

恒力石化股份有限公司 2025年度报告

HENGLI PETROCHEMICAL
2025 ANNUAL REPORT

专注创新品质 创造美好生活
Focus on innovative nature
build a better life



 恒力石化
HENGLI PETROCHEMICAL
股票代码：600346

Letter to Shareholders, Partners and Employees

Dear Shareholders, Partners, and Employees:

As the seasons turn, all things are renewed; dawn is ahead, and our blueprint is ready to unfold. As the vessel of 2025 sails past the lighthouse of time, we pause to look back upon the ocean we have navigated together—an ocean where the undercurrents of a shifting global landscape surged, yet also resounded with the firm echoes of our inward reform and upward climb. This was a year of calibrating our compass amid wind and waves, and of building strength while diving deep. More importantly, it was a journey of weaving glory with sweat and lighting the way forward with resilience.

Tides surge across the world, and the order is being reshaped. Great-power rivalries intertwine and evolve, while geopolitical undercurrents have never ceased. Globalization seeks a new equilibrium amid turbulence, with the shift in economic growth drivers under pressure, and protectionism coexisting with supply chain restructuring. All this tests the wisdom and composure of every enterprise that cherishes far-reaching ambitions. Focusing on China, development is charting new ground under pressure. Behind the 5% economic growth lies the targeted infusion of macro policies, and more importantly, a pivotal leap in the continuous transition from old to new growth drivers. The forward momentum of the nation has laid a solid foundation for our long-term development. And for every striver at Hengli, 2025 was a vivid practice of anchoring direction amid uncertainty and creating value through transformation. We took prudent steps in response to external volatility, and we rejoiced at every internal breakthrough. We have felt the chill of the market, and we understand more clearly than ever—only by deep cultivation of our core business and diligent strengthening of our internal capabilities can we make every step forward warmer and more powerful.

A steady horse accomplishes the journey through unrelenting perseverance. Looking back on 2025, we walked through the mud, endured solitude, and tasted the full spectrum of experience—yet our vision remained bright and our steps unwavering. This was a year of forging ahead through waves, and a year of richly laden branches.

This year, we focused on “Smart Manufacturing Upgrades and a Green Future”, advancing intelligent and green production. Along this journey, we have accumulated a wealth of achievements. Hengli Chemical Fiber was selected as a national “Excellence-Level Intelligent Factory”; Deli Chemical Fiber and Hengke Advanced Materials were recognized as “Jiangsu Province Advanced-Level Intelligent Factories.” Hengli Petrochemical Refining received the “China Water Conservation Award”; Kanghui New Materials was honored as a national-level “Green Factory”; Hengli Petrochemical (Huizhou) was named a provincial-level “Green Factory”; Hengke Advanced Materials received the “Energy Efficiency Leader” title from the Ministry of Industry and Information Technology; and Hengli Petrochemical (Huizhou) was successfully included on the “Water Efficiency Leader” list for the petrochemical

industry. **This year, we cultivated our strengths with precision, forged ahead with determination, and achieved continuous breakthroughs.** Hengli Chemical Fiber led the revision of the national standard for polyester industrial filament yarn. The project “Key Technologies for Industrialization and Modification Applications of PBS-Based Biodegradable Materials”, jointly developed by Kanghui New Materials and Dalian University of Technology, won the Second Prize of Liaoning Provincial Science and Technology Progress Award. Kanghui Nantong was recognized as a national-level “5G Factory.” Hengli Chemical Fiber and Jiangsu Kanghui officially obtained certification for international automotive quality management systems, receiving a “passport” to enter the global automotive supply chain. **This year, we continued to advance the integration of Party building and business operations.** Hengli Chemical Fiber was recognized as a “National Advanced Collective in the Industrial and Information Technology System”; Hengli Petrochemical Refining was honored with the 7th “National Civilized Unit” award; Kanghui New Materials received the “Liaoning Provincial May 1st Labor Certificate”; Hengli Petrochemical (Huizhou) was named a “Guangdong Province Advanced Collective” in 2025; and Deli Chemical Fiber won the “Jiangsu Province Workers' Pioneer” title. **This year, we carried gratitude and responsibility in our hearts, writing the responsibility of a major enterprise with a spirit of public service.** Poverty alleviation, educational support, disaster relief... Hengli's footprint has always been imprinted wherever warmth is needed. Our mission burns bright as a torch; our original aspiration remains firm as bedrock. Time never fails the striver—in 2025, Hengli achieved full-year operating revenue of 200.986 billion yuan and net profit of 7.075 billion yuan, a year-on-year increase of 0.44%. Each business segment continued to demonstrate strong vitality and resilience, delivering a solid and impressive high-score answer. Every honor was forged by hardworking hands; every achievement embodies day-and-night dedication, cross-team collaboration, and the loyalty and commitment of every Hengli member who integrates personal aspirations into the Company's development. Here, we extend our most sincere gratitude to all shareholders, partners, and employees!

Our armor is not yet shed, and the war drums beat once more. Facing 2026, we have already set out. Focusing on our core business, striving for excellence, and racing against the clock—we will ascend to new heights with a brave and steadfast posture, charting a new chapter.

In the year ahead, we will hold fast to our perseverance and jointly build a foundation to last a century. We will continue to center on one purpose, implement two major strategies, consolidate three cornerstones, deeply cultivate four major industries, and strengthen six key systems. We will accelerate innovation and R&D, intensify management reform, and speed up technological progress, driving Hengli toward an even farther future through systematic and sustainable practices. **In the year ahead, we will fortify the foundations of quality, cost, and responsiveness.** We will drive quality beyond “meeting standards” toward “exceeding expectations”, embedding the voice of the customer deep within the DNA of our products. We will uphold the belief that “products are manufactured, not merely inspected.” We will deepen cost management from “cost-cutting and expense reduction” to

“systematic value creation,” implementing full-lifecycle cost control, elevating cost management to value creation. We will upgrade rapid response from “timely reaction” to “agile anticipation,” building an end-to-end visualization system that connects the entire data chain from order to delivery. **In the year ahead, we will Unite our hearts and strengths, fix our sights on the goal, and press forward with sustained effort.** We will closely track key performance indicators and practice the strategy of “production based on sales, and sales driven by production”. We will always uphold the philosophy of “customer-centered, market-oriented, and fully mobilized marketing by all”, breaking free from fixed mindsets. Through relentless striving and efficient collaboration, we will make every effort to achieve our business objectives and create maximum value together.

Having weathered the storms, we finally see the rainbow; all things in the world must be tempered through trials. We are deeply aware that the road ahead may not always be smooth. The macro environment remains intricate and volatile, while micro-level operations still demand that we tackle tough challenges. Yet more importantly, we must see this—economic warmth is returning, market momentum is steadily gathering, and the lamps of confidence are being lit one after another. We aspire to be that flickering, warm spark that captures eternity in a fleeting moment, blending our individual endeavors into the tide of the times, letting glimmers echo one another, and letting faith illuminate faith.

We firmly believe that the cold winter will eventually recede. That is why we are willing to be guardians in the blizzard, pioneers breaking the ice, and light-bearers in the dark night. We firmly believe that the distant shore can be reached. That is why we will plant our faith, courage, and resilience deep into the soil beneath our feet—unafraid of cyclical ups and downs, undaunted by high mountains and long roads. In 2026, let us stir up the passion to forge ahead, never trapped by empty talk, nor indulging in hollow acclaim. Raise high the sail of ideals, grip tightly the oar of practical action, and venture into the farther, more expansive deep blue—to see glory once more, and journey together toward the mountains and seas!

Chairman: 范红卫

April 2026

Important Tips

- I. **The Company's board of directors, directors, and senior managers guarantee that the content of the Annual report is true, accurate, and complete, and that there are no false records, misleading statements, or major omissions, and assume individual and joint legal responsibilities.**
- II. **All directors of the Company attended the board meeting.**
- III. **Zhonghui Certified Public Accountants (Special General Partnership) issued a standard unqualified audit report for the Company.**
- IV. **Fan Hongwei, the person in charge of the Company, Liu Xuefen, the person in charge of accounting work, Zheng Minxia, the person in charge of the accounting department (accounting supervisor), declare that they guarantee the authenticity, accuracy and completeness of the financial report in the annual report.**
- V. **Profit distribution plan for the reporting period approved by the board of directors or plan for capitalization of public reserve funds**

The Company's profit distribution plan for 2025 is as follows: based on the total share capital on the equity distribution registration date, a cash dividend of 0.29 yuan per share (including tax) will be distributed to all shareholders.

This profit distribution plan has been deliberated and approved at the third meeting of the tenth board of directors of the Company, and needs to be submitted to the Company's 2025 annual general meeting of shareholders for consideration.

As of the end of the reporting period, the parent company had unrecovered losses, along with the relevant circumstances and their impact on matters such as dividend distribution.

适用 不适用

VI. Disclaimer of Forward-Looking Statements

适用 不适用

Forward-looking descriptions such as future plans and development strategies involved in this report do not constitute the Company's actual commitment to investors. Investors are requested to maintain sufficient risk awareness and understand the differences between plans, forecasts and commitments.

VII. Whether there is any non-operational occupation of funds by controlling shareholders and other related parties

No

VIII. Whether there is any external guarantee provided in violation of the prescribed decision-making procedures

No

IX. Whether more than half of the directors cannot guarantee the authenticity, accuracy and completeness of the annual report disclosed by the Company

No

X. Significant Risk Warning

During the reporting period, the Company had no particularly significant risks that would have a substantial impact on production and operation.

XI. Others

适用 不适用

This annual report is prepared in Chinese and English respectively. If there is any discrepancy between Chinese and English, the Chinese version shall prevail.

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Reference file directory	Financial statements signed and sealed by the legal representative, person in charge of accounting, and person in charge of the accounting organization (accounting supervisor).
	Original audit report sealed by the accounting firm and signed and sealed by a certified public accountant.
	Original copies of all company documents and announcements publicly disclosed during the reporting period.

Chapter 1 Definitions

I. Definitions

In this report, the terms listed below are defined as follows, unless the context otherwise implies:

Definitions of Frequently-Used Terms		
Reporting Period	Refer to	From 1/1/2025 to 31/12/2025
Company, the Company, or Hengli Petrochemical	Refer to	Hengli Petrochemical Co., Ltd.
CSRC	Refer to	China Securities Regulatory Commission
SSE	Refer to	Shanghai Stock Exchange
《Company Law》	Refer to	《Company Law of the People's Republic of China》
《Securities Law》	Refer to	《Securities Law of the People's Republic of China》
《Articles of Association》	Refer to	《Hengli Petrochemical Co., Ltd. Articles of Association》
Hengli Group	Refer to	Hengli Group Co., Ltd., controlling shareholder of the listed company
Hailaide	Refer to	Hailaide International Investment Ltd., person acting-inconcert with controlling shareholder of the listed company
Tak Shing Li	Refer to	Tak Shing Li International Holdings Ltd., person acting-inconcert with controlling shareholder of the listed company
Hegao Investment	Refer to	Jiangsu Hegao Investment Co., Ltd., person acting-inconcert with controlling shareholder of the listed company
Hengneng Investment	Refer to	Hengneng Investment (Dalian) Co., Ltd., person acting-inconcert with controlling shareholder of the listed company
Hengfeng Investment	Refer to	Hengfeng Investment (Dalian) Co., Ltd., person acting-inconcert with controlling shareholder of the listed company
Huayin Xuyang No. 1	Refer to	Hainan Huayin Tianxia Private Equity Fund Management Co., Ltd. – Huayin Xuyang No. 1 Private Equity Investment Fund, a concerted party of the listed company's controlling shareholder.
Hengli Chemical Fiber	Refer to	Jiangsu Hengli Chemical Fiber Co., Ltd., subsidiary to the listed company
Susheng Thermal Power	Refer to	Suzhou Susheng Thermal Power Co., Ltd., subsidiary to the Hengli Chemical Fiber, sub-subsidiary to the listed company
Hengke Advanced Materials	Refer to	Jiangsu Hengke Advanced Materials Co. Ltd., subsidiary to the Hengli Chemical Fiber, sub-subsidiary to the listed company
Jiangsu Xuanda	Refer to	Jiangsu Xuanda Polymer Materials Co., Ltd., subsidiary to the Hengke Advanced Materials
Deli Chemical Fiber	Refer to	Jiangsu Deli Chemical Fiber Co., Ltd., subsidiary to the Hengli Chemical Fiber, sub-subsidiary to the listed

		company
Kanghui New Material	Refer to	Kanghui New Material Technology Co., Ltd., subsidiary to the listed company
Kanghui Dalian, Kanghui Dalian New Material	Refer to	Kanghui Dalian New Materials Technology Co., Ltd., subsidiary to the Kanghui New Material, sub-subsidiary to the listed company
Jiangsu Kanghui	Refer to	Jiangsu Kanghui New Material Technology Co., Ltd., subsidiary to the Kanghui New Material, sub-subsidiary to the listed company
Kanghui Nantong, Kanghui Nantong New Material	Refer to	Kanghui Nantong New Material Technology Co., Ltd., subsidiary to the Kanghui New Material, sub-subsidiary to the listed company
Hengli Petrochemical Chemical	Refer to	Hengli Petrochemical (Dalian) Chemical Co., Ltd. (now deregistered)
Hengli Investment	Refer to	Hengli Investment (Dalian) Co., Ltd., subsidiary to the listed company
Hengli Petrochemical (Dalian)	Refer to	Hengli Petrochemical (Dalian) Co., Ltd., subsidiary to the Hengneng Investment, sub-subsidiary to the listed company
Hengli Petrochemical (Huizhou)	Refer to	Hengli Petrochemical (Huizhou) Co., Ltd., subsidiary to the Hengneng Investment, sub-subsidiary to the listed company
Hengli Petrochemical Refining	Refer to	Hengli Petrochemical (Dalian) Refining Co., Ltd., subsidiary to the listed company
Hengli Petrochemical (Dalian) New Material	Refer to	Hengli Petrochemical (Dalian) New Material Technology Co., Ltd., subsidiary to the Hengli Petrochemical Refining, sub-subsidiary to the listed company
Crude Oil	Refer to	Crude oil is petroleum directly exploited from an oil well without being processed, and is a dark-brown or dark-green viscous liquid or semisolid flammable substance that is composed of various hydrocarbons.
Aromatic Hydrocarbon	Refer to	A hydrocarbon containing a benzene ring structure in its molecule。Aromatic hydrocarbons, mainly including benzene, methylbenzene, xylene, etc., are one of the most important basic raw materials for the production of petrochemicals。
Ethylene	Refer to	A compound consisting of two carbon atoms and four hydrogen atoms. It is the basic chemical raw material of synthetic fiber, synthetic rubber, synthetic plastic (polyethylene and polyvinyl chloride), synthetic ethanol (alcohol), and also used in manufacturing chloroethylene, styrene, ethylene oxide, acetic acid, acetaldehyde, ethanol, and explosives, etc.
Polyethylene (PE)	Refer to	A thermoplastic resin obtained by polymerization of Ethylene. Polyethylene is odorless, non-toxic, feels like wax, has excellent low temperature resistance, good chemical stability, and is resistant to most acids and alkalis.
POLYPROPYLENE (PP)	Refer to	A semi-crystalline synthetic resin material with strong acid and alkali resistance, excellent electrical insulation performance, harder and higher melting point than PE.
Styrene	Refer to	An organic compound, usually a colorless, aromatic liquid, used primarily in the production of plastics, resins, and rubber.

