemical, Hongjing New Materials, Hongwei Chemical, Rongtai Warehousing, Xinrongtai Terminal, and Hongyang Port Storage, among others, in accordance with the provisions of the *Notice on Issuing the Three-Year Action Plan for Xuwei New Area to Build a National Model for Safety Management in Chemical Industrial Parks and Establish a World-Class Petrochemical Industrial Base* (Demonstration District Committee [2021] No. 60) issued by the Party and Government Office of Xuwei New Area, the amount of work safety expenses set aside is 20% higher than the national standard.

(1) The increase for the current period is attributable to the accrual of work safety expenses;

(2) The decrease for the current period is attributable to the use of accrued work safety expenses for the purchase of safety protection equipment and the construction of safety protection facilities.

46. Surplus reserve

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period	Decrease in the current period	Balance as at June 30, 2026
Statutory surplus reserves	640,513,186.71			640,513,186.71
Total	640,513,186.71			640,513,186.71

47. Retained earnings

Monetary Unit: RMB

Item	Current period	Prior period
Retained earnings at the end of the prior period before the adjustment	3,566,679,486.81	3,443,519,405.76
Retained earnings at the beginning of the period after adjustment	3,566,679,486.81	3,443,519,405.76
Add: net profit attributable to owners of the Company in the current period	4,500,151,589.93	386,245,051.32
Retained earnings at the end of the period	8,066,831,076.74	3,829,764,457.08

48. Operating revenue and operating costs

Monetary Unit: RMB

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
Primary business	69,203,732,464.43	55,221,983,757.17	60,290,141,624.93	54,237,288,926.58
Other business	720,654,116.73	505,707,347.27	626,277,109.64	501,404,915.23
Total	69,924,386,581.16	55,727,691,104.44	60,916,418,734.57	54,738,693,841.81

49. Taxes and surcharges

Monetary Unit: RMB

Item	Current period	Prior period
Consumption tax	4,257,867,018.79	3,066,438,572.07
Urban maintenance and construction tax	325,319,190.25	233,430,305.05
Educational surtax	233,763,022.73	167,231,977.15
Property taxes	66,734,670.53	62,107,719.78
Land use tax	18,536,017.91	18,890,219.47
Vehicle usage tax	40,199.63	32,887.24
Stamp duty	64,615,878.46	57,446,511.03
Environmental protection tax	4,369,298.49	4,098,647.76
Others	1,028,937.07	1,112,206.42
Total	4,972,274,233.86	3,610,789,045.97

50. Selling and distribution expenses

Monetary Unit: RMB

Item	Current period	Prior period
Employee compensation	62,131,879.99	53,782,756.00
Warehousing expenses	82,589,900.55	66,181,075.78
Others	28,306,899.32	31,007,693.13
Total	173,028,679.86	150,971,524.91

51. General and administrative expenses

Monetary Unit: RMB

Item	Current period	Prior period
Employee compensation	279,673,616.39	235,636,471.62
Service charges	82,580,359.13	75,499,447.92
Depreciation and amortization	93,710,162.91	87,712,784.01
Others	71,228,992.00	81,041,144.42
Total	527,193,130.43	479,889,847.97

52. R&D expenses

Monetary Unit: RMB

Item	Current period	Prior period
Technology development expenses	577,572,318.16	329,015,932.61
Total	577,572,318.16	329,015,932.61

53. Financial expenses

Monetary Unit: RMB

Item	Current period	Prior period
Interest expenses	2,182,259,434.14	2,330,154,324.38
Less: interest income	60,173,991.59	94,214,802.51
Gains or losses on foreign exchange	48,972,219.24	-20,578,296.99
Handling charges and others	48,406,551.80	70,715,714.44
Total	2,219,464,213.59	2,286,076,939.32

54. Other income

Monetary Unit: RMB

Source of other income	Current period	Prior period
Government grants	86,739,755.78	109,230,175.00
Additional deduction of input tax	193,545,628.72	955,167,065.81
Withholding handling charges on individual income tax	2,475,961.27	2,581,071.13
Total	282,761,345.77	1,066,978,311.94

55. Investment income

Monetary Unit: RMB

Item	Current period	Prior period
Long-term equity investment income calculated under the equity method	787,489.32	457,008.02
Investment income from disposal of trading financial assets	435,895,234.66	-2,145,451.64
Dividends income from other equity instruments invested during the holding period	4,376,419.57	0.00
Total	441,059,143.55	-1,688,443.62

56. Gains from changes in fair value

Monetary Unit: RMB

Sources of income from changes in fair value	Current period	Prior period
Financial assets held for trading	1,335,291.24	71,361,227.00
Financial liabilities held for trading	-108,775,297.92	0.00
Total	-107,440,006.68	71,361,227.00

57. Losses from credit impairment

Monetary Unit: RMB

Item	Current period	Prior period
Losses from bad debts of accounts receivable	-12,165,280.48	-4,863,995.31
Losses from bad debts of other receivables	50,362,214.39	-2,207,887.39
Total	38,196,933.91	-7,071,882.70

58. Losses from impairment of assets

Monetary Unit: RMB

Item	Current period	Prior period
I. Loss from inventory depreciation and losses from impairment of contract performance cost	-310,137,438.69	-218,627,947.50
Total	-310,137,438.69	-218,627,947.50

59. Gains from disposal of assets

Monetary Unit: RMB

Sources of gains from disposal of assets	Current period	Prior period
Gains from disposal of non-current assets	-36,036,659.70	-430,709.05

60. Non-operating revenue

Monetary Unit: RMB

Item	Current period	Prior period	Amount included in non-recurring profit or loss in the current period
Revenue from indemnity and fines	11,114,952.39	17,841,847.94	11,114,952.39
Payment not required to be paid	6,654,550.68	3,933,887.21	6,654,550.68
Others	7,552,547.90	1,359,297.52	7,552,547.90
Total	25,322,050.97	23,135,032.67	25,322,050.97

61. Non-operating expenses

Monetary Unit: RMB

Item	Current period	Prior period	Amount included in non-recurring profit or loss in the current period
Donations made	13,000.00	34,406.00	13,000.00
Compensation, fines, late payment expenses	9,206,549.07	3,780,616.19	9,206,549.07

Item	Current period	Prior period	Amount included in non-recurring profit or loss in the current period
Losses from the damage and scrapping of non-current assets	132,077,440.56	7,894,606.25	132,077,440.56
Others	491,595.94	42,108.26	491,595.94
Total	141,788,585.57	11,751,736.70	141,788,585.57

62. Income tax expenses

(1) Table of income tax expenses

Monetary Unit: RMB

Item	Current period	Prior period
Current income tax expenses	99,356,067.83	85,818,584.31
Deferred income tax expenses	1,228,100,569.75	-230,949,732.71
Total	1,327,456,637.58	-145,131,148.40

(2) Adjustment process of accounting profit and income tax expenses

Monetary Unit: RMB

Item	Current period
Total profits	5,919,099,684.38
Income tax expenses calculated at statutory/applicable tax rate	1,479,774,921.10
Effect of different tax rates applicable to subsidiaries	-79,883,222.48
Effect of adjustments to the income tax for the prior years	2,686,890.72
Effect of non-taxable income	-13,718,973.15
Effect of non-deductible costs, expenses and losses	24,320,469.94
Effect of deductible losses from using the deferred income tax assets unrecognized in prior periods	-20,301.78
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	23,973,173.77
Impact of deduction of R&D fees	-137,992,806.40
Others	28,316,485.86
Income tax expenses	1,327,456,637.58

63. Other comprehensive income

For details, please refer to the Section VIII-VII-44 of these Notes.

64. Items in the statement of cash flows

(1) Cash from operating activities

Cash received from other operating activities

Monetary Unit: RMB

Item	Current period	Prior period
Government grants	86,707,187.99	57,092,661.37
Interest	61,150,882.02	94,505,201.68
Current amounts	290,684,254.18	223,646,838.35
Non-operating revenue	4,867,524.10	11,285,020.16
Recovery of restricted funds	959,811,074.11	4,068,073,479.17
Employee shareholding payments received	19.42	59.00
Total	1,403,220,941.82	4,454,603,259.73

Cash paid for other operating activities

Monetary Unit: RMB

Item	Current period	Prior period
Current amounts	200,548,004.50	348,687,984.50
Expenditure on selling and distribution expenses and general and administrative expenses	113,586,685.22	151,342,842.03
Financial expenses	49,325,682.01	69,371,095.17
Non-operating expenses and others	26,165,706.40	2,628,784.18
Expenditure on restricted funds	426,537,103.91	4,256,492,778.84
Total	816,163,182.04	4,828,523,484.72

(2) Cash from investing activities

Cash received from other investing activities

Monetary Unit: RMB

Item	Current period	Prior period
Recovery of restricted funds (investment)	53,890,707.84	99,950,864.08
Others	0.00	271,275.76
Total	53,890,707.84	100,222,139.84

Cash paid for other investing activities

Monetary Unit: RMB

Item	Current period	Prior period
Expenditure on restricted funds	249,571,434.04	253,798,772.62
Total	249,571,434.04	253,798,772.62

(3) Cash from other financing activities

Cash received from other financing activities

Monetary Unit: RMB

Item	Current period	Prior period
Capital of related parties	1,140,401,021.99	199,850,000.00
Finance lease	1,280,000,000.00	1,593,791,000.00
Others	62,000,000.00	1,239,641,186.12
Total	2,482,401,021.99	3,033,282,186.12

Cash paid for other financing activities

Monetary Unit: RMB

Item	Current period	Prior period
Capital of related parties	1,837,514,000.00	199,850,000.00
Finance lease	1,411,913,702.13	813,770,173.53
Rental expense of right-of-use assets	98,886,804.92	106,713,569.10
Deposit expenses and others	1,187,399,915.24	178,000,000.00
Total	4,535,714,422.29	1,298,333,742.63

Changes in liabilities arising from financing activities

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Balance as at January 1, 2026	Increase in the current period		Decrease in the current period		Balance as at June 30, 2026
		Cash flows	Non-cash flows	Cash flows	Non-cash flows	
Bank loans	129,282,976,552.02	37,890,203,183.29	6,977,327,389.77	42,901,000,786.22		131,249,506,338.86
Other payables	2,546,619,622.43	1,140,401,021.99	388,120,679.50	3,274,851,514.72	12,829,196.63	800,289,809.20
Bonds payable	4,831,454,855.22		145,276,732.04	89,954,152.20		4,886,777,435.06
Lease liabilities (including those due within one year)	2,986,057,918.18		1,580,901,656.68	98,886,804.91		4,468,072,769.95
Long-term payables (including those due within one year)	4,899,164,792.20	1,280,000,000.00	182,913,457.14	1,411,913,702.13		4,950,164,547.21
Total	144,546,273,740.05	40,310,604,205.28	9,274,539,915.13	47,776,606,960.18	12,829,196.63	146,354,810,900.28

(4) Description of cash flows presented at net amount

None

(5) 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	Amount for the current period	Amount for the last period
Payment for goods via endorsement and transfer of bills	558,370,759.28	528,880,359.62
Payment for the purchase of fixed assets and other long-term assets through endorsement and transfer of notes	328,717,354.28	501,460,329.39

(6) Monetary funds not classified as cash and cash equivalents

Monetary Unit: RMB

Item	Amount as at June 30, 2026	Amount as at January 1, 2026	Reasons for not classifying as cash and cash equivalents
Margin of bank acceptance bills	197,934,646.15	191,542,646.22	Not readily available for use
L/C deposit	625,209,685.57	1,491,052,348.83	Not readily available for use
L/G deposit	354,000,000.00	290,001,308.61	Not readily available for use
Time deposits or call deposits used for guarantee	0.00	0.00	Not readily available for use
Other restricted funds	268,583,451.86	71,537,719.02	Other restricted funds
Total	1,445,727,783.58	2,044,134,022.68	

65. Supplementary information to the statement of cash flows

(1) Supplementary information to the statement of cash flows

Monetary Unit: RMB

Supplementary information	Amount in the current period	Amount in the prior period
1. Net profit adjusted to cash flows from operating activities:		
Net profit	4,591,643,046.80	388,016,602.42
Plus: Losses from credit impairment	-38,196,933.91	7,071,882.70
Provisions for impairment of assets	310,137,438.69	218,627,947.50
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	4,059,477,329.22	3,722,048,455.18
Depreciation of right-of-use assets	129,977,457.50	89,726,393.92
Amortization of intangible assets	63,742,021.48	54,918,618.71
Amortization of long-term deferred expenses	1,233,362.06	760,931.11

Supplementary information	Amount in the current period	Amount in the prior period
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	36,036,659.70	430,709.05
Losses from scrapping of fixed assets ("-" for gains)	126,412,777.27	7,806,283.42
Losses from changes in fair value ("-" for gains)	107,440,006.68	-71,361,227.00
Financial expenses ("-" for gains)	2,242,129,813.75	2,261,718,834.00
Investment losses ("-" for gains)	-456,740,425.49	-6,219,961.41
Decreases in deferred income tax assets ("-" for increases)	1,201,755,972.49	-301,983,233.79
Increases in deferred income tax liabilities ("-" for decreases)	33,883,310.16	63,591,335.83
Decreases in inventories ("-" for increases)	1,634,385,167.18	-4,142,593,438.71
Decreases in operating receivables ("-" for increases)	3,335,387,676.29	-6,096,004,315.09
Increases in operating payables ("-" for decreases)	745,141,146.77	6,657,191,895.43
Others	11,488,387.34	-42,551,789.01
Net cash flows from operating activities	18,135,334,213.98	2,811,195,924.26
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	19,174,656,989.60	13,376,255,601.99
Less: beginning balance of cash	11,067,113,154.17	12,009,784,562.13
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	8,107,543,835.43	1,366,471,039.86

(2) Breakdown of cash and cash equivalents

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
I. Cash	19,174,656,989.60	11,067,113,154.17
Including: cash on hand	28,762.96	11,841.96
Unrestricted bank deposit	18,805,404,092.71	10,864,005,279.57
Other unrestricted monetary funds	369,224,133.93	203,096,032.64
III. Ending balance of cash and cash equivalents	19,174,656,989.60	11,067,113,154.17

(3) Supply Chain Financing Arrangements

1) Terms and conditions of supplier financing arrangements

The Company participates in financing arrangements between suppliers and financial institutions. The primary economic consideration for participating in such financing arrangements is to provide cash flow support to suppliers, rather than to improve the Company's working capital. Under these arrangements, the Company's payment terms remain unchanged, but the Company makes unconditional payments to the financial institutions upon maturity as agreed. Economically, the Company's cash flows are not materially altered; however, legally, the Company's liabilities to suppliers are replaced by liabilities to financial institutions. As a result, the Company derecognizes the accounts payable under such arrangements and recognizes short-term borrowings of the same amount to financial institutions. The Company does not change its payment terms under supplier financing arrangements.

2) Financial liabilities that are part of supplier financing arrangements

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Short-term borrowing	5,202,560,884.99	4,312,606,751.68
of which: amounts already received by suppliers from the financing provider.	5,202,560,884.99	4,312,606,751.68

3) Range of payment due dates

Item	As at June 30, 2026	As at January 1, 2026
Financial liabilities under supplier financing arrangements	3 to 12 months from issuance	3 to 12 months from issuance
Comparable financial liabilities not under supplier financing arrangements	3 to 12 months from issuance	3 to 12 months from issuance

4) Types and effects of current changes in the carrying amount of financial liabilities under supplier financing arrangements that do not involve cash receipts or payments

There are no effects from business combinations or exchange rate changes in the current period's movements of the Company's financial liabilities under supplier financing arrangements.

66. Monetary items in foreign currency

(1) Monetary items in foreign currency

Monetary Unit: RMB

Item	Balance in foreign currency as at June 30, 2026	Exchange rate for conversion	Balance in RMB converted as at June 30, 2026
Monetary funds			
Including: USD	167,507,950.19	6.8109	1,140,879,678.13
EUR	4,097,670.22	7.7671	31,827,014.40
HKD	44.08	0.8686	38.29
JPY	661,667.00	0.0420	27,819.78
SGD	1,378,451.49	5.2605	7,251,483.16
Accounts receivable			
Including: USD	370,376,296.25	6.8109	2,522,595,916.17
Other receivables			
Including: USD	25.00	6.8109	170.27
SGD	232,765.80	5.2605	1,224,464.48
Accounts payable			
Including: USD	309,303,687.63	6.8109	2,106,636,486.09
EUR	23,468,637.86	7.7671	182,283,257.14
CAD	216,000.00	4.7847	1,033,495.20
Other payables			
Including: USD	1,437,775.44	6.8109	9,792,544.75
SGD	160.00	5.2605	841.68
Non-current liabilities maturing within one year			
EUR	2,287,468.46	7.7671	17,766,996.29
Long-term borrowings			
EUR	9,982,241.65	7.7671	77,533,069.11
Lease liabilities (including those due within one year)			
Including: USD	403,182,979.27	6.8109	2,746,038,953.51

(2) The nature of currency non-convertibility and its financial implications, the spot exchange rates used and the process for estimating them, and the risks faced by the Company due to currency non-convertibility

☐Applicable ☑Not applicable

(3) Explanation to overseas operating entities, for important overseas operating entities, their principal overseas place of business, functional currency and basis for selection as well as the reason for change in functional currency (if any) should be disclosed

☑Applicable ☐Not applicable

Company	Main business place	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

Company	Main business place	Functional currency	Basis of selection
			USD
Shenghong Shipping (Singapore) International Co., Ltd.	Singapore	USD	The currency in the main economic environment in which it operates is USD

(4) Cases where the functional currency of a foreign operation is not convertible into the Company's presentation currency