Butadiene (BD)	Refer to	An organic compound, a colorless gas with a special smell, the main raw material for the production of synthetic rubber.
PARAXYLENE (PX)	Refer to	A kind of Aromatic Hydrocarbon, a colorless transparent liquid, is one of the raw materials for the production of purified terephthalic acid (PTA), which is used to produce plastics, Polyester Fiber and films.
PURIFIED TEREPHTHALIC ACID (PTA)	Refer to	It is white crystal or powder at normal temperature, non-toxic, flammable, if mixed with air within a certain limit, it will burn when exposed to fire.
METHYLENE GLYCOL (MEG OR EG)	Refer to	Colorless, odorless, sweet, viscous liquid, mainly used in the production of Polyester Fiber, antifreeze, unsaturated polyester resin, lubricants, plasticizers, non-ionic surfactants and explosives.
1,4-Butanediol (BDO)	Refer to	Colorless oily liquid, flammable, miscible with water. Soluble in methanol, ethanol, acetone, slightly soluble in ether.
Acetic Acid	Refer to	Organic compound, a colorless liquid with a pungent odor. It is the raw material for the manufacture of rayon, film, aspirin, etc.
DMC, Dimethyl Carbonate	Refer to	A transparent liquid with a slight fragrance at normal temperature. It is safe, convenient, less polluting, and easy to transport in production. It is also widely used in pesticides, medicines, spices, fuel additives, solvents, and the electronics industry.
Polyester, Polyester Chip or PET	Refer to	Polyethylene terephthalate (referred to as polyester) is a fiber-forming high polymer prepared from PTA and MEG as raw materials through transesterification or esterification and polycondensation reactions. Fiber-grade polyester chips are used to make polyester staple fiber and Polyester Filament Yarn (PFY), and film-grade chips are used to make various film products.
PBAT	Refer to	Polybutylene terephthalate-adipate, a petrochemical-based biodegradable plastic, has excellent biodegradability. It is very active in the research of biodegradable plastics and one of the best degradable materials in the market.
PBS	Refer to	Polybutylene succinate, polymerized from succinic acid and 1, 4-butanediol (BDO), has good thermal performance and mechanical processing performance, and is easily destroyed by various microorganisms in nature or animals and plants. Enzyme decomposes, metabolizes, and finally decomposes into carbon dioxide and water, which is a typical fully biodegradable material.
PC, Polycarbonate	Refer to	A type of thermoplastic engineering plastic containing carbonate groups in its molecular backbone. Based on the structure of the ester group, it can be divided into aliphatic, aromatic and other types. It has high transparency, excellent impact resistance, heat resistance, flame retardancy and good electrical insulation. Its light transmittance is close to that of glass and its impact strength is much higher than that of ordinary plastics.
PS, Polystyrene	Refer	Colorless and transparent thermoplastic with a glass

	to	transition temperature above 100°C. It has excellent heat insulation, electrical insulation and transparency, and is widely used in fields such as plexiglass, ABS resin, electronic appliances and other engineering plastics.
ABS, Acrylonitrile-Butadiene-Styrene Copolymer	Refer to	Its characteristics include high impact strength, good chemical stability and electrical properties, making it suitable for manufacturing mechanical parts, wear-resistant parts, transmission parts and telecommunications parts.
Methanol	Refer to	Colorless and transparent liquid with a special odor. It is volatile and flammable, and belongs to the core basic chemical raw materials.
Adipic Acid	Refer to	White crystals, weakly acidic, slightly soluble in water, are a core basic chemical raw material for the production of nylon 66, polyurethane, and polyester, and are also used in the food and pharmaceutical fields.
Sulfur	Refer to	Pale yellow, brittle crystal or powder composed of sulfur, with a distinctive odor. It is insoluble in water, slightly soluble in ethanol and ether, and readily soluble in carbon disulfide. It is widely used in the fields of acid production, rubber, pesticides, medicine, and gunpowder.
HDPE, High-Density Polyethylene	Refer to	A polyethylene product with high density and linear structure formed by the polymerization reaction of ethylene under certain temperature and pressure conditions in the presence of catalysts such as titanium and chromium. It is a white powder or granular product that is widely used in pipes, containers and packaging. It is corrosion resistant and easy to process.
Benzene	Refer to	An aromatic hydrocarbon, which is a flammable, volatile, colorless liquid with a special aromatic odor at room temperature. It is sparingly soluble in water but readily soluble in organic solvents, and can itself be used as an organic solvent.
Liquid Ammonia	Refer to	Colorless liquid with a strong, pungent odor. It is easily soluble in water, corrosive, and volatile.
POM, Polyoxymethylene	Refer to	A thermoplastic crystalline polymer, which is a colorless solid in appearance. It has excellent wear resistance and self-lubricating properties, and its long-term operating temperature is -40~104 °C. It has low moisture absorption and dimensional stability, but it is not resistant to strong acids, strong alkalis and ultraviolet light.
Polyester Fiber	Refer to	Synthetic fiber obtained by spinning polyester obtained by polycondensation of organic dibasic acid and dibasic alcohol. Industrialized mass-produced Polyester Fiber is made of polyethylene terephthalate, and the trade name in China is polyester. It is the largest variety of synthetic fibers at present.
Polybutylene Terephthalate (PBT), PBT	Refer to	Also known as polytetramethylene terephthalate, it is a condensation polymer of terephthalic acid and 1,4-butanediol. It can be obtained by polycondensation through transesterification or direct esterification. Together, PBT and PET are known as thermoplastic polyesters.

Biaxially-Oriented Polyethylene Terephthalate (BOPET), BOPET	Refer to	Biaxially-Oriented Polyethylene Terephthalate (BOPET) has the characteristics of high strength, good rigidity, transparency, high gloss, excellent wear resistance, folding resistance, pinhole resistance and tear resistance, etc.; heat shrinkage is extremely small and has good antistatic properties.
Denier (D)	Refer to	A fiber of 9,000 meters in length weighs 1 gram and is called 1 Denier (D).
Polyester Filament Yarn (PFY)	Refer to	Filament with a length of more than one kilometer, the filament is wound into a ball.
PFY for Civil Use, Textile Yarn	Refer to	Polyester Filament Yarn (PFY) for apparel or home textiles.
PFY for Industrial Use, Industrial Yarn	Refer to	It is a polyester long fiber with high strength, high modulus and large denier used in industrial fields.
Differential Fiber	Refer to	Through chemical modification or physical deformation, mainly to improve the wearing performance, there are great innovations in technology or performance, or new fiber varieties with certain characteristics that are different from conventional varieties.
POY	Refer to	Polyester pre-oriented yarn, full name PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN, is an incompletely drawn Polyester Filament Yarn (PFY) obtained by high-speed spinning with an orientation degree between the unoriented yarn and the drawn yarn.
DTY	Refer to	Stretched textured yarn, also known as polyester stretched yarn, full name DRAW TEXTURED YARN, is made of POY as raw yarn, stretched and false twisted, and often has a certain degree of elasticity and shrinkage.
FDY	Refer to	Full drawn yarn, also known as polyester drawn yarn, full name FULL DRAWN YARN, is a synthetic fiber filament further prepared by spinning and drawing process. The fiber has been fully drawn and can be directly used for textile processing.

Chapter 2 Company Profile and Key Financial Indicators

I. Company information

Chinese Name of the Company	Hengli Petrochemical Co., Ltd
Abbreviation of Chinese Name	恒力石化
Foreign Name of the Company	HENGLI PETROCHEMICAL CO., LTD.
Abbreviation of Foreign Name	HLSH
Legal representative of the Company	Fan Hongwei

II. Contacts and contact information

	Secretary to the Board	Securities Affairs Representative
Name	Li Feng	Wang Shan, Wang Chunshan
Contact Address	Floor 31, Building B, Victoria Plaza, No. 52 Gangxing Road, Renmin Road Street, Zhongshan District, Dalian City, Liaoning Province	Floor 31, Building B, Victoria Plaza, No. 52 Gangxing Road, Renmin Road Street, Zhongshan District, Dalian City, Liaoning Province
Telephone	0411-39865111	0411-39865111
fax	0411-39901222	0411-39901222
E-mail	lifeng@hengli.com	wangshan@hengli.com wangchunshan@hengli.com

III. Basic information

Company registered address	OSBL Project-Public Office Building, No. 298, Changsong Road, Lingang Industrial Zone, Changxing Island, Dalian City, Liaoning Province
Historical changes in the Company's registered address	When the Company was established, the place of registration address was: No. 1 Zhoushuizi Square, Ganjingzi District, Dalian; On June 8, 2009, the place of registration was changed to: No. 18, Yinghui Road, Ganjingzi District, Dalian; On May 27, 2016, the place of registration was changed to: OSBL Project-Public Office Building, No. 298 Changsong Road, Lingang Industrial Zone, Changxing Island, Dalian City, Liaoning Province
Company office address	Floor 31, Building B, Victoria Plaza, No. 52 Gangxing Road, Renmin Road Street, Zhongshan District, Dalian City, Liaoning Province
Postal code of the Company's business address	116001
Company website	https://www.hengli.com/invest/hlsh
E-mail	hlzq@hengli.com

IV. Information disclosure and location

Media name and website of the Company's annual report disclosure	China Securities Journal, Shanghai Securities News, Securities Times, Securities Daily
Website of the stock exchange where the Company discloses the annual report	www.sse.com.cn
The place where the Company's annual report is ready for inspection	Office of the Company's board of directors

V. Company stock profile

Company Stock Profile				
Stock category	Stock exchange	Stock name	Stock code	Stock abbreviation before change
A share	Shanghai Stock Exchange	Hengli Petrochemical	600346	Hengli Stock

VI. Other relevant information

Accounting firm engaged by the Company (Domestic)	Name	Zhonghui Certified Public Accountants (Special General Partnership)
	Office address	Room 601, Building A, Hualian Times Building, No. 8 Xinye Road, Jianggan District, Hangzhou
	Name of signing accountant	Chenxiaohua, Fang Sai

VII. Key accounting data and financial indicators in the past three years
(I) Key accounting data

Unit: ten-thousand-yuan Currency: RMB

Key accounting data	2025	2024	Increase or decrease in this period compared with the same period last year (%)	2023
Revenue from operations	20,098,603.55	23,627,327.65	-14.93	23,479,067.24
Total profit	942,039.23	881,978.57	6.81	887,323.22
Net profit attributable to shareholders of listed company	707,458.24	704,356.82	0.44	690,460.39
Net profit attributable to shareholders of listed company after deduction of non-recurring gains and losses	594,924.70	520,903.24	14.21	599,723.27
Net cash flows from operating activities	3,112,178.85	2,273,256.53	36.90	2,353,579.01
	End of 2025	End of 2024	Increase or decrease at the end of this period compared with the end of the previous year (%)	End of 2023
Net assets attributable to shareholders of listed company	6,677,331.36	6,339,917.72	5.32	5,999,240.10
Total assets	26,225,898.95	27,308,286.99	-3.96	26,059,902.09

(II) Key financial indicators

Key accounting data	2025	2024	Increase or decrease in this	2023
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			period compared with the same period last year (%)	
Basic earnings per share (Yuan/Share)	1.01	1.00	1.00	0.98
Diluted earnings per share (Yuan/Share)	1.01	1.00	1.00	0.98
Basic earnings per share after deducting non-recurring gains and losses (Yuan/Share)	0.85	0.74	14.86	0.85
Weighted average return on equity (%)	10.85	11.48	-0.63 pts	12.24
Weighted average return on equity after deducting non-recurring gains and losses (%)	9.12	8.49	+0.63 pts	10.63

Note of the key accounting data and financial indicators of the Company in the prior three years at the end of the reporting period

适用 不适用

VIII. Differences in accounting data under domestic and overseas accounting standards

(I) Differences between net profit and net assets attributable to shareholders of listed company in financial reports disclosed in accordance with International Accounting Standards and Chinese accounting standards

适用 不适用

(II) Differences between Net profit and net assets attributable to shareholders of listed company in financial reports disclosed in accordance with Overseas Accounting Standards and Chinese Accounting standards

适用 不适用

(III) Note on differences in accounting standards between domestic and overseas:

适用 不适用

IX. Main financial data by quarter in 2025

Unit: ten-thousand-yuan Currency: RMB

	First quarter (January-March)	Second quarter (April-June)	Third quarter (July-September)	Fourth quarter (October-December)
Revenue from operations	5,702,408.57	4,686,322.62	5,349,626.95	4,360,245.41
Net profit attributable to shareholders of listed company	205,093.54	99,916.36	197,242.10	205,206.24
Net profit attributable to shareholders of	123,908.73	105,734.82	188,894.56	176,386.59

listed company after deducting non-recurring gains and losses				
Net cash flows from operating activities	774,551.81	1,173,194.61	65,703.37	1,098,729.06

Explanation of the difference between quarterly data and disclosed periodic report data

适用 不适用

X. Non-recurring gains and losses items and amounts

适用 不适用

Unit: Yuan Currency: RMB

Item of non-recurring gains and losses	Amount in 2025	Notes (if applicable)	Amount in 2024	Amount in 2023
Gain or loss on disposal of non-current assets, including the write-off portion of the provision for asset impairment	-1,504,018.08		1,912,150.11	-4,564,909.89
Government subsidies included in the current profit or loss, except for government subsidies that are closely related to the Company's normal business operations, comply with national policies and regulations, and are continuously enjoyed in accordance with certain standards or quantities	1,642,230,152.61		1,775,850,371.26	638,569,056.98
Except for the effective hedging business related to the Company's normal business operations, gains and losses on fair value changes arising from non-financial enterprises holding financial assets and financial liabilities, as well as gains and losses on disposal of financial assets and financial liabilities	-267,650,745.42		279,690,101.01	431,893,116.94
Fund occupation fees charged to non-financial enterprises included in the current profit or loss				
Profit or loss of entrusting others to invest or manage assets				
Profit or loss from external entrusted loans				
Provision for impairment arising from force majeure such as natural disasters				
Reversal of impairment provision for receivables that have been individually tested for impairment				
The investment cost of the enterprise's acquisition of				

subsidiaries, associates, and joint ventures is less than the return generated by the fair value of the investee's identifiable net assets when the investment is made.				
Net profit of subsidiaries for the period from beginning of the year to date of acquisition by business combination under common control				
Non-monetary assets exchange profit or loss				
Profit or loss of debt restructuring				
One-time expenses incurred by enterprises due to the discontinuation of related business activities, such as the expenditure for resettling employees				
One-time impact on current profit or loss due to adjustments in tax, accounting, and other laws and regulations				
Share-based payment expenses recognized in one time due to cancellation or modification of equity incentive plans				
For cash-settled share-based payments, after the vesting date, the profit or loss arising from the change in the fair value of employee compensation payable				
Profit or loss arising from changes in fair value of investment real estate subsequently measured using the fair value model				
Gains from transactions with unfair transaction prices				
Profit or loss arising from contingencies unrelated to the Company's normal business operations				
Income from custody fees obtained from entrusted operation				
Other non-operating income and expenses other than the above items	116,679,009.91		270,908,669.80	-25,075,119.31
Other profit or loss items that meet the definition of non-recurring profit or loss	2,705,080.13		2,517,138.63	7,339,987.53
Less: Income tax impact	367,088,974.56		496,342,519.52	140,790,996.05
Impact amount of minority shareholders' equity (after tax)	35,110.92		42.95	
Total	1,125,335,393.67		1,834,535,868.34	907,371,136.20

If the Company recognizes items not listed in the "Explanatory Announcement No. 1 on Information

Disclosure by Companies that Offer Securities to the Public - Non-recurring Gains or Losses” as non-recurring gains or losses with significant amounts, and defines the non-recurring gains or losses listed in the “Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Gains or Losses” as recurring gains or losses, the reasons should be explained.

适用 不适用

XI. For companies with equity incentive plans or employee stock ownership plans, the net profit after eliminating the effect of share-based payment may be disclosed as an alternative.

适用 不适用

XII. Items measured at fair value

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Item	Beginning balance	Closing balance	Changes in the period	Amount of impact on profit for the current period
Debt instruments investments	5,387.88	10,582.56	-5,194.68	-
Equity instrument investments	28,365.76	7,732.43	20,633.33	12.50
Derivative financial assets	29,854.63	24,523.04	5,331.59	-8,950.31
Wealth management products and structured deposits	110,241.89	-	110,241.89	68.23
Receivable financing	653,484.88	662,866.38	-9,381.50	-
Derivative financial liabilities	28,223.96	8,809.22	19,414.74	-
Borrowings of precious metals	67,292.29	41,569.50	25,722.79	-9,089.47
Total	922,851.29	756,083.13	166,768.16	-17,959.05

XIII. Others

适用 不适用

Chapter 3 Management Discussion and Analysis

I. Business Activities of the Company during the Reporting Period

The Company's principal business encompasses the production, R&D, and sales of products spanning the entire chain from “a drop of oil and a lump of coal to all things created”—including refining, coal chemical, aromatics, olefins, basic chemicals, fine chemicals, and new materials for various downstream applications. Anchored in the upstream “oil-coal-chemical” integrated mega-chemical platform, the Company is deeply positioned in the rigid consumer markets of “clothing, food, housing, transportation, and daily necessities,” as well as high-growth new materials sectors characterized by high technical barriers and high added value. By continuously strengthening its internal integration advantages, cost moat, and refined management, the Company persistently builds itself into a value-growth listed enterprise grounded in an “oil-coal-chemical platform + filament-film-plastic new materials” strategy.

The Company has established a feedstock conversion system centered on a processing and coupling capacity of 20 million tonnes per annum of crude oil and 6 million tonnes per annum of raw coal. The refining segment's main products include high-end chemical products such as 5.2 million t/a PX, 2 million t/a pure benzene, 1.8 million t/a fiber-grade ethylene glycol, 850,000 t/a polypropylene, 720,000 t/a styrene, 600,000 t/a sulfur, 400,000 t/a high-density polyethylene, 140,000 t/a butadiene, 260,000 t/a PC, 150,000 t/a PS, and 300,000 t/a ABS, along with refined oil products such as gasoline, diesel, and aviation kerosene. The coal chemical segment's main products include distinctive products such as 800,000 t/a methanol, 580,000 t/a liquid ammonia, 1 million t/a acetic acid, 300,000 t/a adipic acid, 80,000 t/a polyoxymethylene, 250,000 t/a high-purity hydrogen, and high-calorific-value methane fuel gas. As a key midstream link, the Company owns and operates globally leading PTA production capacity, with facilities currently built and in operation reaching 16.6 million t/a, making it the most technologically advanced and cost-competitive PTA producer and supplier in the industry. In the downstream new materials and polyester segment, the Company offers a rich variety of products with comprehensive specifications, positioned in the mid- to high-end market. These primarily include series of polyester and new chemical material products such as civil polyester filament yarn, industrial polyester filament yarn, BOPET, PBT, and PBS/PBAT, which are widely used in large-scale, differentiated, and high-value-added industrial manufacturing and consumer sectors including textiles, pharmaceuticals, the automotive industry, environmental protection and new energy, electronics and electrical, photovoltaics, and optical equipment.

Meanwhile, to ensure efficient and stable operations of the industrial park, the Company has built supporting utility facilities with industry-leading energy efficiency. It owns a high-capacity thermal power plant with a total installed capacity of 920MW, supplying approximately 8 billion kWh of low-cost electricity and roughly 94 million tonnes of various grades of steam annually. It is also equipped with two 300,000-tonne crude oil berths, a 6-million-tonne self-owned crude oil tank farm, and comprehensive storage and logistics facilities including various raw material and product berths and storage tanks, significantly reducing production and operating costs.

With the full commissioning of the Company's upstream world-class refining and ethylene key capacities, along with scarce chemical raw materials from coal chemical and fine chemical operations, and the continuous consolidation and expansion of its full value chain advantages, the Company now possesses the “mega-chemical” platform support and raw material matching conditions to extend and

deepen its presence in the mid- to high-end downstream new materials market. Looking ahead, the Company will leverage internal R&D and external industrial collaboration to further extend the chemical materials value chain, actively enter “domestic substitution” and “rigid demand” markets represented by advanced manufacturing, new energy, new consumption, and new materials, and drive the continuous upgrading of the industrial chain toward high-value segments.

Explanation of significant newly-added non-principle business activities of the Company during the reporting period

适用 不适用

II. Industry situation during the reporting period

For details, please refer to the relevant content in Section III, “Discussion and Analysis of Business Operations”.

III. Discussion and Analysis of Business Operations

(I) Macroeconomics overview

In 2025, the final year of the 14th Five-Year Plan period, China's development journey was truly extraordinary. Confronted with an increasingly complex and severe international environment—marked by intensifying major-country rivalries, recurring regional conflicts, rising trade protectionism, and a profound restructuring of the global economic and trade order—the world economy faced sluggish recovery and generally insufficient growth momentum. Against this backdrop, China steadfastly adhered to the general principle of pursuing progress while maintaining stability, unswervingly advanced high-quality development, accelerated the transition from old to new growth drivers, deepened reform and opening-up, and implemented proactive and robust macro policies. The national economy pressed forward under pressure and advanced toward the new, achieving effective qualitative improvement and reasonable quantitative growth, fully demonstrating strong resilience and development vitality. China's annual GDP surpassed 140 trillion yuan for the first time, recording a year-on-year growth of 5.0%, ranking among the fastest-growing major economies, and contributing approximately 30% to global economic growth, continuing to serve as the primary engine of global growth and a stabilizer of supply chains.

2026 marks the opening year of the 15th Five-Year Plan period, as China's development stands at a new historical starting point. Although the external environment is exerting deeper influence and domestic development faces numerous challenges, China's economic foundation is solid, its strengths are pronounced, its resilience is strong, and its potential is deep-seated. The fundamentals underpinning long-term improvement remain unchanged. A comprehensive assessment shows that opportunities outweigh challenges, and favorable conditions exceed adverse factors. In 2026, China's economy enjoys solid support and favorable conditions for sustaining stable and sound growth.

(II) Industry overview

In 2025, China's petrochemical industry continued to forge ahead amid multiple challenges: intensifying international geopolitical rivalries, profound transformation of the global energy landscape, and structural divergence in downstream demand combined to create an overall complex and severe operating environment. In the first half of the year, structural overcapacity contradictions were prominent, “involution-style” competition became white-hot, and the price center for certain products fluctuated downward, markedly squeezing corporate profit margins. In the second half of the year, as the guiding effects of national industrial policies continued to materialize, the industry's supply-demand structure was gradually optimized, capacity consolidation accelerated, and the scale and technological advantages of leading enterprises became further pronounced, deepening the pattern of industry divergence.

As the global industrial landscape undergoes reshaping and the effects of domestic “involution-style” competition governance are progressively realized, the petrochemical industry has entered a new phase where opportunities outweigh challenges overall. The market has gradually

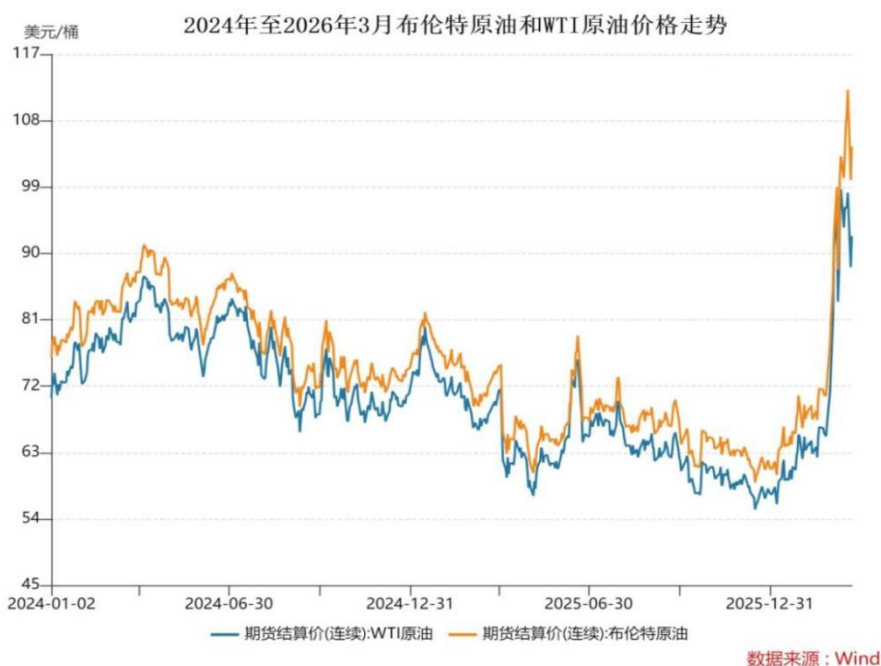
emerged from the earlier “bottom-dwelling” phase, showing a “bottoming-out and recovery” trend, and is now embarking on a new cycle of prosperity.

(III) Analysis of the aromatics-PTA-polyester industry chain

1. Cost factors: crude oil prices bottomed out and rebounded, while thermal coal prices remained stable throughout the year.

As the core source of the aromatics-PTA-polyester industry chain, crude oil price fluctuations directly determine the upstream cost trajectory of the chain. In 2025, crude oil prices generally exhibited a trend of “fluctuating downward in the first half and bottoming out and rebounding in the second half,” with the annual average price declining compared with 2024. The average price of Brent crude oil in 2025 was USD 69.2 per barrel, representing a year-on-year decrease of 14.4%.

In 2025, the domestic coal market saw supply and demand moving toward balance, and thermal coal prices remained stable throughout the year. The marginal impact on costs in the aromatics-PTA-polyester industry chain was limited, and it did not impose additional volatility pressure on the cost side of the chain.



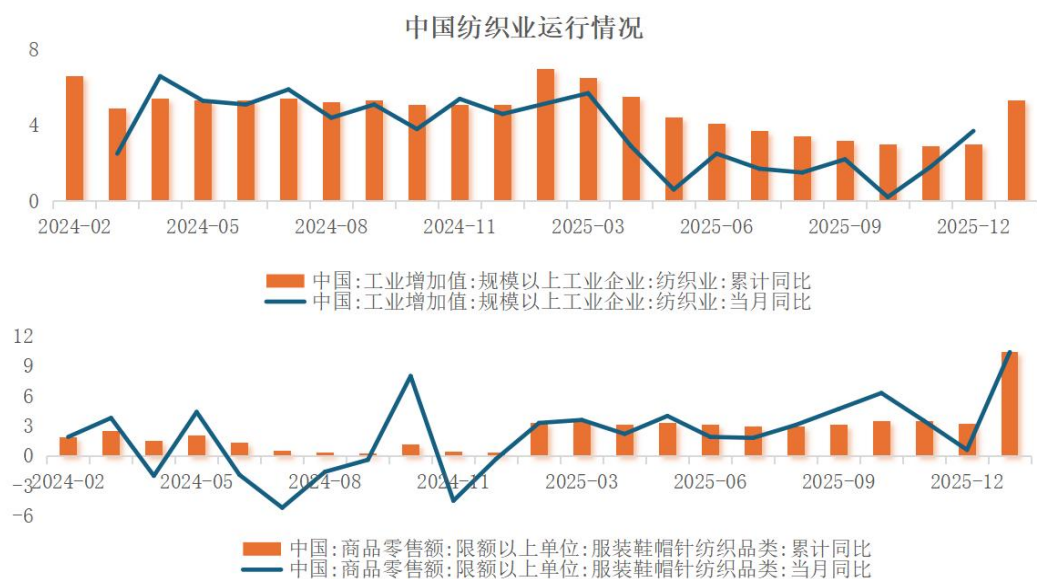
2. Demand-side factors: coordinated improvement in both domestic and external demand across the textile and apparel chain, with notable lag in demand transmission.

In the domestic demand market, sustained consumer stimulus policies in 2025 and the gradual recovery in consumer confidence led to a moderate recovery in the textile and apparel domestic demand market, serving as the core driver underpinning polyester demand. From January to December 2025, retail sales of clothing, footwear, hats, and textiles by enterprises above the designated size grew by 3.2% year-on-year, with the recovery in end-market consumption laying the foundation for the demand side of the industry chain.

In the export market, the gradual recovery of the global economy in 2025 brought marginal improvements in overseas textile and apparel demand. Coupled with favorable factors such as the marginal easing of U.S. tariffs and the cancellation of India's BIS certification, China's textile industry foreign trade pressed ahead under pressure, demonstrating resilience and vitality. According to express statistical data from the General Administration of Customs, China's total export value of textiles and apparel reached USD 293.77 billion in 2025, representing a year-on-year decrease of 2.4%. This comprised textile exports of USD 142.58 billion, a year-on-year increase of 0.5%, and apparel exports of USD 151.18 billion, a year-on-year decrease of 5.0%.

Although both domestic and external demand across the textile and apparel chain showed improvement in 2025, demand transmission remained significantly lagged. The limited absorption

capacity of end-market textile and apparel enterprises meant that the recovery of upstream raw material demand fell short of expectations. The restoration on the demand side of the industry chain displayed a pattern where “the downstream end trailed raw materials, and exports underperformed domestic demand.”



Data source: Wind

3. Product price trends: pronounced differentiation across segments, with fluctuations influenced by multiple factors

Aromatics products remained the most volatile segment in the industry chain throughout the year. In the first half of the year, prices fluctuated sharply due to the dramatic changes in crude oil prices. In the second half of the year, crude oil prices gradually stabilized, and the price fluctuation range narrowed. However, prices were still highly elastic due to the interplay of multiple factors, including the concentrated release of new production capacity, the operation of existing facilities, the impact of imported goods, and changes in downstream demand. Overall, prices showed a trend of opening high and closing low, with the price center shifting downward.

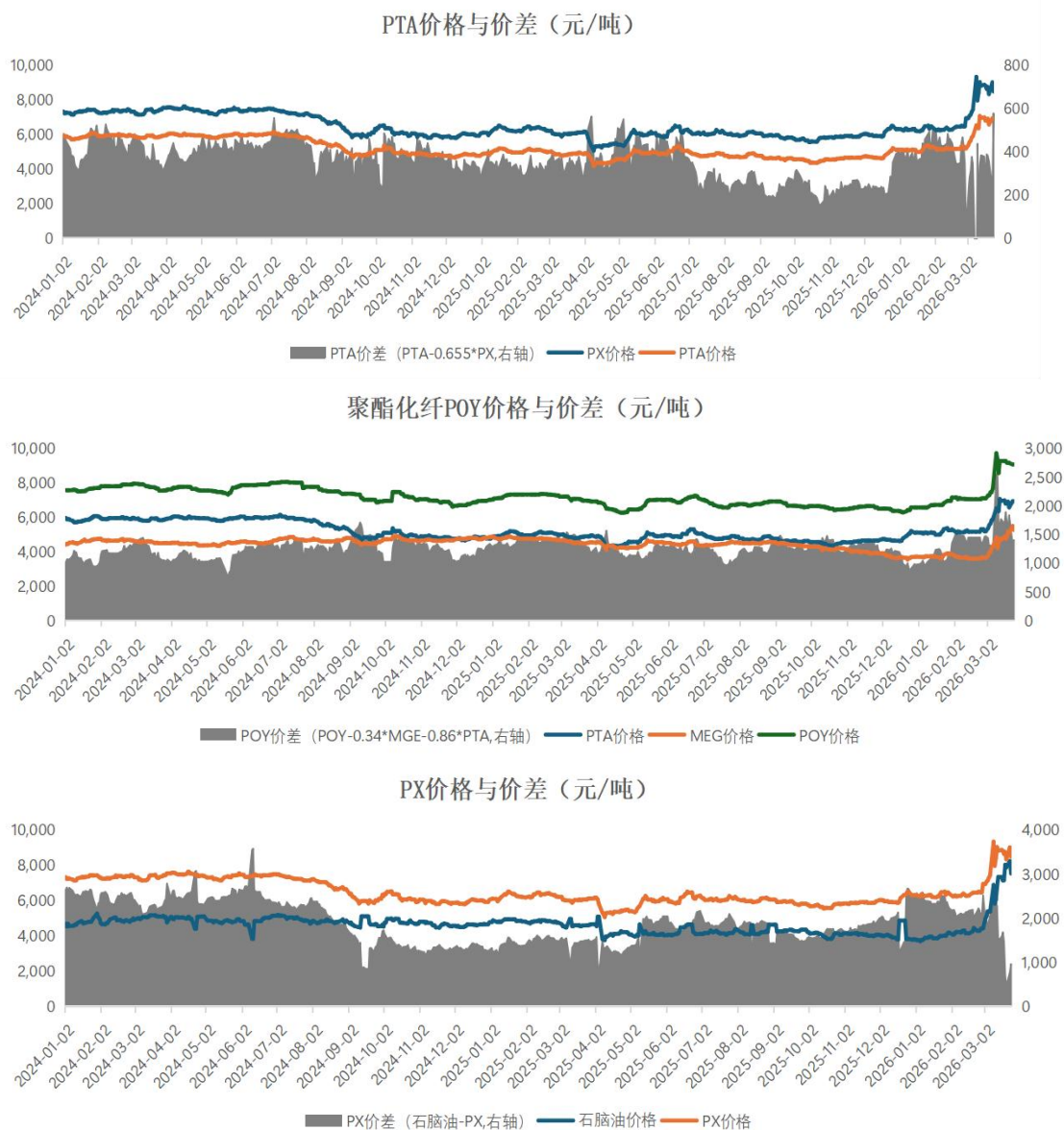
PTA prices fluctuated downwards throughout the year, and industry processing fees remained low. In 2025, PTA industry maintenance increased, and companies alleviated supply and demand pressures by reducing or halting production. In September and October, the PTA industry held two rounds of “anti-involution” discussions, with leading companies taking the lead in reducing production, sending a signal of industry self-discipline. However, this failed to fundamentally change the loose supply and demand situation, and PTA prices remained low and fluctuated.