☐Applicable ☑Not applicable

67. Leases

(1) The Company as the lessee

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Amount for the current period	Amount for the last period
Interest expenses on lease liabilities	85,962,921.71	66,110,023.61
Expense on short-term leases under simplified treatment and included in the assets-related cost or the current profit or loss	5,681,227.01	13,986,228.95
Total cash outflows relevant to leases	104,203,524.36	127,245,103.11

(2) The Company as the lessor

Operating lease of the Company acting as the lessor

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Lease revenue	Including: income related to the variable lease payable that is not included in the lease receivable
Revenue from operating leases	30,270,434.32	
Total	30,270,434.32	

Finance lease of the Company acting as the lessor

☐Applicable ☑Not applicable

Annual undiscounted lease payments in the next five years

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Annual undiscounted lease receivables	
	Amount as at June 30, 2026	Amount as at January 1, 2026
Within 1 year (including 1 year)	16,429,336.16	11,465,860.15
1 - 2 years	8,298,505.88	8,101,610.15
2 - 3 years	8,072,817.81	2,738,285.88
3 - 4 years	2,713,078.36	2,738,285.88
4 - 5 years	32,267.35	2,731,285.88
Over 5 years	26,762.76	26,984,496.89

(3) Recognition of gains or losses from sales of finance leases as a manufacturer or distributor

☐Applicable ☑Not applicable

VIII. R&D expenditures

Monetary Unit: RMB

Item	Current period	Prior period
Investments in R&D	3,656,787,628.60	2,952,588,080.85
Total	3,656,787,628.60	2,952,588,080.85

IX. Changes in the scope of consolidation

1. Counter purchase

None

2. Disposal of subsidiaries

Whether there were any transactions or events during the current period that resulted in the loss of control over a subsidiary

☐Yes ☑No

Whether there were instances where the investment in a subsidiary was disposed of in stages through multiple transactions, resulting in the loss of control during the current period

☐Yes ☑No

3. Changes in the scope of consolidation for other reasons

Changes in the scope of consolidation resulting from other causes (e.g., establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related information:

(1) Subsidiaries and other operating entities newly added into the scope of consolidated statements for the current period

Company	Date of addition	Relation with the Company	Reason for addition
Jiangsu Chuangyuan Intelligent Technology Co., Ltd.	June 2026	Wholly-owned subsidiary	Newly established
Shanghai Chuangyuan Chenxing Intelligent Technology Co., Ltd.	June 2026	Wholly-owned subsidiary	Newly established
Jiangsu Dongfang Intelligent Computing Co., Ltd.	June 2026	Wholly-owned subsidiary	Newly established

4. Others

None

X. Equity in other entities

1. Equity in subsidiaries

(1) Structure of the enterprise group

Subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Electricity and heat supply	100.00%		Established by investment
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Lianyungang	Lianyungang	Petrochemical industry investment	100.00%		Established by investment
Suzhou Shenghong Data Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology service	100.00%		Established by investment
Jiangsu Shenghong Energy & Chemical New	Suzhou	Suzhou	New material technology R&D	100.00%		Established by investment

Subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Materials Co., Ltd.						
Shenghong (Shanghai) New Material Technology Co., Ltd.	Shanghai	Shanghai	New material technology R&D	100.00%		Established by investment
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	Suzhou	Suzhou	New material technology R&D	100.00%		Established by investment
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Lianyungang	Lianyungang	New material technology R&D	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 Operation and Management Co., Ltd.	Suzhou	Suzhou	Real estate lease	100.00%		Established by investment
Jiangsu Chuangyuan Intelligent Computing Technology Co., Ltd.	Lianyungang	Lianyungang	Software and information technology service	100.00%		Established by investment
Shanghai Chuangyuan Chenxing Intelligence Technology Co., Ltd.	Shanghai	Shanghai	Science and technology promotion and application services	100.00%		Established by investment
Jiangsu Dongfang Intelligent Computing Co., Ltd.	Suzhou	Suzhou	Software and information technology service	100.00%		Established by investment

(2) Major non-wholly-owned subsidiaries

Monetary Unit: RMB

Subsidiaries	Percentage share held by non-controlling interests	Profit or loss attributable to non-controlling interests for the current period	Dividends declared to non-controlling interests during the current period	Balance of non-controlling interests as at June 30, 2026
Jiangsu Sierbang Petrochemical Co., Ltd.	10.647103%	-17,133,603.38	186,780,000.00	1,591,470,075.67
Jiangsu Guowang High-Tech Fiber Co., Ltd.	23.387097%	103,754,454.40	159,500,000.00	2,491,220,648.26

(3) Main financial information of major non-wholly-owned subsidiaries

Monetary Unit: RMB

Subsidiaries	Balance as at June 30, 2026						Balance as at January 1, 2026					
	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.	6,647,366,714.22	36,535,240,224.11	43,182,606,938.33	15,303,412,737.71	12,931,747,222.09	28,235,159,959.80	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
Jiangsu Guowang High-Tech Fiber Co., Ltd.	13,769,472,594.37	10,062,532,738.50	23,832,005,332.87	10,838,689,036.10	2,616,336,608.89	13,455,025,644.99	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

Monetary Unit: RMB

Subsidiaries	Current period				Prior period			
	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.	10,722,157,614.33	-185,748,138.95	-185,748,138.95	2,264,853,159.97	11,031,194,148.28	120,395,856.06	120,395,856.06	472,801,711.59
Jiangsu Guowang High-Tech Fiber Co., Ltd.	8,434,010,392.81	500,590,167.08	500,590,167.08	-2,825,114,775.06	8,520,679,810.73	16,741,744.70	16,741,744.70	-5,429,051,968.72

Other description:

None

(4) Significant restrictions on the use of the Group's assets and the settlement of the Group's liabilities

None

(5) Financial or other supports provided to structured entities included in the scope of the consolidated financial statements

None

2. Transactions leading changes in owners' equity of subsidiaries and still controlling the subsidiaries

(1) Description of the changes in the share of owners' equity in subsidiaries

The Company's subsidiary Sierbang Petrochemical entered into a capital increase agreement with China Post Financial Asset Investment Co., Ltd., pursuant to which a capital increase of RMB 500 million was implemented. Non-controlling interests hold an aggregate equity interest of 10.647104% in Sierbang Petrochemical.

(2) Effect of transactions on non-controlling interests and equity attributable to owners of the parent company

Monetary Unit: RMB

Item	Jiangsu Sierbang Petrochemical Co., Ltd.
Purchase cost/disposal consideration	
-- Cash	500,000,000.00
-- Fair value of non-cash assets	
Total purchase cost/disposal consideration	500,000,000.00
Less: share of net assets of subsidiaries calculated at the proportion of equity acquired/disposed of	283,785,765.87
Difference	216,214,234.13
Including: adjustment to capital reserves	216,214,234.13
Adjustment to surplus reserves	
Adjustment to retained earnings	

3. Equity in joint ventures or associates

(1) Summary of financial information on insignificant joint ventures and associates

Monetary Unit: RMB

	Balance as at June 30, 2026/Current period	Balance as at January 1, 2026/Prior period
Joint ventures		
Total carrying amount of investment	1,006,190,004.92	131,960,615.60
Total of the following items calculated at shareholding ratio		
-- Net profit	787,489.32	5,069,799.12
-- Other comprehensive income	787,489.32	5,069,799.12
Associates:		
Total of the following items calculated at shareholding ratio		

XI. Government grants

1. Government grants recognized as the amount receivable as at June 30, 2026

☑Applicable ☐Not applicable

Balance of accounts receivable as at June 30, 2026: RMB 519,047,862.19.

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, 2026	New grants in the current period	Amount included in non-operating revenues in the current period	Amount transferred to other income in the current period	Other decrease in the current period	Balance as at June 30, 2026	Asset/income-related
Deferred income	2,397,537,783.82	58,248,719.94		73,957,966.69		2,381,828,537.07	Asset-related government grants
Deferred income	2,000,000.00	600,000.00			1,500,000.00	1,100,000.00	Income-related government grants

3. Government grants included in the current profit or loss

☑Applicable ☐Not applicable

Monetary Unit: RMB

Accounting item	Current period	Prior period
Asset-related government grants	73,957,966.69	57,049,291.32
Income-related government grants	12,781,789.09	52,180,883.68
Total	86,739,755.78	109,230,175.00

XII. Risks related to financial instruments

1. Various risks arising from financial instruments

The Company faces various financial risks during its business operation, including credit risks, liquidity risks and market risks (including the exchange rate risk, interest rate risk and other price risk). The above-mentioned financial risks and the risk management policies adopted by the Company to reduce those risks are as follows:

The Board of Directors is responsible for planning and establishing the Company's risk management framework, formulating the Company's risk management policies and related guidelines, and overseeing the implementation of risk management measures. The Company has established risk management policies to identify and analyze the risks it faces. These policies clearly define specific risks and cover various aspects, including market risk, credit risk, and liquidity risk management. The Company periodically assesses changes in the market environment and its business operations to determine whether to update its risk management policies and systems. The Company's internal audit department conducts regular audits of risk management controls and procedures and reports the audit results to the Company's Audit Committee.

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 counterparties.

(1) Credit risk

The credit risk refers to the risk where the Company may have the financial loss caused by the counterparty's failure in fulfilling any contractual obligation.

The Company mainly faces customer credit risks caused by credit sales. The Company will make assessment on the credit risk of new customers before signing new contracts with them, including the external credit rating and the bank credit certification (if such information can be acquired) in some cases. The Company has set for each customer the credit sale limitation, which is maximum and free of any 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 during 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 forecasts 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 continuously monitors its compliance with the terms of borrowing agreements and obtains commitments from major financial institutions to provide sufficient standby funds to meet short-term and long-term funding needs.

Monetary Unit: RMB

Item	Balance as at June 30, 2026				
	Within 1 year	1 -3 years	Over 3 years	Total undiscounted contract amount	Carrying amount
Bank loans	79,099,416,348.28	19,481,779,121.99	32,857,125,263.52	131,438,320,733.79	131,249,506,338.86
Bonds payable	5,025,088,002.08			5,025,088,002.08	4,886,777,435.06
Lease liabilities	455,120,901.02	815,171,078.88	4,744,757,620.42	6,015,049,600.32	4,468,072,769.95
Long-term payables	1,959,300,940.82	2,316,305,560.38	915,112,180.49	5,190,718,681.69	4,950,164,547.21
Accounts payable	11,879,377,969.00			11,879,377,969.00	11,879,377,969.00
Notes payable	475,037,894.48			475,037,894.48	475,037,894.48
Other payables	1,079,349,604.65			1,079,349,604.65	1,079,349,604.65
Financial liabilities held for	119,053,048.63			119,053,048.63	119,053,048.63

Item	Balance as at June 30, 2026				
	Within 1 year	1 -3 years	Over 3 years	Total undiscounted contract amount	Carrying amount
trading					
Total	100,091,744,708.96	22,613,255,761.25	38,516,995,064.43	161,221,995,534.64	159,107,339,607.84

Monetary Unit: RMB

Item	Balance as at December 31, 2025				
	Within 1 year	1 -3 years	Over 3 years	Total undiscounted contract amount	Carrying amount
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	31,281,585,644.23	39,479,026,925.69	161,453,585,815.71	159,658,244,158.38

(3) Market risk

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

(1) Interest rate risk

Interest rate risk refers to the risk that fair values or future cash flows of financial instruments may fluctuate due to the change in market interest rate.

The Company's interest rate risk mainly derives from long-term or short-term borrowings and bonds payable with fixed interest rate from banks. The Company makes loans according to the amount and time demand of funds and after comprehensive analysis of interest rate and time of borrowing from various banks. The Company has established good bank-enterprise relationship with banks and has sufficient bank credit lines. The Company has consistently maintained a good credit record, and the interest rates of the borrowing contracts signed with banks basically float at a certain percentage of the benchmark interest rates announced by the central bank for the same period and at the same level.

(2) Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to changes in foreign exchange rate. The Company matches the foreign currency revenue with the foreign currency expenses as far as possible to reduce the exchange rate risk.

(3) Other price risks

Other price risks are the risks that the fair value or future cash flows of a financial instrument will fluctuate due to the changes in market prices other than exchange rate risks and interest rate risks.

2. Hedging

(1) Hedging risk management strategy and objectives

To hedge against the risk of fluctuations in cash flows related to commodity prices in future product sales that are highly likely to occur, the Company designates a series of commodity futures and paper contracts it holds as hedging instruments for anticipated commodity 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 the hedged items, related hedging instruments and hedged risks disclosed by categories of hedges

Cash flow hedges

The Company's cash flow hedge reserve status for the current period is as follows:

Monetary Unit: RMB

Item	Amount in the current period
Fair value gains recognized in shareholders' equity as at June 30, 2026	1,548,126.72
Less: deferred income taxes arising from fair value gains	154,812.67
Net gain on cash flow hedging as at June 30, 2026	1,393,314.05
Amount included in the current profit or loss in the current period	-673,300,066.94

3. Financial assets

(1) Classification by transfer method

☐Applicable ☑Not applicable

(2) Financial assets derecognized due to transfer

☐Applicable ☑Not applicable

(3) Transferred financial assets with continuing involvement

☐Applicable ☑Not applicable

Other description

None

XIII. Disclosure to fair value

The input values used for measuring fair value are divided into three levels:

Level 1 input values are unadjusted quoted prices in the active market of identical assets or liabilities accessible on the measurement date.

Level 2 input values refer to input values that are directly or indirectly observable for relevant assets or liabilities, other than Level 1 input values.

Level 3 input values are unobservable input values for relevant assets or liabilities.

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

1. Fair value of assets and liabilities measured at fair value as at June 30, 2026

Monetary Unit: RMB

Item	Fair value as at June 30, 2026			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Financial assets held for trading	1,151,770.87			1,151,770.87
Derivative financial assets	1,151,770.87			1,151,770.87
(II) Other equity instrument investments			586,861,000.00	586,861,000.00
(III) Receivable financing			505,426,651.40	505,426,651.40
(IV) Other non-current financial assets			8,492,900.00	8,492,900.00
Total assets with continuous measurement at fair value	1,151,770.87		1,100,780,551.40	1,101,932,322.27
(IV) Financial liabilities held for trading	119,053,048.63			119,053,048.63
Derivative financial liabilities	119,053,048.63			119,053,048.63
Total liabilities with continuous measurement at fair value	119,053,048.63			119,053,048.63
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

Derivative financial assets of RMB 1,151,770.87 and derivative financial liabilities of RMB119,053,048.63 were recognized at the fair value of the position contract in the futures market on June 30, 2026 and floating profit and loss on unpriced catalysts.

3. Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 2

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 as at June 30, 2026	Valuation techniques
Receivables financing	505,426,651.40	[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 RMB505,426,651.40 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 transactions

1. Parent company of the Company

Parent company	Registered place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Voting right ratio of the parent company in the Company
Jiangsu Shenghong Technology Co., Ltd.	Suzhou	Investment-based	RMB 2,992.7411 million	44.22% [Note]	44.22%[Note]

Information on the parent company of the Company

[Note]: the above shareholding ratios are the data as at June 30, 2026. Due to Shenghong Technology's increase in its shareholding, as at the announcement date of this semi-annual report, Shenghong Technology directly held 44.23% of the Company's shares.

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

2. Subsidiaries of the Company

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

3. Joint ventures and associates of the Company

See the Note "X. Equity in other entities" for major joint ventures and associates of the Company.

4. Other related parties

Other related party	Relationship with the Company

Other related party	Relationship with the Company
Jiangsu Shenghong New Material Group Co., Ltd.	Parent company of the Company's parent company
Jiangsu Shenghong Technology Co., Ltd.	Controlled by the same actual controller, controlling shareholder of the 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 Oriental Yinta Security System Co., Ltd.	Other related relationship
Jiangsu Eastern Yingta Security Service Co., Ltd.	Other related relationship
Jiangsu Shengbang New Materials Co., Ltd.	Controlled by the same actual controller
Suzhou Shengze Oriental Silk Market Operation and Management Service Co., Ltd.	Other related relationship
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related relationship
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 Bleaching and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Other related relationship
Suzhou Shenglian Industrial Water Co., Ltd.	Controlled by the same actual controller
Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Controlled by the same actual controller
Suzhou Shengze Urban Organic Renewal Development Co., Ltd. (renamed: Suzhou Shunli Asset Management Co., Ltd.)	Other related relationship
Suzhou Suzhen Thermal Power Co., Ltd.	Other related relationship
Suzhou Xinmin Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related relationship
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
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Controlled by the same actual controller
Yu Xiaofang	Other related relationship
Jiangsu Lvhe'an Technology Co., Ltd.	Controlled by the same actual controller
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	Controlled by the same actual controller
Jiangsu Naqi New Material Technology Co., Ltd.	Controlled by the same actual controller

Other related party	Relationship with the Company
Shanghai Lianhong International Trading Co., Ltd.	Other related relationship

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	Current period	Transaction limit approved [Note]	Whether the transaction limit is exceeded	Prior period
Shenghong Group Co., Ltd.	Purchase of energy and processing fees	32,933,902.15	100,850,000.00	No	40,686,764.89
Jiangsu Eastern Yingta Security Service Co., Ltd.	Security services, etc.	140,894.49	300,000.00	No	129,630.47
Suzhou Suzhen Thermal Power Co., Ltd.	Energy, steam, water, etc.	3,192,079.12	7,577,700.00	No	513,377.31
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Meetings, catering, etc.	30,251.00	2,713,800.00	No	325,024.22
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Steam	2,418,134,360.67	5,106,407,900.00	No	1,885,197,453.52
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	Purchase of materials	6,491,410.63	45,180,000.00	No	7,438,938.09
Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Welfare expenses - water and electricity expenses	424,374.14	1,140,000.00	No	470,961.63
Jiangsu Naqi New Materials Technology Co., Ltd.	Commodities, etc.	16,992.00	116,992.00	No	
Wujiang Pengxiang Real Estate	Property management fee	20,089.75	180,000.00	No	36,522.05

Related party	Content of related transaction	Current period	Transaction limit approved [Note]	Whether the transaction limit is exceeded	Prior period
Development Co., Ltd.					