As a key product connecting upstream raw materials and end-user demand, polyester filament was affected throughout the year by both the cost transmission of PX-PTA and the demand driven by end-user textile and apparel. In the first half of the year, affected by weak end-user demand, the industry's processing fees continued to be under pressure, and the price differences between different varieties such as POY, FDY, and DTY were significant. In the second half of the year, with the gradual recovery of downstream demand, industry self-regulation of production reduction, and the decline in costs, the level of processing fees gradually recovered. Among them, differentiated and high-end varieties such as FDY and DTY improved more than ordinary varieties, becoming the core support for corporate profitability. This profoundly reflects the micro-impact of changes in the prosperity of downstream sub-sectors and order structure on product profitability.

4. Profit distribution along the industry chain: persistent upstream concentration, with notable margin pressure on midstream and downstream segments

Profits along the industry chain continued to concentrate in the upstream aromatics segment, while both the midstream PTA segment and the downstream polyester segment faced significant profit pressure. Although crude oil prices fluctuated downward overall in 2025, PX prices experienced relatively narrow volatility. Coupled with a relatively tight supply-demand balance in its own market,

the PX segment became the best-performing segment in terms of profitability along the aromatics-PTA-polyester industry chain. In the midstream, PTA was affected by loose supply-demand conditions, with processing margins lingering at low levels and profit margins being continuously squeezed. As for the downstream polyester segment, although processing margins saw some recovery in the second half of the year, overall profitability did not achieve significant improvement due to lagging demand transmission, with only high-end differentiated varieties serving as the core support for profitability.



(iv) Olefin chemical industry chain: complex dynamics of divergent end-user demand and structural resilience

In 2025, the polyolefin market exhibited sharply contrasting dynamics—“fire and ice”—under the dual influence of a deep property market adjustment and the rise of emerging industries. On the demand side, traditional sectors were affected by the profound adjustment in the real estate industry, with demand for basic polyolefin products such as pipes and profiles continuing to decline. Although infrastructure sector efforts provided some support to demand, they could not fully compensate for the gap created by the property market downturn. Overall, demand for basic polyolefins remained subdued.

Emerging sectors became the core growth drivers of demand. Sustained growth in both production and sales of new energy vehicles drove rising demand for lightweight polyolefin materials.

In the home appliance sector, benefiting from the release of market replacement demand and improving export conditions, consumption of high-performance polyolefin products steadily increased, while the process of import substitution for high-end materials by leading enterprises accelerated.

In terms of pricing, the trend of polyolefins (PP/PE) was highly correlated with crude oil, experiencing wide fluctuations in the first half and narrow consolidation in the second half. The annual price center shifted slightly downward compared with 2024. Regarding the competitive landscape, prices for high-end modified polyolefins remained firm, with leading enterprises achieving stable profitability by leveraging their technological and value chain advantages. In the basic-grade segment, however, severe product homogenization resulted in significant price competition pressure throughout the year.

(V) Corporate operations overview

As a “new productivity” in the domestic refining and chemical industry, the core advantage of private large-scale refining and chemical industry lies mainly in the cost leadership of super-large refinery Units and the product management of “oil for oil, olefin for olefin, and aromatic for aromatic”. Building upon these achievements, the Company has established itself as an industry benchmark by pursuing operational excellence and continuously reinforcing its core competitive advantages through a cost moat strategy. Key initiatives include sustained cost optimization through internal efficiency improvements and expense reduction and accelerated endogenous growth via high-value-added technical upgrades and premium project development. These measures have served as critical drivers behind Hengli Petrochemical's steady expansion in both operational scale and profitability over the past year.

As the earliest “private large-scale refining and chemical” enterprise in China to put into production, the scale of super-large plants, the synergy of integrated layout, and the aggregation of upstream and downstream production capacity have created a synergistic advantage, which is the main support for Hengli Petrochemical's “cost moat”. Hengli Petrochemical was the first in China to implement the concept of “component refining and molecular refining”, selecting international advanced technical standards, adopting world-leading and maturely applied process packages, and using the best professional green environmental protection sewage treatment technology in the world. The equipment selection requirements are significantly higher than the level of refineries in the same period, and the energy and material consumption, green environmental protection, intrinsic safety, and long-term operation of the plant are effectively guaranteed.

From the perspective of integrated production capacity layout, the listed company has a unique “oil, coal, chemical” deep integration platform in the industry. For the first time in the industry, the four major production capacity clusters of 20 million tonnes of refining, 6 million tonnes of coal chemical, 1.5 million tonnes of ethylene and 12 million tonnes of PTA are arranged in the same industrial park. Various large-scale oil, coal and chemical plants are coupled through pipeline integration in the park to achieve upstream and downstream connectivity, significantly optimizing the redundant transportation, storage and cooling processes, saving a lot of intermediate operating costs and logistics transportation costs. At the same time, the Company has built the largest domestic coal-to-hydrogen plant in the park, which can supply 250,000 tonnes of scarce pure hydrogen raw materials at low cost every year. It has also built a high-power self-contained power plant with a total capacity of 920MW, which is leading in energy efficiency in the industry. It provides a large amount of cheap electricity and steam at all levels for refineries. It has self-operated two 300,000-ton crude oil terminals, 6 million tonnes of self-contained crude oil tank farms, and other various complete raw material, finished product terminals, tank farms, storage and other public works facilities, significantly reducing various production and operating costs.

During the reporting period, in the face of a complex and volatile market environment, the Company closely centered on the core imperative of “unconventional thinking, unconventional intensity, and unconventional measures,” and upheld the work ethos of “putting action first and delivering solid results,” uniting hearts and minds and concentrating its efforts to overcome key challenges. With “quality, cost, and rapid response” as its core competitive strengths, the Company demonstrated strong operational resilience and market adaptability. It consistently adhered to targeted policy implementation, strengthened the coordinated allocation of resources, optimized the production-sales coordination mechanism, and flexibly adjusted the feedstock mix, plant operations,

and product layout to achieve efficient resource utilization and value maximization. The Company seized opportunities with precision, prioritizing high-margin products, and practiced a dynamic adjustment strategy of “producing oil when oil is optimal, olefins when olefins are optimal, aromatics when aromatics are optimal, and chemicals when chemicals are optimal,” fully unleashing the synergistic effects among its refining, petrochemical, chemical, and new materials industrial parks to ensure balanced production and sales and smooth operations. By continuously optimizing the product mix and enhancing its competitiveness in high-end and differentiated products, the Company not only consolidated its advantageous position in traditional sectors but also created new growth opportunities in emerging markets.

The Company achieved operating revenue of 200.909 billion yuan, and net profit attributable to shareholders of the listed company of 7.075 billion yuan, a year-on-year increase of 0.44%. Centering on its annual work targets, the Company advanced all work with high quality and steady progress:

1. Focusing on improving operating quality, deeply tapping the potential across the full value chain, and deploying multiple measures to intensify cost reduction and efficiency gains.

The Company consistently adheres to the philosophy of lean operations, deploying whole-process refined management to continuously improve energy and material consumption levels, thereby building a sustainable, incremental cost-competitive advantage.

On the upstream feedstock side, the Company implemented targeted policies focused on controlling key factor costs and deepened its analysis of raw material market trends. By integrating domestic and international resources, combining strategic reserves with opportunistic procurement, and other measures, it enhanced procurement efficiency. Concurrently, it reasonably managed raw material inventory scales and flexibly utilized financial instruments to mitigate cost fluctuations, achieving dynamic optimization of procurement costs.

On the production side, the Company practiced intensive and meticulous cultivation, empowering specialized production with refined management. It strengthened closed-loop management encompassing routine equipment maintenance and periodic inspections, and through deep mining and systematic evaluation of operating data, precisely traced problems to their root causes and implemented targeted improvements, ensuring plant facilities operated continuously, safely, stably, at full capacity, and optimally. Meanwhile, it focused on deeply optimizing production operations and highly efficient resource conversion, deriving benefits from operations and facilitating transformation through optimization, thereby consolidating the operational fundamentals. It advanced technological and process optimization, key equipment upgrades, and production model innovation, simultaneously improving product quality while continuously reducing per-Unit energy and material consumption, ultimately achieving synergistic optimization and dual enhancement of cost and efficiency. Hengli Refining and Chemical planned and implemented 114 technical renovation and optimization projects throughout the year (57 of which were completed), cumulatively achieving cost reduction and efficiency gains of nearly 1 billion yuan for the full year. Notably, a strategic adjustment of the gas oil Unit's production plan generated annual benefits exceeding 700 million yuan, while an optimization of the overhead stream process for the diesel Unit's fractionation tower, requiring an ultra-low investment of just 19,000 yuan, achieved annual efficiency gains of over 20 million yuan, fully embodying the lean principle of “small investment, large return.”

The downstream new materials segment prioritized optimizing the structure toward high-value-added products, enhancing per-Unit profitability through high-end and differentiated offerings, thereby effectively mitigating the cyclical pressure on commodity products.

On the financing side, the Company actively expanded diversified financing channels to improve quality and efficiency, continuously optimized its capital structure, and focused on reducing the cost of capital. During the reporting period, the Company precisely seized market financing windows and successfully issued three tranches of scientific and technological innovation bonds, with a total issuance size of 2.6 billion yuan and a minimum coupon rate of 1.79%, achieving the Company's most favorable financing cost level in recent years. Through scientific and well-planned financing arrangements, the Company achieved an optimal balance between financing scale and cost-effectiveness. Additionally, the Company received approval for its application to register and issue debt financing instruments (DFI) for non-financial enterprises on a unified basis.

2. Multiple breakthroughs in R&D and innovation, with product value continually enhanced.

The Company has always adhered to the strategy of “innovation-driven development.” Leveraging its specialized R&D platforms and focusing on technological shortcomings and market demands in differentiated functional materials, the Company sustained efforts in cutting-edge technology research and high-end product development, yielding fruitful results in new product R&D across all business segments. Hengli Chemical Fiber pioneered the one-step spinning “three-in-one” stretch yarn, becoming the only domestic enterprise to independently develop and mass-produce hollow stretch yarn (Sapphire) and the only enterprise to mass-produce stretch yarn that mimics acetate fabric on a large scale. Industrial yarn and airbag yarn were successfully commissioned, completing the Company’s full-category layout for automotive fibers. Kanghui New Materials successfully overcame the production bottleneck of protective base film for polarizers, raising the prime product rate from 30% to 90%, and developed high value-added products such as 0.8% low-haze online silicone-coated window film, food-contact-grade PBT resin, and specialty modified PBT for capacitors. At Hengli Refining and Chemical, the HDPE polyethylene Unit successfully developed the premium grade ACP7740F2 and completed the first batch of trial production; the product demonstrated excellent performance and was highly recognized by overseas customers. The polypropylene Unit successfully produced the ultra-transparent grade HL-26UC, a material with outstanding transparency and processing properties widely applicable in high-end injection molding, further filling a gap in the Company’s portfolio for high value-added niche markets.

The Company’s vitality in innovation and R&D continued to surge. As of the end of 2025, a cumulative total of 2,039 domestic and international patents had been granted, with over 300 newly added in 2025 alone, underscoring its sustained innovative momentum. The synergistic results of industry-academia-research collaboration were also notable; the project “Key Technologies for Industrialization and Modification Applications of PBS-Based Biodegradable Materials,” jointly undertaken by Kanghui New Materials and Dalian University of Technology, won the Second Prize of the Liaoning Provincial Science and Technology Progress Award in recognition of its technological breakthroughs and industrial application value.

Concurrently, further breakthroughs were achieved in market access qualifications. Hengli Chemical Fiber and Jiangsu Kanghui successfully obtained certification for international automotive quality management systems, receiving a “passport” to enter the global automotive supply chain. This has laid a solid foundation for expanding into international high-end markets and deepening the Company’s high-end positioning along the industrial chain.

3. Strengthening the bottom line of safety and environmental protection, and leading green and low-carbon development.

Rooted in high-standard design and planning, construction and operations, and detail-oriented management, the Company steadfastly upholds the principles of inherent safety in operations and green, low-carbon management. These principles constitute the lifeline, the bottom line of profitability, and a defining feature that drives the listed company’s stable, efficient, and sustainable development.

The Company continuously reinforced its safety management system to strengthen the foundation for long-term development. It persistently improved its safety governance system characterized by “full participation, tiered management and control, and closed-loop management,” and strictly implemented the safety production responsibility system, forming a complete chain of responsibility where “accountability is assumed at every level, responsibility is borne by every individual, and each person fulfills their own duties.” It normalized online and offline safety training and emergency drills, deepened the two-tier safety inspection mechanism at the Company and workshop levels, and enhanced the dual prevention system encompassing risk tiered control and hidden danger investigation and remediation. By establishing a scientific safety performance appraisal system and a “one-vote veto” accountability mechanism, the Company effectively solidified safety responsibility into each post and onto each individual, preventing and defusing major safety risks at the source, ensuring the long-cycle “continuous, safe, stable, full-capacity, and optimal” operation of its facilities.

The Company deepened its green and low-carbon transformation to empower high-quality development. It actively practiced the philosophy of “green development, circular development, and low-carbon development across the entire value chain,” closely tracking industry development trends

and the pace of technological innovation. Through a series of measures, it achieved energy conservation and sustainable development throughout the entire production process.

During the reporting period, the Hengli (Changxing Island) Industrial Park, centering on its green and low-carbon development goals, established and implemented an integrated energy and carbon management system. By scientifically setting and cascading energy conservation and carbon reduction targets, and routinely conducting energy consumption and carbon emission verification, it ensured the system operated in a standardized and efficient manner. With process optimization, project transformation, and structural adjustment as its core approach, it comprehensively advanced refined energy management and continuously enhanced energy utilization efficiency, providing solid support for the green and low-carbon transformation. Hengli Refining and Chemical implemented a total of nine energy-saving and carbon-reduction technical renovation projects during the year, achieving a reduction in total energy consumption of 43,900 tonnes of standard coal equivalent and a reduction in total carbon emissions of 85,800 tonnes of CO₂ equivalent, with key energy consumption indicators showing steady improvement. Notably, the comprehensive energy consumption for refining, aromatics, and ethylene all remained at industry-leading levels. Hengli Petrochemical (Dalian) New Materials deeply explored the potential for energy-saving technical upgrades in key Units, implementing a targeted series of measures including variable frequency drive retrofits for the maleic anhydride Unit, gas supply optimization, and wastewater co-firing, as well as optimizing the THF recovery process in the PTMEG Unit. These measures cumulatively saved approximately 28,932,400 kWh of electricity per year, reduced steam consumption by 114,100 tonnes per year, equating to an annual saving of approximately 16,200 tonnes of standard coal, and simultaneously reduced emissions by approximately 55,100 tonnes of CO₂ equivalent per year.

While deepening energy-saving technical upgrades on the production side, the Company simultaneously pushed forward with optimizing and upgrading its energy structure, expanding green energy application scenarios across multiple dimensions. The Hengli (Nantong) Industrial Park has completed a 106.5 MW photovoltaic power generation project, generating over 100 million kWh annually, paired with a 60 MW/120 MWh energy storage system to achieve an integrated “solar-storage-charging” system. Kanghui New Materials has built the largest self-generation-for-self-consumption photovoltaic power project in Liaoning Province, with cumulative power generation for 2025 reaching over 45 million kWh.



Hengli (Nantong) Industrial Park Photovoltaic Power Generation Project and Hengli (Nantong) Industrial Park Energy Storage Project

The Company has deeply cultivated green development and earned multiple authoritative recognitions, underscoring its status as an industry benchmark. A cumulative total of seven subsidiaries under the Company have been rated as national-level “Green Factories.” Three enterprises within the Hengli (Dalian Changxing Island) Industrial Park have been honored with the national-level “Energy Efficiency Leader” title for four consecutive years, and their water efficiency performance also ranks among the forefront. Hengli Petrochemical (Huizhou) Co., Ltd. was included on the 2024 list of “Energy Efficiency Leaders” and “Water Efficiency Leaders” in the petroleum and chemical industry for its purified terephthalic acid (PTA) product, winning the product energy efficiency champion, and is the sole enterprise selected as a “Water Efficiency Leader” in this field. Hengke New Materials, as the sole

representative of the polyester filament yarn sub-sector, was named to the MIIT's 2025 list of Energy Efficiency Leaders in Key Industries. Hengli Refining and Chemical was recognized as an Advanced Collective at the inaugural China Water Conservation Award, the only industrial enterprise in Liaoning Province to receive this honor.



Hengli (Dalian Changxing Island) Industrial Park

4. Deeply empowered by smart manufacturing, strengthening the foundation for industrial advancement.

The Company has accelerated the integration of digitalization and intelligent technologies, driving comprehensive improvements in operational efficiency through technology upgrades. Leveraging its independently developed HENGLINK industrial internet platform, Hengli Chemical Fiber has achieved deep interconnection between equipment and systems, integrating ERP, MES, DCS, WMS, product appearance inspection systems, and the customized Hengli Cloud Commerce platform. This has built a service system based on massive data collection, aggregation, and analysis, supporting the full connectivity, elastic supply, and efficient allocation of manufacturing resources. As a result, it has established an intelligent and efficient operation model that spans the entire process from planning and scheduling, production control, and product inspection, to packaging, storage, and sales services.

During the reporting period, the Company's smart manufacturing development garnered further significant accolades: Kanghui Nantong was successfully included in the National 2025 5G Factory Directory; Hengli Chemical Fiber, Hengke New Materials, and Deli Chemical Fiber were selected for the 2025 Jiangsu Province Advanced-Level Intelligent Factory list; and Hengli Chemical Fiber was honored with the title of National Advanced Collective in the Industrial and Information Technology System, issued by the Ministry of Industry and Information Technology, and successfully named a National 2025 Excellence-Level Intelligent Factory. These achievements fully demonstrate that the smart manufacturing level of the Company's polyester fiber segment has ascended to the ranks of national excellence.



Texturing intelligent production workshop and industrial yarn intelligent production workshop

5. Strengthening talent team development and stimulating the organization's internal impetus.

The Company has always adhered to the philosophy that “talent is the primary resource,” deeply implementing the strategy of strengthening the enterprise through talent, and systematically building a high-caliber, specialized talent pipeline. By strengthening team-building mechanisms, the Company continuously cultivated and promoted the Hengli spirit of “Unity, innovation, excellence, and accountability,” deeply nurturing a distinctive Hengli corporate culture. This effectively ignited a sense of ownership and passion for striving among all employees, building powerful organizational cohesion and collective strength.

In terms of talent cultivation, the Company established a tiered and categorized training system, formed an internal instructor team, and developed core course resources. It further advanced mechanisms such as mentorship programs and cross-departmental job rotation and exchange, and systematically carried out training for professional skill enhancement, management capability advancement, and innovative thinking. This achieved a dual enhancement of employees' comprehensive competence and business capabilities.

The Company refined its incentive mechanism oriented toward value contribution, optimizing the compensation distribution and performance appraisal system to drive more precise human resource allocation and more effective incentives. Concurrently, it deepened employee care and development support, continuously improving the working environment for frontline staff and strengthening occupational health protection. It also opened up dual career development paths encompassing both management and technical tracks, effectively enhancing employees' sense of belonging, recognition, and fulfillment, thereby injecting solid and enduring soft power into the Company's high-quality development.

IV. Analysis of core competitiveness during the reporting period

适用 不适用

1. Strategic leadership in entire industry chain development

The Company is the industry leader in implementing the strategy of full industry chain development for polyester new materials in China. It actively promotes the coordinated and balanced development of various business segments and vigorously expands high-end capacity in the upstream and downstream. The Company is committed to building a world-class integrated platform for the entire industry chain, from “crude oil-aromatics, olefins-PTA, ethylene glycol-polyester-civil filament, industrial filament, films, plastics.” The Company has established a feedstock conversion system centered on a processing and coupling capacity of 20 million tonnes per annum of crude oil and 6 million tonnes per annum of raw coal, achieving strategic breakthroughs in key capacity segments including refining, coal chemicals, aromatics, olefins, basic chemicals, and fine chemicals. The Company has become the first enterprise in the industry to achieve integrated operation and development of the entire industry chain from “crude oil-aromatics, olefins-PTA, ethylene glycol-polyester new materials.”

With the sequential construction and operation of newly built capacities, such as PTA, chemical new materials, PBS/PBAT biodegradable new materials, the Company continuously upgrades and optimizes its industrial model, consolidates and expands the advantages of each link's production capacity, promotes the quantitative change in business scale, and the qualitative change in business structure. It establishes a strategic leadership advantage in adapting to the high-quality competitive situation of the industry's full industry chain collaboration, production capacity structure quality, equipment scale cost, technological process accumulation, project start-up speed, and the development of listed platforms.

2. Comprehensive operational advantage of scale, technology, and support

The Company continuously introduces internationally leading production equipment and mature technology packages, digests, absorbs, and utilizes them, and continuously innovates and improves technology and processes. It has established a high-quality and efficient production capacity structure and supporting public engineering in the upstream, midstream, and downstream of the polyester new materials industry chain, characterized by “large-scale equipment, large-scale production capacity, integrated structure, advanced technology, green and environmental protection, and comprehensive supporting facilities.” Whether it is individual equipment, total production capacity, or production processes, the Company is at the industry's leading processing scale and technological level. This ensures the Company's advantages in Unit investment cost, material and energy consumption saving, Unit processing cost, product delivery cycle, product quality, and diversification. Moreover, the Company has the most comprehensive supporting capabilities in the industry, including power supply, energy, ports, terminals, tank farms, storage, and transportation. It stands out in terms of comprehensive cost savings, service quality performance, and operational efficiency improvement. The complementary relationships among refining, petrochemicals, and coal chemicals in the industrial park form an efficient synergy of operations and costs. The refining business has the largest coal-to-hydrogen Unit in the country, producing low-cost coal chemicals such as pure hydrogen, methanol, acetic acid, and synthesis gas. In addition, the advantages of raw material and product storage and transportation systems greatly enhance the operational flexibility and comprehensive cost advantages of projects.

3. Market competitive advantage driven by high-end research and development

The Company follows a development path that emphasizes market differentiation, high-end technology, and large-scale facilities while integrating business operations. It has a long-term accumulated market-technology innovation mechanism and has established an international R&D team and a high-level scientific research platform. Its technological research and development strength and innovation capability in new products are leading in the industry. The Company can quickly respond to the latest market consumption demand changes and has a stable reserve of mid-to-high-end customer resources. The four main operating entities of the Company, Hengli Fibre, Deli Fibre, Hengke New Materials, and Kanghui New Materials, are all national high-tech enterprises. Through fine management of the production process and continuous improvement of technology and processes, the Company has independently developed and accumulated a series of differentiated and functional products, holds numerous production patents for various products, and has gained wide market recognition. The Company's products are superior to competitors in terms of quality and stability. The Company has absolute technological advantages and process accumulation in functional films and civil polyester filament, forming a competitive moat that is difficult to replicate in the industry in the short term.

4. Efficient management advantage of intelligence and lean manufacturing

The Company strives to promote the deep integration of “Internet, big data, artificial intelligence, and the real economy” and develop advanced manufacturing capacity to regenerate internal growth momentum. It regards “intelligent interconnection” as an important entry point for industrial upgrading and transformation. By gradually implementing methods such as “machine replacing human”, “automatic equipment change”, “complete set replacement of single machine”, and “intelligence replacing digitization”, the Company transforms its development model from relying on “population dividends” to “technology dividends”. Through the integration and application of intelligent manufacturing, the Internet, and the Internet of Things, the Company continuously improves the level of intelligent manufacturing throughout the entire process. It seamlessly integrates key links such as control, research and development, manufacturing, business management, and finance through self-developed product testing systems, automatic barcode systems, intelligent warehousing systems, and sales systems, and interfaces with ERP systems to achieve product traceability and full-process control. This promotes the Company's transformation from “manufacturing” to “intelligent manufacturing” and from single business management to highly synergistic operation of the industrial chain. The Company continuously enhances refined management and cost control capabilities, adhering to meticulous daily operation management and implementing cost optimization imperceptibly through internal potential tapping and cost reduction/efficiency improvement initiatives. In terms of sales model, the Company maintains an integrated production-trade approach, characterized by “sales-frontloaded positioning, sales-led production, and production-driven sales”. By implementing market-oriented sales mechanisms and performance-based sales team incentives, this interconnected production-sales mechanism maximizes sales profits while ensuring real-time information synergy across production, distribution, and demand sectors. This enables the Company to capture market opportunities, maintain low-to-zero inventory operations, and ensure rapid market response capabilities. Through “high-quality products and efficient services”, the Company has built an impregnable and unassailable moat for its production-sales system, continuously heightening customer trust and loyalty. To date, the Company has accumulated over 20,000 long-term downstream clients.

5. Accumulated talent management advantage

The Company has formed a multidisciplinary and multi-professional scientific research team, including disciplines such as refining, petrochemicals, polymer materials, chemical fiber engineering, textile engineering, electrical engineering, etc. Its scientific research and development capabilities are ahead of domestic peers. While introducing external talents, the Company attaches great importance to the cultivation of internal talents and provides a good career development path for employees. The Company has also established a sound internal training system, covering research and development, production, sales, management, and other aspects, and has cultivated a large number of backbone personnel.

V. Main operating information during the reporting period

As of the end of 2025, the Company's total assets were 262.259 billion yuan, a year-on-year decrease of 3.96%, and the net assets attributable to shareholders of listed companies were 66.773 billion yuan, a year-on-year increase of 5.32%.

In 2025, the Company achieved operating revenue of 200.986 billion yuan, a year-on-year decrease of 14.93%; and net profit attributable to shareholders of listed companies of 7.075 billion yuan, a year-on-year increase of 0.44%.

(I) Analysis of Primary Operations

1. Analysis of changes in items related to income statement and cash flow statement

Unit: ten-thousand-yuan Currency: RMB

Item	Amount in the reporting period	Amount in the same period of last year	Variance (%)
Revenue from operations	20,098,603.55	23,627,327.65	-14.93
Cost of sales	17,456,846.73	21,298,333.19	-18.04
Selling expenses	29,107.33	32,643.15	-10.83
Administrative expenses	249,626.62	220,467.53	13.23
Financial expense	438,339.20	523,363.41	-16.25
Research and development expenses	162,569.49	170,288.42	-4.53
Net cash flows from operating activities	3,112,178.85	2,273,256.53	36.9
Net cash flows from investing activities	-914,943.53	-2,090,226.50	Not applicable
Net cash flows from financing activities	-2,332,273.02	781,728.10	-398.35

Reasons for the change in net cash flows from operating activities: this was mainly attributable to the decline in cash operating costs outpacing the decline on the revenue side, combined with a substantial increase in customer reserve funds received in the futures brokerage business during the period.

Reasons for the change in net cash flows from financing activities: this was mainly attributable to an increase in cash paid for the repayment of bank borrowings.

Detailed description of major changes in the Company's business type, profit composition or profit source in the current period

适用 不适用

2. Revenue and cost analysis

适用 不适用

None

(1). Segmentation of main business by sector, product, region, and sales model

Unit: ten-thousand-yuan Currency: RMB

Segmentation of main operations by sector						
By sector	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year change of revenue (%)	Year-on-year change of cost of sales (%)	Year-on-year change of gross margin (%)
Petrochemical industry	19,148,269.02	16,605,907.91	13.28	-12.18	-15.11	+3.01 pts
Other industries	718,704.87	656,298.69	8.68	-55.28	-58.62	+7.39 pts
Segmentation of main operations by product						
By product	Revenue from	Cost of sales	Gross	Year-on-year	Year-on-year	Year-on-year

	operations		margin (%)	change of revenue (%)	change of cost of sales (%)	change of gross margin (%)
Refining products	9,428,140.44	7,456,303.09	20.91	-12.81	-20.63	+7.78 pts
PTA	5,722,556.91	5,445,953.60	4.83	-16.00	-17.25	+1.44 pts
Polyester products	3,997,571.67	3,703,651.22	7.35	-4.29	3.24	-6.76 pts
Others	718,704.87	656,298.69	8.68	-55.28	-58.62	+7.39 pts
Segmentation of main operations by region						
By region	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year change of revenue (%)	Year-on-year change of cost of sales (%)	Year-on-year change of gross margin (%)
Domestic	18,084,387.86	15,504,002.10	14.27	-11.95	-15.24	+3.33 pts
Overseas	1,782,586.03	1,758,204.50	1.37	-37.92	-38.45	+0.85 pts

Description of main business by industry, by product, by region, and by sales model

Revenues, costs and gross margins for refined products, PTA and polyester products include sale revenues, purchase costs and gross margins.

(2). Production and sales volume analysis table

适用 不适用

Main products	Unit	Production volume	Sales volume	Inventory	Production volume increased or decreased compared to the previous year (%)	Sales volume increase/decrease compared to the previous year (%)	Inventory level change compared to the previous year (%)
Refined products	10,000 tonnes	2,449.56	1,962.58	55.85	-3.92	-1.72	7.67
PTA	10,000 tonnes	1,715.98	1,362.20	19.78	1.92	-0.39	8.68
New material products	10,000 tonnes	662.31	565.75	39.54	1.75	0.28	10.39

Production and sales volume description

1. New material products include polyester new materials, engineering plastics, functional films, and biodegradable new materials, etc.
2. Refining sales volume of chemical products and PTA includes trade volume, but excludes internal company consumption.