[Note]: The above limits include those approved by the Shareholders' Meeting and the General Manager's Office Meeting. Wujiang Pengxiang Real Estate Development Co., Ltd. is a subsidiary of Wujiang Jiayu Industrial Development Co., Ltd.

Table of sales of goods/rendering of services

Monetary Unit: RMB

Related party	Content of related transaction	Current period	Prior period
Shenghong Group Co., Ltd.	Goods or energy, etc.	21,333,497.35	18,593,794.02
Wujiang Jiayu Industrial Development Co., Ltd.	Warehousing and terminal services	5,945,230.91	20,141,698.32
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Steam or water	3,616,987.98	3,093,030.52
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Steam	427,538.84	1,145,936.12
Suzhou Shengze Oriental Silk Market Operation and Management Service Co., Ltd.	Steam	369,127.62	268,806.42
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Commodity	96,884,248.14	98,254,359.58
Jiaxing Jiasheng New Material Technology Co., Ltd.	Provision of services	131,854.72	55,751.89
Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	Provision of services	53,760.38	70,976.42
Suzhou Pingwang Bleaching and Dyeing Co., Ltd.	Provision of services	218,369.80	87,920.28
Suzhou Shunli Asset Management Co., Ltd.	Property management fees for water, electricity and public facilities	18,488.87	63,723.59
Suzhou Xinmin Printing and Dyeing Co., Ltd.	Provision of services	113,391.51	77,859.44
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Provision of services	325,072.65	247,946.22
Jiangsu Lvhe'an Technology Co., Ltd.	Commodity	45,940,028.02	10,727,711.51

Related party	Content of related transaction	Current period	Prior period
Jiangsu Shenghong Technology Co., Ltd.	Provision of services		21,221.18
Suzhou Huaxia Group Co., Ltd.	Provision of services		48,113.21
Jiangsu Naqi New Materials Technology Co., Ltd.	Provision of services	53,869.53	
Shanghai Lianhong International Trade Co., Ltd.	Vehicle transfer	309,734.51	
Suzhou Suzhen Thermal Power Co., Ltd.	Commodity		225,647.78

(2) Related-party leases

The Company acted as the lessor:

Monetary Unit: RMB

Name of lessee	Type of leased assets	Lease revenue recognized in this period	Lease revenue recognized in prior period
Shenghong Group Co., Ltd.	Lease of transformers and its supporting appurtenances	5,508,978.06	3,823,008.84
Yu Xiaofang	House rent	70,705.41	72,933.34
Suzhou Shenglian Industrial Water Co., Ltd.	Leasing of buildings and transformers	575.22	18,273.81
Jiangsu Shengbang New Materials Co., Ltd.	House rent	120,134.82	457,821.75

The Company acted as the lessee:

None

(3) Related-party guarantees

The Company as the guarantor

None

The Company as the guarantor:

Unit: RMB'0,000, EUR'0,000, JPY'0,000

Guarantor	Currency	Total guarantee amount	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Shenghong Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Han'gen, Zhu	RMB	4,150,000.00	2020/11/13	2038/11/12	No

Guarantor	Currency	Total guarantee amount	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Hongmei, Tang Jinkui, Zhu Yuqin, five plots of land and construction in progress, Sierbang Petrochemical equity pledges					
Shenghong Holding Group Co., Ltd.	RMB	100,000.00	2026/2/25	2029/6/10	No
Miao Han'gen and his spouse	RMB	80,000.00	2019/9/20	2032/9/20	No
Miao Han'gen and his spouse	RMB	20,000.00	2019/9/20	2032/9/20	No
Miao Han'gen and his spouse	RMB	75,000.00	2019/9/20	2032/9/20	No
Miao Han'gen and his spouse	RMB	50,000.00	2019/9/20	2032/9/20	No
Miao Han'gen and his spouse	RMB	30,000.00	2019/9/20	2032/9/20	No
Miao Han'gen and his spouse	RMB	15,000.00	2019/9/20	2032/9/20	No
Shenghong Holding Group Co., Ltd.	RMB	30,000.00	2024/3/27	2029/3/15	No
Shenghong Holding Group Co., Ltd.	RMB	20,000.00	2024/5/23	2029/5/10	No
Shenghong Holding Group Co., Ltd.	RMB	285,000.00	2023/7/26	2033/10/21	No
Shenghong Holding Group Co., Ltd.	RMB	80,000.00	2023/10/19	2034/10/15	No
Shenghong (Suzhou) Group Co., Ltd.	RMB	15,000.00	2025/9/5	2029/10/28	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	35,000.00	2026/2/6	2030/1/22	No
Shenghong Holding Group Co., Ltd., Yunhai Bay Project land, and completed house property mortgages	RMB	46,000.00	2021/9/6	2044/8/30	No
Shenghong Holding Group Co., Ltd., Yunhai Bay Project land, and completed house property mortgages	RMB	55,000.00	2022/1/28	2044/12/21	No
Shenghong Holding Group Co., Ltd.	RMB	22,500.00	2022/9/23	2034/11/22	No
Shenghong Holding Group Co., Ltd.	RMB	130,000.00	2023/12/12	2033/12/15	No
Shenghong Holding Group Co., Ltd. and Lianyungang Xuwei Port Holdings Group Co., Ltd. gurantees, sea area use right: Su (2021) Lianyungang Real Estate Property Right No. 0026061 mortgage	RMB	30,000.00	2021/12/15	2035/12/13	No
Jiangsu Eastern Shenghong Co., Ltd., Miao Han'gen, Zhu Hongmei	RMB	84,000.00	2026/4/15	2030/4/14	No
Jiangsu Eastern Shenghong Co., Ltd., Miao Han'gen, Zhu Hongmei	RMB		2025/4/15	2029/4/14	No
Shenghong Holding Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Han'gen, and Zhu Hongmei	RMB	500,000.00	2021/5/13	2034/4/18	No
Shenghong Holding Group Co., Ltd.	EUR	6.55	2024/3/13	2028/5/21	No

Guarantor	Currency	Total guarantee amount	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Shenghong Holding Group Co., Ltd.	EUR	56.19	2024/3/18	2028/7/21	No
Shenghong Holding Group Co., Ltd.	EUR	3.62	2024/7/5	2028/8/15	No
Shenghong Holding Group Co., Ltd.	RMB	40,000.00	2026/1/8	2030/1/7	No
Shenghong Holding Group Co., Ltd.	RMB	8,000.00	2026/1/8	2030/1/7	No
Shenghong Holding Group Co., Ltd.	RMB	81,000.00	2026/2/4	2030/2/3	No
Shenghong Holding Group Co., Ltd.	RMB	80,000.00	2026/3/20	2030/3/19	No
Shenghong Holding Group Co., Ltd.	RMB	8,000.00	2026/4/2	2030/4/1	No
Shenghong Holding Group Co., Ltd.	RMB	7,500.00	2026/5/25	2030/5/24	No
Miao Han'gen and his spouse	RMB	60,000.00	2026/6/18	2029/6/18	No
Shenghong (Suzhou) Group Co., Ltd.	RMB	50,000.00	2025/5/22	2030/3/24	No
Shenghong Holding Group Co., Ltd.	RMB	60,000.00	2025/2/13	2029/2/13	No
	RMB		2026/2/11	2030/2/11	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	8,782.00	2026/6/15	2030/6/14	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	12,000.00	2026/1/2	2029/12/30	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	12,000.00	2026/6/17	2030/6/16	No
Miao Han'gen and his spouse	RMB	150,000.00	2025/4/27	2030/4/8	No
Miao Han'gen and his spouse	RMB		2026/4/16	2030/6/17	No
Miao Han'gen, Zhu Hongmei	RMB	19,200.00	2024/6/3	2029/2/25	No
Shenghong Holding Group Co., Ltd.	RMB	75,000.00	2020/12/15	2032/6/8	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	40,000.00	2021/5/28	2031/5/28	No
Shenghong Holding Group Co., Ltd.	JPY	413,121.74	2025/2/14	Actual pay date+2 years	No
Shenghong Holding Group Co., Ltd.	EUR	37.36	2026/3/27	Actual pay date+2 years	No
Shenghong Holding Group Co., Ltd.	RMB	60,000.00	2025/3/24	2031/11/28	No
Shenghong Holding Group Co., Ltd.	RMB	45,000.00	2025/3/24	2031/11/28	No
Shenghong (Suzhou) Group Co., Ltd.	RMB	66,400.00	2021/11/29	2031/11/29	No

(4) Loans from and to related parties

Monetary Unit: RMB

Related party	Balance as at January 1, 2026	Borrowings in the current period	Repayments in the current period	Balance as at June 30, 2026	Accrual of interest in the current period
Jiangsu Shenghong Technology Co., Ltd.	1,493,528,978.01	1,140,401,021.99	1,837,514,000.00	796,416,000.00	3,363,617.59

(5) Asset transfer and debt restructuring of related parties

None

(6) Remuneration of key officers

Monetary unit: RMB'0,000

Item	Current period	Prior period
Remuneration of key officers	1,245.97	882.64

6. Receivables from and payables to related parties

(1) Receivables

Monetary Unit: RMB

Item name	Related party	Balance as at June 30, 2026		Balance as at January 1, 2026	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	12,515,063.68		187,607,676.36	
	Wujiang Jiayu Industrial Development Co., Ltd.	2,721,838.30		6,668,268.24	
	Shenghong Group Co., Ltd.	4,123,097.78		5,706,300.25	
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	909,675.10		797,107.00	
	Jiaxing Jiasheng New Material Technology Co., Ltd.	21,281.00		12,069.00	
	Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	14,133.00		14,952.00	
	Jiangsu Shengbang New Materials Co., Ltd.	510,001.35		458,435.63	
	Suzhou Pingwang Bleaching and Dyeing Co., Ltd.	33,792.00		52,596.00	
	Suzhou Xinmin Printing and Dyeing Co., Ltd.	9,304.00		3,560.00	
	Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.			70,264.00	
	Jiangsu Lvhe'an Technology Co., Ltd.	21,029,631.94		10,762,413.59	
	Jiangsu Naqi New Materials Technology Co., Ltd.	14,204.42			
	Sub-total	41,902,022.57		212,153,642.07	
Advances to suppliers					

Item name	Related party	Balance as at June 30, 2026		Balance as at January 1, 2026	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	38,693,062.38			
	Shenghong Group Co., Ltd.	990,030.74		482,603.20	
	Suzhou Suzhen Thermal Power Co., Ltd.	7,980.00			
	Sub-total	39,691,073.12		482,603.20	

(2) Payables

Monetary Unit: RMB

Item name	Related party	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
Accounts payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	268,496,125.49	227,668,734.62
	Suzhou Suzhen Thermal Power Co., Ltd.	18,332.60	323,819.16
	Shenghong Group Co., Ltd.	104,794.74	5,181.58
	Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.		13,163.00
	Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	2,035,955.05	4,664,138.67
	Sub-total	270,655,207.88	232,675,037.03
Other payables			
	Yu Xiaofang	15,500.00	15,500.00
	Jiangsu Shenghong Technology Co., Ltd.	799,458,818.58	1,493,559,519.96
	Sub-total	799,474,318.58	1,493,575,019.96
Advances from customers			
	Yu Xiaofang	59,767.55	130,472.96
Contract liabilities and other current liabilities			
	Wujiang Oriental Market Supply Chain Service Co., Ltd.		78,863.00

Item name	Related party	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
	Suzhou Shengze Oriental Silk Market Operation and Management Service Co., Ltd.	128,134.76	98,280.66
	Sub-total	128,134.76	177,143.66

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 1.5 billion for Jiangsu Guowang High-Tech Fiber Co., Ltd., the maximum joint and several liability guarantee of RMB 192 million for Jiangsu Zhonglu Technology Development Co., Ltd., the maximum joint and several liability guarantee of RMB 3 billion and syndicated loan guarantee of RMB 2.7 billion for Jiangsu Honggang Petrochemical Co., Ltd., the maximum joint and several liability guarantee of RMB 1.714 billion for Jiangsu Eastern Shenghong Co., Ltd., the 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 with a 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., the maximum joint and several liability guarantee of RMB 600 million with a 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., the maximum joint and several liability guarantee of RMB 1 billion and syndicated loan guarantee of RMB 41.5 billion for Shenghong Refining & Chemical (Lianyungang) Co., Ltd., the maximum joint and several liability guarantee of RMB 840 million and syndicated loan guarantee of RMB 5 billion for Jiangsu Sierbang Petrochemical Co., Ltd., and the maximum joint and several liability guarantee of RMB 600 million for Shenghong Petrochemical (Singapore) International Co., Ltd..

2. Contingencies

(1) Significant contingencies existing on balance-sheet date

In December 2025, China National Chemical Engineering Sixth Construction Co., Ltd. filed a lawsuit against the Company due to a dispute over the settlement of project construction payments and applied to the court for property preservation. As of June 30, 2026, the case was still under trial. In January 2026, the Lianyungang Intermediate People's Court imposed judicial preservation measures on certain assets of the Company, with a net asset amount of RMB 516 million as of June 30, 2026.

(2) Notes should be given even though there were no contingencies required to be disclosed by the Company

The Company has no significant contingencies required to be disclosed.