(3). Performance of major procurement contracts and major sales contracts

适用 不适用

(4). Cost analysis

Unit: ten-thousand-yuan Currency: RMB

By sector							
By sector	Cost composition	Amount in the reporting	Proportion in total	Amount in the same period of last	Proportion in total	Year-on-year change (%)	Explanation

		period	costs of the reporting period (%)	year	costs of the same period of last year (%)		
Petrochemical industry	Direct materials	14,992,542.95	86.85	18,009,863.68	85.16	-16.75	
	Direct labor	193,361.12	1.12	184,906.12	0.87	4.57	
	Power fuel	643,274.74	3.73	673,977.61	3.19	-4.56	
	Manufacturing expenses	776,729.10	4.50	693,818.47	3.28	11.95	
Other industries	Direct materials	398,858.50	2.31	1,406,738.21	6.65	-71.65	
	Direct labor	25,974.09	0.15	36,313.82	0.17	-28.47	
	Power fuel	138,714.55	0.80	53,407.94	0.25	159.73	
	Manufacturing expenses	92,751.55	0.54	89,734.54	0.42	3.36	
By product							
By product	Cost composition	Amount in the reporting period	Proportion in total costs of the reporting period (%)	Amount in the same period of last year	Proportion in total costs of the same period of last year (%)	Year-on-year change (%)	Explanation
Refining products	Direct materials	6,579,644.46	38.12	8,535,509.02	40.36	-22.91	
	Direct labor	71,348.22	0.41	68,087.12	0.32	4.79	
	Power fuel	308,494.82	1.79	321,124.30	1.52	-3.93	
	Manufacturing expenses	496,815.59	2.88	469,396.86	2.22	5.84	
PTA	Direct materials	5,168,571.93	29.94	6,292,343.58	29.75	-17.86	
	Direct labor	26,003.05	0.15	25,373.74	0.12	2.48	
	Power fuel	118,092.36	0.68	145,521.79	0.69	-18.85	
	Manufacturing expenses	133,286.26	0.77	117,764.67	0.56	13.18	
Polyester products	Direct materials	3,244,326.56	18.79	3,182,011.08	15.05	1.96	
	Direct labor	96,009.85	0.56	91,445.26	0.43	4.99	
	Power fuel	216,687.56	1.26	207,331.52	0.98	4.51	
	Manufacturing expenses	146,627.25	0.85	106,656.94	0.50	37.48	
Others	Direct materials	398,858.50	2.31	1,406,738.21	6.65	-71.65	
	Direct labor	25,974.09	0.15	36,313.82	0.17	-28.47	
	Power fuel	138,714.55	0.80	53,407.94	0.25	159.73	
	Manufacturing expenses	92,751.55	0.54	89,734.54	0.42	3.36	

Explanation of cost analysis and other situations

None

(5). Changes in consolidation scope due to significant equity changes in subsidiaries during the reporting period

适用 不适用

(6). Significant changes or adjustments in business, products, or services during the reporting period

适用 不适用

(7). Key sales customers and key suppliers' situations

Customers or suppliers controlled by the same controlling party are consolidated and presented as the same customer or supplier, except for those under the actual control of the same state-owned asset management institution.

Explanation of the following customer and supplier information consolidated and presented on a same-control basis:

None

A. Overview of key sales customers and key suppliers

适用 不适用

The sales revenue from the top five customers amounted to 17.90 billion yuan, accounting for 8.91 % of the total annual sales. Among the sales revenue from the top five customers, there were no sales made to related parties, representing 0% of the total annual sales.

The purchasing amount from the top five suppliers amounted to 50.65 billion yuan, accounting for 7.25 % of the total annual procurement. Among the purchasing amount from the top five suppliers, there were no purchases made from related parties, representing 0% of the total annual procurement.

B. Situations where the sales ratio to a single customer during the reporting period exceeds 50% of the total, there are new customers among the top 5 customers, or the Company is heavily dependent on a small number of customers

适用 不适用

During the reporting period, the proportion of purchases from a single supplier in the Reporting Period exceeds 50% of the total, and there are new suppliers among the top 5 suppliers or heavy reliance on a small number of suppliers

适用 不适用

C. During the reporting period, the Company's shares were subject to delisting risk warning or other risk warnings

Top five sales customers

适用 不适用

Top five suppliers

适用 不适用

D. The Company had revenue from trading business during the reporting period

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Trading operations	Current period	Previous period	Change in current
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	operating revenue	operating revenue	period operating revenue compared to the previous period (%)
Crude oil and chemical product trade	1,542,617.09	2,432,634.73	-36.59

The top five sales customers whose trading business revenue exceeding 10% of operating revenue

适用 不适用

The top five suppliers whose trading business revenue exceeding 10% of operating revenue

适用 不适用

Other notes:

None

3. Expenses

适用 不适用

4. Research and development investment

(1). Table of research and development investment status

适用 不适用

Unit: hundred-million-yuan Currency: RMB

Expensed research and development investment in the current period	16.26
Capitalized research and development investment in the current period	
Total R&D investment	16.26
Percentage of research and development investment to operating revenue (%)	0.81
Percentage of capitalized research and development investment to total research and development investment (%)	-

(2). Research and development personnel statistic

适用 不适用

Number of R&D personnel	4,348
R&D personnel ratio (%)	11.64
Educational background of R&D personnel	
Education	Number of people
PhD Candidates	11
Master's degree	139
Bachelor degree and below	4,198
Age distribution of R&D personnel	
Age	Number of people
Under 30 years old (30 excluded)	1,695
30-40 years old (30 included, 40 excluded)	1,851
40-50 years old (40 included, 50 excluded)	631
50-60 years old (50 included, 60 excluded)	161
60 years and above	10

(3). Explanation
 适用 不适用

(4). Reasons for the significant changes in the composition of R&D personnel and their impact on the Company's future development
 适用 不适用

5. Cash flow
 适用 不适用

(II) Explanation of significant changes in profits due to non-core business
 适用 不适用

(III) Analysis of assets and liabilities
 适用 不适用

1. Assets and liabilities status

Unit: ten-thousand-yuan Currency: RMB

Item	Closing balance of current period	Ratio of closing balance of current period to total assets (%)	Closing balance of previous period	Ratio of closing balance of previous period to total assets (%)	Percentage change in closing balance compared between current period to previous period (%)	Explanation
Financial assets held for trading	173,850.15	0.66	42,838.04	0.16	305.83	This period saw new investments of 1.1 billion yuan in wealth management products and 280 million yuan in fund trust products.
Notes receivable	913.97	0.00	2,860.13	0.01	-68.04	The number of commercial paper bills received at the end of this period decreased.
Prepayment	142,270.30	0.54	243,212.77	0.89	-41.50	Decrease in prepaid material purchases at the end of the period
Other receivables	93,905.24	0.36	44,129.60	0.16	112.79	Increase in deposit/security deposit paid at the end of the period
Right of use assets	9,510.45	0.04	43,604.88	0.16	-78.19	The current ship charter contract has terminated.
Other non-current assets	57,809.12	0.22	134,870.86	0.49	-57.14	Prepayments for long-term asset purchases decreased this period.
Trading financial	95,516.25	0.36	50,378.73	0.18	89.60	Losses on unsettled derivative contracts

liabilities						increased at the end of the period.
Notes Payable	388,952.85	1.48	1,144,730.63	4.19	-66.02	The number of invoices issued for payment of goods decreased at the end of this period.
Contractual liabilities	1,028,047.93	3.92	723,704.15	2.65	42.05	The increase in advance sales revenue at the end of this period
Taxes payable	203,463.29	0.78	102,252.25	0.37	98.98	The income tax and consumption tax payable this period increased.
Other current liabilities	855,227.51	3.26	638,684.07	2.34	33.90	The deferred output VAT corresponding to advance sales receipts increased in this period.
Lease liabilities	6,360.34	0.02	30,479.59	0.11	-79.13	The current ship charter contract has terminated.
Long-term payables	145,631.99	0.56	230,178.41	0.84	-36.73	This period's repayment of finance lease payments
Special reserves	36,995.19	0.14	27,924.34	0.10	32.48	The current period's special reserve allocation is less than its usage, and the balance continues to increase.

Other notes:

None

2. Overseas assets status

适用 不适用

(1). Asset scale

Including: Overseas assets 100.87(Unit: hundred million yuan Currency: RMB), accounting for 3.85% of total assets.

(2). Explanation of a higher proportion of overseas assets

适用 不适用

3. Major assets under restriction at the end of the reporting period

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Item	Book value at year end	Reason of restriction
Cash and bank balances	631,976.29	Pledge to obtain financing credit from financial institutions
Cash and bank balances	253.45	Security deposits for trading in futures and financial derivatives
Receivables Financing	379,455.62	Pledge to obtain financing credit from financial institutions
Fixed assets	7,019,175.34	Mortgage to obtain financing credit from financial institutions
Fixed assets	454,857.11	Mortgage used to secure sale and leaseback contracts

Intangible assets	412,476.69	Mortgage to obtain financing credit from financial institutions
Construction in progress	1,553,671.10	Mortgage to obtain financing credit from financial institutions
total	10,451,865.60	

4. Other notes

适用 不适用

(IV) Analysis of industry operating information

适用 不适用

1. Industry Overview

(1). Industry policies and their changes

适用 不适用

① “Work Plan for Stabilizing Growth in the Petrochemical and Chemical Industry (2025–2026)”

In September 2025, the Ministry of Industry and Information Technology, together with six other departments, jointly issued the Work Plan for Stabilizing Growth in the Petrochemical and Chemical Industry (2025–2026). The Plan sets out the following main objectives: during 2025–2026, the industry's value-added is to grow at an average annual rate of over 5%; economic returns are to stabilize and recover; industrial technological innovation capabilities are to be significantly enhanced; levels of fine chemical extension, digital empowerment, and inherent safety are to be continuously raised; synergistic efficiency in pollution reduction and carbon abatement is to be markedly improved; and chemical parks are to advance from standardized construction toward high-quality development.

The Work Plan puts forward the following measures: First, strengthen industrial technological innovation and enhance high-end supply. Focusing on the needs of key industrial chains such as integrated circuits, new energy, and medical equipment, it supports tackling key products in fields including electronic chemicals, high-end polyolefins, high-performance fibers, and high-performance membrane materials. Second, expand effective investment and promote transformation and upgrading. It strengthens the planning and layout guidance for major petrochemical and modern coal chemical projects, strictly controls new refining capacity, reasonably determines the scale and pace of new ethylene and para-xylene capacity additions, and guards against the risk of overcapacity in the coal-to-methanol industry. In the refining sector, the requirement for capacity reduction replacement for new refining projects is to be strictly enforced, with key support directed toward the retrofitting of old petrochemical plants, the industrialization demonstration of new technologies, and “oil-to-chemical” projects at existing refining and chemical enterprises. It calls for implementing safety-related retrofits, accelerating digital and green transformation, launching an “AI + Petrochemical and Chemical” initiative, accelerating the construction of high-quality industry datasets, and supporting enterprises in strengthening the intelligent retrofitting and adaptation of key equipment. It also supports enterprises in intensifying efforts to conserve energy and water and reduce pollution and carbon emissions, and in carrying out upgrades to key energy- and water-consuming equipment, as well as the source reduction, harmless treatment, and comprehensive utilization of solid wastes such as phosphogypsum. Third, expand market demand and unlock market potential. It calls for organizing supply-demand matchmaking events for petrochemical and chemical products, promoting the establishment of long-term and stable cooperative relationships between producers of synthetic resins, coatings, tires, etc., and downstream users in the construction, automotive, and shipbuilding sectors, thereby improving supply-demand compatibility in traditional fields. It also actively expands applications of new energy battery materials, carbon fiber and its composite materials, and specialty engineering plastics in emerging sectors such as new energy, the low-altitude economy, and humanoid robotics.

② “Implementation Plan for the Innovative Development of the Fine Chemical Industry (2024-2027)”

In July 2024, the Ministry of Industry and Information Technology, the National Development and Reform Commission, the Ministry of Finance, and six other departments jointly issued the Implementation Plan for the Innovative Development of the Fine Chemical Industry (2024–2027). The Plan points out that, centering on the needs of new energy, new materials, biotechnology, industrial machine tools, and medical equipment, collaborative innovation should be carried out through mechanisms such as “open competition for the best candidates” and “horse-racing mechanisms” to enhance the supply capacity of key products in fields including high-end polyolefins, synthetic resins and engineering plastics, polyurethanes, high-performance fibers, and high-performance membrane materials.

③ “Action Plan for 2024-2025 Energy Conservation and Carbon Reduction”

In May 2024, the State Council issued the “Action Plan for 2024-2025 Energy Conservation and Carbon Reduction”, which specifies key tasks for the petrochemical and chemical industries: First, it strengthens binding requirements for petrochemical industry planning and layout, strictly controlling new production capacity in refining, calcium carbide, ammonium phosphate, yellow phosphorus and other sectors. New and expanded petrochemical projects must meet energy efficiency benchmark levels and Grade A environmental performance standards, with capacity replacements requiring timely shutdowns and dismantling of main production facilities as mandated. It mandates complete phase-out of atmospheric and vacuum distillation Units with capacity below 2 million tonnes/year, aiming to cap national primary crude oil processing capacity within 1 billion tonnes by end-2025. Second, it accelerates energy-saving and carbon reduction upgrades in the petrochemical industry through energy system optimization, enhanced recovery of high/low-pressure steam, vent gas, waste heat and pressure, and promotion of energy-efficient equipment like large high-efficiency compressors and advanced gasifiers. By end-2025, over 30% of refining, ethylene, synthetic ammonia and calcium carbide capacity must reach benchmark energy efficiency levels, while sub-baseline capacity must complete technical upgrades or exit. Third, it promotes petrochemical process reengineering by accelerating adoption of advanced technologies like next-generation ion-membrane electrolyzers, vigorously developing renewable energy alternatives, encouraging R&D of renewable hydrogen production technologies, supporting green hydrogen refining projects to gradually reduce coal-based hydrogen usage, systematically replacing steam drives with electric drives, and exploring nuclear energy applications for steam/heat supply in major petrochemical parks.

④ “Action Plan for Energy Conservation and Carbon Reduction Driven by Strict Energy Efficiency Constraints in the Petrochemical and Chemical Industry (2021-2025 years)”

In October 2021, the National Development and Reform Commission, the Ministry of Industry and Information Technology, and other departments jointly issued the “Opinions on Strict Energy Efficiency Constraints to Promote Energy Conservation and Carbon Reduction in Key Sectors” and the “Action Plan for Energy Conservation and Carbon Reduction Driven by Strict Energy Efficiency Constraints in the Petrochemical and Chemical Industry (2021-2025 years)”. The plan aims to promote green and low-carbon transformation in the refining, ethylene, and synthetic ammonia industries and ensure the timely achievement of carbon peak targets.

The “Action Plan” clearly puts forward the action goals of achieving a capacity ratio exceeding 30% at benchmark levels for the refining, ethylene, synthetic ammonia, and calcium carbide industries by 2025 through the implementation of energy conservation and carbon reduction measures. It aims to significantly improve the overall energy efficiency level, reduce carbon emissions intensity, and significantly enhance the capabilities for green and low-carbon development. Key tasks outlined in the plan include formulating a general implementation plan for technological transformation in key petrochemical industries, guiding the orderly phasing out of inefficient production capacity, promoting energy-saving and low-carbon technologies and equipment, and driving collaborative and clustered development in the industry. This includes selecting advanced and applicable energy-saving technologies for the refining, ethylene, and synthetic ammonia industries, as well as guiding technological transformation in enterprises with low energy efficiency. The plan also promotes the elimination of refining Units with a capacity of 2 million tonnes/year and below, ethylene Units with a capacity of 300, 000 tonnes/year and below, and imposes strict restrictions on the construction of certain types of Units with limited capacities. Additionally, the plan encourages the promotion of low-carbon deep processing of heavy and poor-quality residual oil, one-step method for ethylene

production from synthesis gas, and crude oil direct cracking to produce ethylene. It emphasizes the integration of refining and petrochemical industries, coal conversion and electricity heating integration, and the development of multiple co-production. The aim is to establish interconnected industrial chains where enterprises are connected from upstream to downstream, with mutual supply and demand and interconnectivity of production facilities. This will improve the level of comprehensive resource utilization, reduce energy consumption in logistics and transportation, and promote the recognition of chemical industrial parks.

(2). Basic information on the main industrial segment and industrial status of the Company

适用 不适用

① In the petroleum refining and coal chemical sector

The Company has established a feedstock conversion system centered on a processing and coupling capacity of 20 million tonnes per annum of crude oil and 6 million tonnes per annum of raw coal. The refining segment's main annual output includes 5.2 million tonnes of PX, 2 million tonnes of pure benzene, 1.8 million tonnes of fiber-grade ethylene glycol, 850,000 tonnes of polypropylene, 720,000 tonnes of styrene, 600,000 tonnes of sulfur, 400,000 tonnes of high-density polyethylene, 140,000 tonnes of butadiene, 260,000 tonnes of PC, 150,000 tonnes of PS, and 300,000 tonnes of ABS, as well as refined oil products such as gasoline, diesel, and aviation kerosene. The coal chemical segment's main annual output includes 800,000 tonnes of methanol, 580,000 tonnes of liquid ammonia, 1 million tonnes of acetic acid, 300,000 tonnes of adipic acid, 80,000 tonnes of polyoxymethylene, 250,000 tonnes of high-purity hydrogen, and high-calorific-value methane fuel gas, among other distinctive coal chemical products. As small refineries with high production costs and aging facilities are gradually phased out, the concentration of the refining industry and the competitiveness of large-scale newly built refineries will significantly increase. The Company enjoys prominent advantages in terms of policy support, process technology, and industrial synergy, characterized by notably high quality and low cost compared with other refining and chemical enterprises, thus possessing strong market competitiveness.

② In the PTA sector

PTA serves as the direct upstream raw material for polyester production, and China is the world's largest producer and consumer of PTA. The Company currently has built and put into operation a PTA production capacity of 16.6 million tonnes/year. It has the most advanced technology and the most significant cost advantages.

③ In the polyester new materials sector

One of the Company's primary operations is the research, production, and sales of related products. The Company offers a diverse range of downstream polyester and advanced chemical materials with comprehensive product specifications targeting mid-to-high end markets, including civilian polyester filament yarn, industrial polyester filament yarn, BOPET films, PBT engineering plastics, and PBS/PBAT biodegradable materials, which are widely used in textile, pharmaceutical, automotive, renewable energy & environmental protection, electronics & electrical, photovoltaic and optical equipment industries for large-scale, differentiated and high-value-added industrial manufacturing and consumer applications. As one of China's largest and most technologically advanced manufacturers of polyester yarns, the Company ranks among the top 5 domestic producers of civilian filament yarn and is the global leader in industrial filament yarn production capacity.

The subsidiary company Kanghui New Material, focuses on creating world-leading high-end, differentiated, green and environmentally friendly functional film materials, high-performance engineering plastics and biodegradable materials. In terms of functional film materials, Kanghui New Material has broken through foreign technical barriers in the fields of high-end MLCC release base film, polarizer release protection base film, OCA release base film, environmental protection RPET base film, composite current collector base film, lithium battery process protection film, photosensitive dry film base film, ultra-thin capacitor film, etc., and has continued to solve the "choke point" problem in the field of new materials. It has the core competitiveness and industrial development strength of the industry.

Kanghui New Material has established itself as China's largest PBT producer with an annual capacity of 660,000 tonnes of high-performance engineering plastics, widely used in automotive,

electronics, industrial machinery, textile, optical cable, polymer alloy and blending industries. In biodegradable materials, it operates China's largest single-line PBAT production facility (33,000 tonnes/year) using proprietary technology, supplying raw materials for eco-friendly applications including PBS/PBAT-based food-grade shopping bags, tableware, straws and agricultural films. The Company also possesses 611,000 tonnes/year BOPET film production capacity, with additional capacities under construction including 727,000 tonnes/year functional polyester films and 1.94 billion m²/year lithium battery separator films.

2. Products and production

(1). Main business model

适用 不适用

The Company's main business model involves the procurement of crude oil and related additives, primarily producing PX products and finished oil, as well as other chemicals. The PX products are mainly used as raw materials for the Company's PTA plant, with a portion of the PTA products being used internally by the Company's polyester factory, and the rest being sold to downstream customers in the fiber industry for the production of polyester fibers and other products. Various polyester products are sold to downstream weaving factories for the production of textiles, industrial yarn is sold to construction and automotive component manufacturers, polyester chips are sold to spinning companies, BOPET films are sold to downstream printing, packaging, and electronics companies, and PBT resins are sold to downstream automotive, electronics, and machinery companies. The specific operating modes are as follows:

① Petroleum refining sector

Petroleum products, also known as oil products, are processed from crude oil through various refining processes such as atmospheric distillation, hydrogenation cracking, and reforming. These processes produce various fuel oils (gasoline, kerosene, diesel, etc.), lubricants, coke, paraffin wax, asphalt, basic organic materials (ethylene, propylene, butene, benzene, toluene, xylene, acetylene, naphthalene), as well as various synthetic organic materials derived from the basic organic materials.

② PTA sector

PTA (Purified Terephthalic Acid) is an important bulk organic material widely used in various sectors of the national economy, including chemical fibers, light industry, electronics, and construction. In the domestic market, the main downstream products of PTA are polyester fibers, which are primarily used in clothing, home textiles, and industrial textiles. The main business process involves purchasing para-xylene (PX) and producing PTA through oxidation reactions, crystallization, drying, hydrogenation, and further crystallization processes, followed by selling the product to downstream customers.

The profit model in the PTA industry is based on producing and selling PTA products to generate profits. Since the fixed investment for the products is significant, improving profitability relies mainly on reducing the fixed cost per Unit. Companies achieve this by capitalizing on economies of scale, adopting advanced processing technologies and equipment, establishing efficient public infrastructure, enhancing production safety and product quality stability, and ultimately lowering production costs to increase profitability.

③ Polyester sector

The primary business process involves the procurement of petrochemical products such as PTA, MEG, and other additives, followed by polymerization reactions using appropriate production equipment. Subsequently, the polyester filaments are produced through spinning and drawing processes, and the products are sold to downstream weaving companies for the production of civil and industrial textiles.

The profit model in the polyester filament industry is based on producing and selling polyester filaments to generate profits. Due to the significant fixed costs associated with the products, improving profitability depends on three main factors: reducing the fixed cost per Unit, increasing the rate of new product development, and adding differentiated products. Companies achieve this by focusing on increasing the rate of new product development, pursuing differentiation in product lines, enhancing product value, and ultimately improving overall profitability.

④ Polyester film sector

The main business process involves the procurement of petrochemical products such as PTA, MEG, and other additives. Unlike the polyester industry, the equipment and process routes differ. In the polyester industry, equipment is used to extrude the film into polyester filaments, while in the polyester film industry, equipment is used to extrude the film directly. Consequently, the downstream customer base is different.

The profit model in the polyester film industry is based on producing and selling polyester films to generate profits. Due to the significant fixed investment required, improving profitability depends mainly on two factors: reducing the fixed cost per Unit and developing new products. For companies, relying on the cutting-edge equipment technology, self-owned synthesis technology and independent research and development capabilities accumulated in the industry for more than ten years, they overcome various technical difficulties, break through foreign technical barriers in the fields of medium and high-end MLCC release base film, polarizer release protection base film, OCA release base film, environmental protection RPET base film, composite current collector base film, lithium battery process protection film, photosensitive dry film base film, ultra-thin capacitive film and PBS-based biodegradable materials, and actively extend and expand the medium and high-end material business in various application scenarios.

⑤ Engineering plastics sector

The primary business process involves the procurement of petrochemical products such as PTA, BDO, and other additives. The production process includes polymerization, extrusion, pulverization, and granulation, ultimately producing engineering plastics. The products are then sold to downstream customers.

The profit model in the engineering plastics industry is based on producing and selling plastic pellets to generate profits. Due to the significant fixed investment associated with the products, improving profitability relies mainly on two factors: reducing the fixed cost per Unit and developing new products. For companies, the future primarily involves capitalizing on economies of scale to seize market share, increasing product added value, and improving overall profitability.

Key changes in business model during the reporting period

适用 不适用

(2). Main products

适用 不适用

Product	Business sector	Primary upstream raw materials	Applications of major downstream materials	Main factors affecting prices
Refined oil	Petroleum refining	Crude Oil	Aviation kerosene, gasoline, and diesel and other power fuels	Upstream raw materials like crude oil and downstream demand
PX	Chemical raw materials and chemicals manufacturing	Crude Oil	PTA	Upstream raw materials like crude oil and downstream demand
Ethylene	Chemical raw materials and chemicals manufacturing	Crude Oil	Polyethylene, ethylene glycol	Upstream raw materials like crude oil and downstream demand
PTA	Chemical raw materials and chemicals manufacturing	PX	Polyester fiber, bottle grade chips, film grade chips, etc.	Crude oil and PX supply and downstream demand
Polyester Filament Yarn	Polyester manufacturing	PTA, MEG	Advertising light box, cloth,	Upstream raw materials like crude

(PFY)			geotextile, conveyor belt, automobile fiber and tire meridian, clothing and home textiles, etc.	oil and downstream textile prosperity
Polyester Filament	Polyester manufacturing	PTA, MEG	Filature	Upstream raw materials like crude oil and downstream demand
BOPET	Plastics product manufacturing	PTA, MEG	Packaging film, insulating film, capacitor film, etc.	Upstream raw materials like crude oil and downstream demand
PBT	Plastics product manufacturing	PTA, BDO	Auto parts, electronic appliances, aerospace materials, etc.	Upstream raw materials like crude oil and downstream demand
PBS/PBAT	Plastics product manufacturing	PTA, BDO, Adipic acid	Packaging materials, shrink film, agricultural film, etc.	Upstream raw materials like crude oil and downstream demand

(3). Research and development innovation

适用 不适用

As of the end of 2025, the Company held a total of 2,039 patents, of which 363 were newly approved during the reporting period.

For details, please refer to the relevant content in the “03 Value Coexistence, Craftsmanship Achieves Excellence” chapter of the “2025 Sustainable Development Report” disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on April 15, 2026.

(4). Production technology and process

适用 不适用

During the reporting period, there were no significant changes in the Company's main products and their production processes.

For specific details regarding the production processes of the Company's main products in the polyester fiber sector, please refer to Section 4, “Discussion and Analysis of Operating Conditions”, subsection “II. (IV) Analysis of Operational Information in the Chemical Industry”, and the section “Production Processes and Flow” (page 33) in the Company's “2016 Annual Report.”

Regarding the production processes of the Company's refining and ethylene engineering, as well as the PBAT project, please refer to Section 4, “Discussion and Analysis of Operating Conditions”, subsection “II. (IV) Analysis of Operational Information in the Chemical Industry”, and the section “Production Processes and Flow” (page 34) in the Company's “2020 Annual Report”.

(5). Production capacity and construction work

适用 不适用

Unit: hundred-million-yuan Currency:RMB

Major plants/projects	Designed capacity	Capacity utilization (%)	Capacity under construction	Investment in capacity under construction	Planned Completion time
Polyester	1,800,000	100			

Filament Yarn (PFY) of Suzhou plant	tonnes/year				
PFY for civil use of Nantong plant	2,100,000 tonnes/year	100			
PFY for civil use of Suqian plant	200,000 tonnes/year	100			
Polyester film of Kanghui New Material (Yingkou) Industrial Park	386,000 tonnes/year	100			
Engineering plastics of Kanghui New Material (Yingkou) Industrial Park	210,000 tonnes/year	100			
PBS bio-degradable advanced materials project of Kanghui New Material (Yingkou) Industrial Park	33,000 tonnes/year	100			
PTA of Dalian plant	11,600,000 tonnes/year	100			
Refining and chemical project of Dalian plant	20,000,000 tonnes/year	107.7			
Ethylene project of Dalian plant	15,00,000 tonnes/year	106			
PBS biodegradable plastics in Kanghui Dalian plant	/	/	450,000 tonnes/year	28.62	Thress lines have been converted to fixed assets, and the remaining three lines are gradually put into production
Lithium battery separator in Kanghui Yingkou Plant	/	/	440 million square meters/year	11.40	One line has been converted to fixed assets, and the remaining three lines are gradually put

					into production
PTA of Huizhou Plant	5,000,000 tonnes/year	100			
Hengli Petrochemical Chemical New Material Supporting Chemical Project	300,000 tonnes/year of adipic acid	100			
Annual output of 1.6 million tonnes of high-performance resin and new material projects	/	/	Bisphenol A, isopropanol, ethylene oxide, electronic grade DMC (including EC, EMC and DEC), ABS, etc.	225.69	Partial projects have been transferred to fixed assets, and others are gradually being transferred to fixed assets
Annual output of 800,000 tonnes of functional films and functional plastics project	/	/	The first phase of the project plans to build a 470,000 tonnes/year high-end functional polyester film plant (totaling 12 lines), and the second phase includes a 100,000 tonnes/year functional film modification plant, a 150,000 tonnes/year modified PBT plant, and a 80,000 tonnes/year modified PBAT plant, etc.	51.71	Seven lines have been transferred into fixed assets, and the remaining five lines will be transferred into fixed assets in succession
Annual output of 600,000 tonnes of functional films and functional plastics, functional film and 3 billion	/	/	The first phase of the project plans to build a 500,000 tonnes/year polyester film production line, a 100,000 tonnes/year	82.55	Artial projects have been transferred to fixed assets, and others are gradually being transferred to fixed assets

square meters lithium battery separator project			polyester film coating production line, a 1.5 billion square meters/year lithium battery separator production line, and a 600 million square meters/year coating production line		
New Materials Industrial Park Phase II Project	/	/	Annual production of 600,000 tonnes of BDO and supporting projects	68.49	The project is in trial production

Increase or decrease of production capacity
适用 不适用

Adjustments to product line and production capacity structure optimization
适用 不适用

Abnormal shutdown
适用 不适用

3. Raw material procurement
(1). Basic situation on main raw materials
适用 不适用

Unit: 10,000 tonnes

Major raw materials	Procurement model	Settlement model	Year-on-year price change ratio (%)	Procurement quantity	Consumption quantity
Crude Oil	Contract, spot	Letter of credit, Cable transfer	-21.41	2,203.30	2,206.87
PX	Contract, spot	Cable transfer, Letter of credit, Bank acceptance bills	-14.20	307.97	1,120.38
MEG	Contract, spot	Cable transfer		52.45	178.90
BDO	Contract, spot	Bank acceptance bills	-17.57	14.44	20.85

The impact of major procurement price changes on the Company's operating costs: the procurement prices of the raw material exerting positive impact on the Company's operating costs.

(2). Basic situation of main energy
 适用 不适用

Major energy	Procurement model	Settlement model	Year-on-year price change ratio (%)	Procurement quantity	Consumption quantity
Electricity	Market-oriented procurement	Monthly settlement		5,894,528,800kWh	9,989,222,900kWh
Thermal coal	Market-oriented procurement	Monthly settlement		11,045,400 tonnes	11,189,500 tonnes
Natural gas	Market-oriented procurement	Monthly settlement		449,399,600 cubic meters	440,099,300 cubic meters

The price of major energy sources is directly proportional to the Company's operating costs. The prices of major energies are affected by national policies, the supply and demand structure of the regional markets, and the stability of supply.