3. Others

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

Monetary unit: RMB'0,000, USD'0,000, EUR'0,000

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	23,889.00	2019/9/20	2032/9/20	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
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	44,444.44	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	29,629.63	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	17,777.78	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	RMB	8,888.89	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	810,000.00	2023/3/24	2041/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongwei Chemical Co., Ltd.	RMB	281,046.37	2023/2/6	2037/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	3,187,349.84	2020/11/13	2038/11/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	45,205.00	2021/12/21	2031/12/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	31,864.74	2022/1/20	2030/11/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	27,288.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	25,094.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	38,194.00	2021/8/23	2031/3/1	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	24,558.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	11,566.40	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	17,349.60	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	RMB	40,700.00	2019/9/10	2037/9/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	25,000.00	2026/5/29	2030/6/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	25,000.00	2026/3/16	2030/3/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	1,000.00	2026/3/27	2030/3/27	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd. and its equity interest in Sierbang	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	3,187,349.84	2023/9/22	2038/11/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	320,000.00	2022/6/30	2036/6/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	411,500.00	2026/2/27	2029/8/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	79,900.00	2025/9/2	2030/8/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical	RMB	69,900.00	2025/8/22	2030/8/22	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
	(Lianyungang) Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	149,700.00	2024/7/25	2029/7/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	99,700.00	2024/8/28	2029/8/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	445,200.00	2025/10/31	2029/10/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	58,130.00	2025/10/28	2029/10/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	148,405.40	2025/9/5	2029/8/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	160,606.18	2026/5/26	2030/5/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	146,767.65	2025/12/18	2029/12/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	146,971.80	2026/3/20	2030/3/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	359,786.77	2026/3/20	2030/3/24	No
Jiangsu Eastern	Shenghong	RMB	38,217.27	2025/6/4	2029/5/29	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Shenghong Co., Ltd.	Refining & Chemical (Lianyungang) Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	19,800.00	2025/3/31	2029/9/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	87,100.00	2026/3/18	2030/3/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	10,000.00	2026/5/11	2030/5/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	20,000.00	2025/9/19	2029/9/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	74,681.88	2024/8/29	2030/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	224,218.88	2024/8/29	2030/6/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	30,000.00	2026/1/30	2030/7/9	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	297,722.12	2026/6/4	2030/6/3	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang)	RMB	6,714.20	2025/12/31	2029/12/31	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
	Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	150,000.00	2025/12/16	2029/12/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	150,000.00	2025/12/26	2029/12/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	88,109.00	2023/9/15	2032/12/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	12,600.00	2025/11/27	2029/11/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	31,706.91	2026/5/22	2030/5/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	5,000.00	2026/1/22	2029/7/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	15,100.00	2026/1/1	2029/12/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	5,000.00	2026/1/28	2030/1/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	20,000.00	2026/2/9	2030/2/8	No
Jiangsu Eastern Shenghong Co.,	Shenghong Refining &	RMB	10,000.00	2026/6/12	2030/6/11	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Ltd.	Chemical (Lianyungang) Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	10,000.00	2026/6/25	2030/6/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	110,887.80	2025/12/20	2029/12/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	150,000.00	2026/5/14	2030/5/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	150,000.00	2026/5/7	2030/5/6	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	50,000.00	2025/9/1	2029/8/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	USD	5,225.75	2025/3/18	2029/3/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	USD	10,000.00	2024/5/21	No maturity date	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	552.20	2026/1/1	2026/12/31	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	20,000.00	2026/5/6	2027/4/30	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	30,000.00	2026/1/29	2027/1/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	10,000.00	2026/4/27	2026/10/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	10,000.00	2026/5/18	2026/11/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	40,000.00	2026/6/26	2026/12/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	181,000.00	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	2029/7/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	49,800.00	2025/2/27	2030/2/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	14,000.00	2026/3/27	2030/3/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	RMB	23,000.00	2026/3/19	2030/2/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore)	RMB	28,165.13	2026/6/18	2029/6/18	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Jiangsu Guowang High-Tech Fiber Co., Ltd.	International Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	USD	1,123.67	2026/6/9	2026/8/10	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	USD		2025/3/17	2027/4/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	USD	5,225.75	2026/1/1	2026/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	50,000.00	2024/11/26	2029/8/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	60,000.00	2026/6/29	2030/12/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	19,700.00	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
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	14,971.92	2025/10/29	2029/10/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	12,055.01	2026/1/14	2029/8/4	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	40,528.46	2025/8/25	2029/1/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	2,818.12	2024/11/28	2028/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	65,357.53	2025/11/4	2029/12/31	No
Jiangsu Eastern	Jiangsu Sierbang	RMB	45,833.33	2026/1/26	2032/1/15	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Shenghong Co., Ltd.	Petrochemical Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	25,666.67	2026/3/30	2032/3/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	23,333.33	2025/1/7	2030/1/7	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	32,598.47	2025/4/25	2033/4/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	27,204.17	2025/4/25	2030/4/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	13,511.93	2026/4/15	2030/4/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	54,996.51	2025/4/15	2029/4/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	24,731.82	2024/8/29	2030/3/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	24,649.53	2024/8/29	2030/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	21,986.13	2023/6/25	2031/6/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	1,851.70	2026/3/30	2030/3/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	30,000.00	2026/3/13	2029/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	25,000.00	2026/4/28	2030/4/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	69,500.00	2025/12/16	2029/12/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Lianyungang Shunmeng Trading Co., Ltd.	RMB	993.70	2025/9/15	2029/9/15	No
Jiangsu Eastern	Lianyungang	RMB	23,100.00	2024/10/29	2032/10/28	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Shenghong Co., Ltd.	Rongtai Chemical Warehousing Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	3,934.63	2024/11/28	2026/11/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	13,032.13	2025/12/5	2026/9/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	2,335.28	2025/12/25	2027/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	234.88			No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	27,426.92			No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	3,293.73	2025/3/7	2026/7/9	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	1,168.25	2026/1/28	2027/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	1,737.89	2025/11/24	2027/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	2,013.20			No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	23,653.42	2025/6/19	2027/5/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	5,525.71			No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shenghong Petrochemical	RMB	531.57			No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
	Centralized Procurement Co., Ltd.					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	50,263.91			No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	RMB	3,099.65	2026/6/23	2027/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	4,417.34			No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	RMB	6,942.62			No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	RMB	5,183.96			No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	RMB	265.76	2026/5/9	2027/5/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	RMB	984.00	2025/12/26	2029/12/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Liaoning Province Petroleum-chemical Industry Planning & Design Institute Co., Ltd.	RMB	173.00	2025/12/26	2029/12/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Shanghai) New Material Technology Co., Ltd.	RMB	30,596.67	2024/10/31	2037/9/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	40,800.00	2024/12/23	2030/4/22	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	57,300.00	2025/12/23	2030/9/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	EUR	263.37			No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	USD	24.84			No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	20,000.00	2026/2/3	2029/10/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	78,022.10	2024/3/26	2034/3/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	19,719.61	2026/5/19	2030/6/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	20,000.00	2024/2/29	2030/2/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	45,833.33	2026/1/8	2031/1/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	11,854.76	2025/8/15	2030/2/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	10,000.00	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	29,745.54	2024/9/18	2030/6/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	59,700.00	2024/11/27	2029/11/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	49,016.61	2025/11/28	2030/6/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	15,000.00	2026/5/19	2030/5/18	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
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	1,400.00	2026/1/2	2029/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	29,900.00	2025/11/11	2030/2/25	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	5,000.00	2026/5/21	2030/5/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	1,060.00	2026/6/9	2030/6/9	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	5,000.00	2026/6/22	2030/6/22	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-Tech Fiber Co., Ltd.	RMB	1,300.00	2026/6/24	2030/6/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	79,447.74	2022/3/24	2033/3/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	20,613.79	2022/6/1	2031/8/2	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	5,278.49	2025/6/4	2029/6/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	4,444.32	2026/6/4	2030/6/4	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	6,386.61	2025/11/7	2027/6/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	5,485.48	2026/1/28	2027/6/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	7.70	2026/6/23	2027/6/29	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Reborn Technology Co., Ltd.	RMB	9,000.00	2026/6/25	2030/6/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	5,000.00	2026/6/30	2030/6/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	785.44	2026/6/23	2027/6/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang High-Tech Fiber (Suqian) Co., Ltd.	RMB	954.30	2025/11/7	2027/6/18	No
Jiangsu Eastern Shenghong Co., Ltd.	Siyang Yiyang Environmental Energy Co., Ltd.	RMB	15,434.19	2025/3/21	2035/12/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Siyang Yiyang Environmental Energy Co., Ltd.	RMB	1,196.32	2026/6/23	2027/6/29	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	18,873.03	2024/11/8	2030/8/25	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	20,000.00	2025/12/31	2030/5/19	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	9,800.00	2025/10/28	2030/1/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	RMB	7,500.00	2024/10/31	2030/10/30	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	RMB	5,000.00	2025/8/15	2030/2/14	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	25,877.50	2021/6/28	2031/7/6	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	30,000.00	2026/1/1	2030/5/13	No
Jiangsu Guowang High-Tech Fiber	Jiangsu Ganghong Fiber	RMB	5,000.00	2025/8/15	2030/2/14	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Co., Ltd.	Co., Ltd.					
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	30,000.00	2025/10/30	2029/10/28	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	59,700.00	2024/11/8	2030/7/16	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	616.20	2025/12/11	2029/8/11	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	15,000.00	2025/9/24	2031/9/20	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	RMB	8,000.00	2025/12/28	2029/12/31	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	28,462.27	2024/11/8	2030/6/18	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	25,300.00	2025/12/23	2030/6/13	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	EUR	20.52			No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	4,440.00	2025/2/14	2029/7/16	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	16,000.00	2026/5/12	2030/11/12	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	17,718.88	2026/3/11	2030/6/15	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	10,000.00	2025/8/15	2029/11/18	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	1,200.00	2026/5/20	2030/5/20	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	800.00	2026/6/9	2030/6/9	No
Jiangsu Guowang High-Tech Fiber	Suzhou Shenghong Fiber	RMB	1,200.00	2026/6/17	2030/6/17	No

Company	Guaranteed party	Currency	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the guarantee has been discharged
Co., Ltd.	Co., Ltd.					
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	RMB	500.00	2026/6/25	2030/6/25	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	47,000.00	2022/01/01	2029/12/28	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	6,090.00	2022/02/28	2029/12/28	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	5,900.00	2022/03/29	2029/12/28	No
Jiangsu Guowang High-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	23,900.00	2022/04/15	2029/12/28	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	71,900.00	2023/12/08	2028/12/01	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	RMB	29,540.00	2023/12/08	2028/12/01	No

XVI. Other significant events

1. Segment information

(1) Determination basis and accounting policies for reportable segments

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system and the report segment based on the operating segment.

The operating segment includes the Company's constituent parts meeting the following conditions at the same time: (1) These constituent parts can cause revenue or expense during the routine activities; (2) The Management of the Company is able to make the regular assessment on the operating results of these constituent parts, so as to decide the resource distribution made therefor and assess the performance thereof; (3) The Company is able to obtain such accounting-related information as financial condition, operating results and cash flows of these constituent parts.

Reporting segments of the Company include: (1) fiber segment (2) electricity and heat segment (3) petrochemical segment (4) headquarters and others

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management. This measurement basis is consistent with the accounting and measurement basis used in preparing the financial statements.

(2) Financial information of reportable segments

Monetary Unit: RMB

Item	Fiber segment	Electricity and heat segment	Petrochemical segment	Headquarters and others	Inter-segment offset	Total
Operating revenue	11,551,262,376.80	412,401,359.61	59,771,353,345.26	68,400,365.45	-1,879,030,865.96	69,924,386,581.16
Operating costs	10,056,748,065.70	271,113,106.83	47,212,243,920.46	27,511,727.43	-1,839,925,715.98	55,727,691,104.44
Total profits	670,280,987.60	120,820,852.31	5,464,934,539.27	-299,965,288.92	-36,971,405.88	5,919,099,684.38
Total assets	33,410,461,252.49	1,973,113,111.56	176,859,398,517.34	70,429,922,625.80	-74,038,485,767.28	208,634,409,739.91
Total liabilities	19,155,081,427.81	751,271,038.73	134,926,567,840.20	31,399,720,607.30	-20,517,747,343.80	165,714,893,570.24

XVII. 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 June 30, 2026	Book balance as at January 1, 2026
Within 1 year (including 1 year)	29,311,414.77	46,615,804.58
1 - 2 years		30.55
2 - 3 years		
Over 3 years		
Sub-total	29,311,414.77	46,615,835.13
Less: provision for bad debts	1,224,507.69	2,009,401.48
Total	28,086,907.08	44,606,433.65

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

Monetary Unit: RMB

Type	Balance as at June 30, 2026					Balance as at January 1, 2026				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	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 based on portfolio:	29,311,414.77	100.00%	1,224,507.69	4.18%	28,086,907.08	46,615,835.13	100.00%	2,009,401.48	4.31%	44,606,433.65
Total	29,311,414.77	100.00%	1,224,507.69		28,086,907.08	46,615,835.13	100.00%	2,009,401.48		44,606,433.65

Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2026		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	4,821,260.88		
Accounts receivable with the provision for bad debts made by the aging analysis method	24,490,153.89	1,224,507.69	5.00%
Total	29,311,414.77	1,224,507.69	

Notes to the basis for determining the portfolio:

None

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses:

☐Applicable ☑Not applicable

(3) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2026	Increase or decrease in current period				Balance as at June 30, 2026
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	2,009,401.48		784,893.79			1,224,507.69
Total	2,009,401.48		784,893.79			1,224,507.69

Significant recoveries or reversals of provision for bad debts during the current period:

None

(4) Accounts receivable actually charged off in the current period

None

(5) Top 5 of accounts receivable and contract assets as at June 30, 2026, presented by debtor

Monetary Unit: RMB

Enterprise name	**Balance of accounts receivable as at June 30, 2026**	**Proportion in the total ending balance of accounts receivable**	**Balance of provision for bad debts of accounts receivable as at June 30, 2026**
Entity 1	7,782,778.19	26.55%	389,138.91
Entity 2	4,006,637.78	13.67%	
Entity 3	3,392,081.49	11.57%	169,604.07
Entity 4	2,823,561.77	9.63%	141,178.09
Entity 5	1,720,000.00	5.87%	86,000.00
Total	19,725,059.23	67.29%	785,921.07

2. Other receivables

Monetary Unit: RMB

Item	Balance as at June 30, 2026	Balance as at January 1, 2026
Other receivables	3,988,874,211.94	2,300,726,378.65
Total	3,988,874,211.94	2,300,726,378.65

(1) Other receivables

1) Disclosure by aging

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
Within 1 year (including 1 year)	3,578,621,521.24	1,918,018,473.92
1 - 2 years	64,553,250.00	95,583,250.00
2 - 3 years	186,301,236.13	272,221,236.13
Over 3 years	159,440,986.36	14,940,986.36
Sub-total	3,988,916,993.73	2,300,763,946.41
Less: provision for bad debts	42,781.79	37,567.76
Total	3,988,874,211.94	2,300,726,378.65

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

Monetary Unit: RMB

Type	Balance as at June 30, 2026					Balance as at January 1, 2026				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	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 by credit risk category	3,988,916,993.73	100.00%	42,781.79	0.00%	3,988,874,211.94	2,300,763,946.41	100.00%	37,567.76	0.00%	2,300,726,378.65
Total	3,988,916,993.73	100.00%	42,781.79		3,988,874,211.94	2,300,763,946.41	100.00%	37,567.76		2,300,726,378.65

Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2026		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	3,988,659,848.78		
Accounts receivable with	257,144.95	42,781.79	16.64%

the provision for bad debts made by the aging analysis method			
Total	3,988,916,993.73	42,781.79	

3) Provision for bad debts

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2026	37,567.76			37,567.76
In the current period, balance as at January 1, 2026				
Provision in the current period	5,214.03			5,214.03
Balance as at June 30, 2026	42,781.79			42,781.79

4) Provision, reversal or recovery of provision for bad debts in the current period

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2026	Increase or decrease in current period				Balance as at June 30, 2026
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	37,567.76	5,214.03				42,781.79
Total	37,567.76	5,214.03				42,781.79

Significant reversals or recoveries of provision for bad debts during the current period: None

5) Other receivables actually charged off in the current period: None

6) Category of other receivables by nature

Monetary Unit: RMB

Nature of payment	Book Balance as at June 30, 2026	Book balance as at January 1, 2026
Advances and current accounts	3,987,617,615.76	2,299,476,938.48
Various deposit and security deposit	1,284,486.13	1,284,486.13
Imprest	14,891.84	2,521.80
Total	3,988,916,993.73	2,300,763,946.41

7) Information about the top 5 of other receivables as at June 30, 2026, presented by debtors

Monetary Unit: RMB

Enterprise name	Nature of payment	Balance as at June 30, 2026	Aging	Proportion in the total amount of the ending balance of other receivables (%)	Balance of provision for bad debts as at June 30, 2026
Jiangsu Hongjing New Materials Co., Ltd.	Current amounts	2,246,381,933.32	Within 1 year	56.32%	
Jiangsu Hongwei Chemical Co., Ltd.	Current amounts	700,091,000.00	Within 1 year	17.55%	
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Current amounts	395,842,800.00	Within 1 year	9.92%	
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	Current amounts	324,360,000.00	Within 1 year, 1-2 years, 2-3 years, Over 3 years	8.13%	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Current amounts	182,002,879.33	Within 1 year	4.56%	
Total		3,848,678,612.65		96.48%	

3. Long-term equity investments

Monetary Unit: RMB

Item	Balance as at June 30, 2026			Balance as at January 1, 2026		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investments in subsidiaries	54,091,195,047.08		54,091,195,047.08	53,918,095,047.08		53,918,095,047.08
Investments in associates and joint ventures	11,554,011.74		11,554,011.74	11,553,434.48		11,553,434.48
Total	54,102,749,058.82		54,102,749,058.82	53,929,648,481.56		53,929,648,481.56

(1) Investment in subsidiaries

Monetary Unit: RMB

Investee	Balance (Carrying amount) as at January 1, 2026	Balance of provision for impairment as at January 1, 2026	Increase or decrease in current period				Balance (Carrying amount) as at June 30, 2026	Balance of provision for impairment as at June 30, 2026
			Additional investment	Reduced investment	Provision for impairment	Others		
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		79,000,000.00				37,979,072,645.30	
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		14,100,000.00				17,093,519.91	
Shenghong (Shanghai) New Material Technology	174,000,000.00						174,000,000.00	

Investee	Balance (Carrying amount) as at January 1, 2026	Balance of provision for impairment as at January 1, 2026	Increase or decrease in current period				Balance (Carrying amount) as at June 30, 2026	Balance of provision for impairment as at June 30, 2026
			Additional investment	Reduced investment	Provision for impairment	Others		
Co., Ltd.								
Suzhou Shengze Market Operation and Management Co., Ltd.	331,178,882.06						331,178,882.06	
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.			80,000,000.00				80,000,000.00	
Total	53,918,095,047.08		173,100,000.00				54,091,195,047.08	

(2) Investments in associates and joint ventures

Monetary Unit: RMB

Investee	Balance (Carrying amount) as at January 1, 2026	Balance of provision for impairment as at January 1, 2026	Increase or decrease in current period								Balance (Carrying amount) as at June 30, 2026	Balance of provision for impairment as at June 30, 2026
			Additional investment	Reduced investment	Investment gains and losses 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												
Suzhou Tianjiao Technology Venture Capital Co., Ltd.	11,553,434.48				577.26						11,554,011.74	
Total	11,553,434.48				577.26						11,554,011.74	

The recoverable amount is determined at the net amount of fair value less costs of disposal

☐Applicable ☑Not applicable

The recoverable amount is determined at the present value of estimated future cash flows

☐Applicable ☑Not applicable

4. Operating revenue and operating costs

Monetary Unit: RMB

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
Primary business	365,573,653.36	240,115,726.73	373,387,716.26	232,040,705.84
Other business	31,508,206.84		57,200,757.69	237,394.81
Total	397,081,860.20	240,115,726.73	430,588,473.95	232,278,100.65

5. Investment income

Monetary Unit: RMB

Item	Current period	Prior period
Long-term equity investment income calculated under the equity method	577.26	41,817.36
Investment income from disposal of long-term equity investments		-2,182,345.99
Investment income from disposal of trading financial assets		2,817,331.48
Dividends income from other equity instruments invested during the holding period	4,376,419.57	
Total	4,376,996.83	676,802.85

XVIII. Supplementary information

1. Statement on non-recurring profit or loss in the current period

☑Applicable ☐Not applicable

Monetary Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets	-162,449,436.97	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of the Company, in line with the policies and provisions of the State and those that have continuous influence on the Profits and losses of the Company according to the determined standards)	12,781,789.09	
Profit or loss on changes in fair values of financial assets held for trading and financial liabilities held by non-financial enterprises and profit or loss on the disposal of financial assets and financial	344,433,490.19	

Item	Amount	Description
liabilities, except for effective hedging operations associated with the company's normal operations		
Other non-operating revenue and expenses than the above-mentioned items	13,607,220.67	
Less: affected amount of income tax	22,721,385.29	
Effect on non-controlling interests (net of tax)	1,003,488.61	
Total	184,648,189.08	--

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

☐Applicable ☑Not applicable

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

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

☐Applicable ☑Not applicable

2. 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	12.39%	0.68	0.66
Net profit attributable to ordinary shareholders of the Company after deducting the non-recurring profit or loss	11.88%	0.65	0.63

Jiangsu Eastern Shenghong Co., Ltd.

Chairman: Miao Han'gen

August 28, 2026