(3). Risk response measures for raw material price fluctuation
The main situation of holding derivatives and other financial products
 适用 不适用

(4). Basic situation of adopting other methods such as staged reserves
 适用 不适用

4. Product Sales
(1). Basic situation of the Company's main operations by segment
 适用 不适用

Unit: ten-thousand-yuan Currency:RMB

Business segment	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year changes in operating revenue (%)	Year-on-year changes in operating cost (%)	Year-on-year changes in gross margin (%)	Gross margins among the peers
Petrochemical segment	19,148,269.02	16,605,907.91	13.28	-12.18	-15.11	3.01	/
Other segments	718,704.87	656,298.69	8.68	-55.28	-58.62	7.39	/

(2). Basic situation of the Company's main operations by sales channel
 适用 不适用

Notes to accounting policy
 适用 不适用

5. Environmental protection and safety situation**(1). Basic situation of major production safety accidents during the Company's reporting period**适用 不适用**(2). Major environmental violations**适用 不适用**(V) Investment status analysis****General analysis on external equity investment**适用 不适用**1. Major equity investment**适用 不适用**2. Major non-equity investments**适用 不适用**3. Financial assets measured at fair value**适用 不适用

Securities investment situation

适用 不适用

Description of securities investment situation

适用 不适用

Private equity fund investment

适用 不适用

Derivatives investment

√适用 □不适用

(1). Derivative investments for hedging purposes during the reporting period

√适用 □不适用

Unit: ten-thousand-yuan Currency:RMB

Derivatives Investment Types	Initial investment amount	Beginning book value	Gains and losses on fair value changes in current period	Cumulative gains and losses on fair value changes recognized in equity	Purchase during the reporting period	Sales during the reporting period	Ending book value	Percentage of book value to total net assets at period-end (%)
Commodity derivatives	50,488.54	16,541.66	18,306.26	-2,469.73	1,011,490.61	763,830.70	1,630.67	0.02
total	50,488.54	16,541.66	18,306.26	-2,469.73	1,011,490.61	763,830.70	1,630.67	0.02
Accounting policies and principles for hedging activities during the reporting period, and explanation of significant changes compared to the previous reporting period	The Company accounts for and discloses its futures hedging activities in accordance with CAS 22 (Recognition and Measurement of Financial Instruments), CAS 24 (Hedge Accounting), and CAS 37 (Presentation of Financial Instruments) along with their implementing guidelines. During the reporting period, the Company's hedge accounting policies and specific accounting principles remained unchanged from the previous period.							
Explanation of actual gains and loss during the reporting period	The reported period's derivative transactions resulted in a net impact of CNY 183.0626 million on the Company's profit/loss.							
Description of hedging effect	Fluctuations in both crude oil and refined oil prices impact refinery profitability. By hedging physical positions using paper contracts, price volatility risk can be controlled to a certain extent.							
Funding sources for derivatives investment	Own funds							
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, legal risk, etc.)	Market Risk: The Risk Control Department monitors and reports daily through loss limits. When company profits decrease significantly or losses occur, timely measures are taken to prevent further risk escalation. Value at Risk (VaR) is also used as a quantitative indicator of risk exposure. Value at Risk (VaR) refers to the maximum possible loss in the next day. Operational risks: Transaction authorization management (including authorization of varieties, quantities, terms, etc.), that is, whether the operation is carried out in compliance with the authorization scope, and whether there are transactions that exceed the authorization.							
Fair value changes of invested derivatives during the reporting period, and the analysis of derivatives'	The most suitable fair value can be analyzed based on the quotes from quoting agencies (such as Platts and Argus) and oil agents, depending on the transaction requirements.							

fair value shall disclose the specific methods used and the relevant assumptions and parameter settings:	
Litigation Status (if applicable)	None
Disclosure date of board approval announcement for derivative investments (if any)	2025/4/17
Disclosure date of shareholders' meeting approval announcement for derivative investments (if any)	2025/5/9

(2). Derivatives investments for speculative purposes during the reporting period

适用 不适用

Other notes:

None

4. Specific progress of major asset reorganization and integration during the reporting period

适用 不适用

(VI) Sale of major asset and equity

适用 不适用

(VII) Analysis of major holding and participating companies

适用 不适用

Information on major subsidiaries and investee companies that have an impact of more than 10% on the Company's net profit

适用 不适用

Unit: hundred-million-yuan Currency:RMB

Company name	Company Type	Business nature	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Hengli	Subsidiary	Manufacturing	175.96	1,526.96	437.00	2,185.42	72.33	54.78

Petrochemical Refining									
Hengli Petrochemical (Dalian)	Subsidiary	Manufacturing	58.90	304.97	123.73	709.32	9.07		6.23
Hengli Chemical Fiber	Subsidiary	Manufacturing	22.08	477.75	76.86	306.50	2.33		2.14

Acquisition and disposal of subsidiaries during the reporting period

√适用 □不适用

Company Name	Acquisition and Disposal of Subsidiaries during the Reporting Period	Impact on overall production, operations and performance
Hengli Petrochemical (Dalian) Chemical Co., Ltd.	Absorbed and merged, deregistered	No major impact
Hengli (Dalian) Construction Engineering Service Co., Ltd.	New investment	No major impact
Shanghai Hengyao Shenghui Industrial Co., Ltd.	New investment	No major impact

Other notes

√适用 □不适用

Note: Jiangsu Hengli Chemical Fiber Co., Ltd. includes its subsidiaries Jiangsu Hengke New Materials Co., Ltd., Nantong Teng'an Logistics Co., Ltd., Jiangsu Xuanda Polymer Materials Co., Ltd., Jiangsu Deli Chemical Fiber Co., Ltd., Hengli Futures Co., Ltd., Hengli Hengxin Industry and Trade (Shanghai) Co., Ltd., Suzhou Susheng Thermal Power Co., Ltd., Suzhou Binglin Trading Co., Ltd., Sichuan Hengli New Materials Co., Ltd., Hengli New Materials (Suqian) Co., Ltd., Suzhou Hengli Chemical Fiber New Materials Co., Ltd., and Shanghai Hengyao Shenghui Industrial Co., Ltd.

Hengli Petrochemical (Dalian) Co., Ltd. includes its subsidiaries Hengli Shipping (Dalian) Co., Ltd., Hengli Petrochemical Co. Limited, Shenzhen Ganghui Trading Co., Ltd., Suzhou Hengli Jiuli Sales Co., Ltd., and Suzhou Hengli Huirun Import & Export Co., Ltd.

Hengli Petrochemical (Dalian) Refining & Chemical Co., Ltd. includes its subsidiaries Hengli Petrochemical International Pte. Ltd., Hengli Shipping International Pte. Ltd., Hengli Energy (Hainan) Co., Ltd., Hengli Oil & Chemical (Hainan) Co., Ltd., Suzhou Hengli Chemical Import & Export Co., Ltd., Suzhou Hengli Energy & Chemical Import & Export Co., Ltd., Shenzhen Shengang Trading Co., Ltd., Shanghai Jinmintai Trading Co., Ltd., Hengli Refining & Chemical Products Sales (Dalian) Co., Ltd., Hengli Aviation Fuel Co., Ltd., Hengli Oil & Chemical (Suzhou) Co., Ltd., Hengli Energy (Suzhou) Co., Ltd., Suzhou Hengli Chemical Polymer Co., Ltd., Nantong Hengli Import & Export Co., Ltd., Hengli (Zhoushan) Energy & Chemical Co., Ltd., Hengli Petrochemical (Dalian) New Materials Technology Co., Ltd., Hengli Petrochemical Public Works (Dalian) Co., Ltd., Dalian Hengzhong Special Materials Co., Ltd., Hengli Chemical (Dalian) Co., Ltd., Dalian Northeast Asia Petrochemical Products Co., Ltd., and Dalian Northeast Asia Energy Co., Ltd.

(VIII) Structured entities controlled by the Company

√适用 □不适用

On December 31, 2025, structured entities related to the Company but not included in the scope of the financial statements are mainly engaged in asset management business, operating client assets, and providing clients with investment management services for securities, futures and other financial products. The total assets of this type of structured entity on December 31, 2025 are 380.6717 million yuan.

VI. Discussions and analysis of the Company's future development

(I) Industry landscape and trends

适用 不适用

1. Petrochemical industry

(1) The industry is accelerating its transformation towards green and low-carbon development, promoting the dual-track development of digital and green transformation

Under the “dual carbon” goal, the petrochemical industry continues to deepen green development through clean production technology transformation, intensive resource utilization and circular economy models. The industry is accelerating the demonstration and application of CCUS technology, while exploring innovative paths such as direct conversion of carbon dioxide from hydrogen production tail gas and catalytic cracking flue gas, carbon dioxide dry reforming, and carbon dioxide hydrogenation to produce oil products. These initiatives have significantly reduced the carbon emission intensity across the entire industrial chain.

Accelerate the in-depth integration of new generation information technologies such as 5G, big data, and artificial intelligence with the petrochemical and chemical industry; Continuously enhance the ability to obtain chemical process data; Enrich data in enterprise production management, process control, product flow, and other aspects; Connect production and operation information data “islands”; Build analysis models for production and operation, market and supply chain; Strengthen integrated control of the entire process; Boost the adoption rate of digital twin innovation applications; Accelerate digital transformation; Achieve organizational structure optimization, dynamic and accurate services, assist in management decision-making and other management model innovations; Improve intrinsic safety; And enhance enterprise management capabilities.

(2) The market for high-end chemical new materials is vast

The localization window for high-end chemical materials has opened, accelerating the pace of import substitution. Focusing closely on the demand for chemical materials in strategic emerging industries such as new energy vehicles, next-generation information technology, semiconductor, aerospace, rail transit, energy conservation and environmental protection, and big health, we will accelerate the transformation and upgrading of advanced and applicable technologies, increase efforts to extend, supplement, and strengthen the supply chain, and improve the level of product refinement, specialization, and serialization. With the development of downstream industries, the future market development space for chemical new materials is vast.

2. PTA industry

my country is the largest producer and consumer of PTA, and global production capacity is concentrated in China. Under the competitive landscape of integrated industrial chain, production capacity is highly concentrated, and the head effect is strengthened. Leading enterprises in the PTA industry have strong market competitiveness in terms of single-Unit scale, stable production operation, material consumption, energy consumption and product quality. The difference in cost and efficiency and process iteration promotes energy efficiency leaps, and the industry energy efficiency benchmark continues to move upward, accelerating the elimination of backward production capacity in the PTA industry. In the future, the industry concentration will be further improved.

China is the largest producer and consumer of PTA, with global capacity increasingly concentrated here. Under the competitive landscape of the integrated industrial chain, production capacity is highly concentrated, with a pronounced “winner-takes-all” effect among industry leaders. Leading companies in the PTA industry demonstrate formidable market competitiveness across multiple dimensions - the scale of a single set of facility, stable production and operation, material consumption, energy consumption, and product quality. The compounding advantages of cost-efficiency differentials and production technique iteration have driven quantum leaps in energy efficiency performance, continuously resetting industry benchmarks. This dynamic is accelerating the phase-out of backward production capacity and will further elevate market concentration in the coming years.

3. Polyester fiber

The chemical fiber industry is the core support for the stable development and continuous innovation of the textile industry chain, an internationally competitive advantage industry, an

important component of the new materials industry, and plays an important role in the construction of a modern industrial system. The chemical fiber industry is accelerating its development towards high-end, intelligent, green, and branded products:

Improve the added value of conventional fibers, enhance the production and application level of high-performance fibers, accelerate the development of bio based chemical fibers and degradable fiber materials, develop high-quality differentiated products, and strengthen the development of application technologies.

Strengthen the research and application of intelligent equipment, and promote the research and application of equipment such as large-scale integration, low energy intelligent logistics, automatic tube dropping, and automatic packaging. Accelerate the research and application of automatic head forming devices and online quality monitoring systems for polyester texturing equipment, and improve the intelligence level of spinning and winding equipment for polyester, spandex, and nylon. Promote the application of emerging digital technologies and enhance the digitalization level of various links in the industrial chain, such as research and development design, production and manufacturing, warehousing and logistics. Build an industrial Internet platform integrated with master data, real-time data, applications, identity resolution, management information system and business intelligence, promote upstream and downstream enterprises in the industrial chain to realize resource data sharing through the industrial Internet platform, strengthen supply and demand docking, and promote collaborative development and collaborative application of the whole industry chain.

Optimize energy structure, strengthen clean production technology transformation and promote key energy-saving and emission reduction technologies, and promote energy-saving and low-carbon development. Improve the level of recycling, promote key technological breakthroughs and industrial development in the high-value utilization of waste textiles, accelerate the optimization of the industrial structure and enterprise upgrading of recycled chemical fibers.

Taking technology as the core and demand oriented, increasing the supply of high-quality products, cultivating well-known fiber brands, enhancing consumer awareness of Chinese fibers and corporate brands, and promoting the internationalization of Chinese fibers and corporate brands.

(II) Development strategy

适用 不适用

General development strategy: we are committed to providing quality fiber and creating a better life for the society. Under the principle of “doing the right things at the right time”, we adhere to the development philosophy of “innovation, coordination, green, and sharing”, the operation concept of “winning global markets with surpassing quality, persistence, and will”, and the management ideal of “people-centered, scientific, institutionalized, and professional”, foster a company spirit of “solidarity, integrity, steadiness, and innovation”, increase the industrial innovation capacity, improve industrial structures, and drive the Company into high-end, intelligent, green, integrated, and international development.

1. The Company will take solid steps in “improving the upstream and enhancing the downstream”. In the first place, the Company will continue to strengthen the upstream industrial platform to support the development of “refining+ethylene+coalification” underpinning the “big chemicals”, and implement “making up and enhancing the industrial chains” and “R&D and innovations”, reserving space and paving ways for the new downstream material businesses in the future. On top of that, the Company will redouble its efforts in the downstream businesses, consolidate traditional market strengths, benchmark the breakthroughs in major new materials as the development and upgrading of “new consumption” and “key&core technologies”, nurture new leading material business growth points in scale, and make strides toward a world leading petrochemical new material company that covers the whole industrial chain.

2. The Company will take unswerving steps in adopting integrated development strategy across the board. The Company will focus on diversifying the specs of the products, expanding capacity, differentiating the products through R&D, technology and innovation upgrading, and strive to realize

the industrial development goal of “industrial growth in bases, scale production, meticulous products, professional technology, and sound management”.

(III) Operational Plan

适用 不适用

As the opening year of the 15th Five-Year Plan period, 2026 will see the management team tightly focus on the guiding principle of “emancipating the mind and setting out anew, and taking resolute and pragmatic action to forge new paths”. With a spirit of “daring to venture”, a drive to “innovate”, and a style of “getting things done”, we will anchor our high-quality development goals, coordinate key tasks including market expansion, lean operations, and systemic safeguards, and rally the collective strength of all our people to fully achieve the Company's high-quality development and annual business targets. Our key work for the year will center on the following aspects:

1. Anchoring goals and uniting hearts and efforts, driving market deployment through dual wheels

We will closely track our business targets and key performance indicators, practice the strategy of “production based on sales and sales driven by production”, and uphold the philosophy of “customer-centered and market-oriented”. We will carry forward a culture of collaboration and striving, break free from entrenched mindsets, and drive the realization of our goals through efficient synergy. In the domestic market, we will integrate online and offline channels to expand coverage and brand influence. In the international market, leveraging our full value chain and overseas platform advantages, we will optimize our trading system and profitability.

2. Strengthening the foundation of core competitiveness, empowering operational safeguards through lean practices

Quality, cost, and rapid response are the fundamental principles for business survival, and the Company will continue to drive the comprehensive upgrade of its operational model. On quality, we will establish a full-value-chain quality control system, advancing quality management from “meeting standards” to “exceeding expectations”. On cost, through digital lean management, we will eliminate hidden costs and upgrade from “cost-cutting and expense reduction” to “systematic value creation”. On rapid response, we will build an “end-to-end” business visualization system to enhance our ability to anticipate market fluctuations and respond with agility. Concurrently, centering on the operational goal of keeping facilities in a “continuous, safe, stable, full-capacity, and optimal” state, we will build a maintenance system with prevention at its core, deeply integrated with standardization and intelligent technologies, and establish a technical collaboration ecosystem to solidify the foundation of our production operations.

3. Focusing on our core business with deep cultivation, advancing the high-end and differentiated development of the industry

The Company upholds the principles of “adhering to our core business and long-termism”, taking refining, petrochemicals, and new materials as our core, and persistently focusing on “optimization, empowerment, and lean operations”. By stimulating organizational innovation vitality, breaking through core process bottlenecks, introducing advanced energy-saving measures, and strengthening plant-wide energy synergy, we will systematically enhance resource utilization efficiency and overall operational profitability. The polyester new materials segment will adhere to market orientation and sales-driven approaches, strengthen production-sales linkage, and dynamically optimize the product layout. While systematically upgrading the quality of all product lines and consolidating our position in high-end markets with premium customers, we will continuously drive technological innovation and product iteration, deeply cultivate differentiated niche tracks, and intensify energy conservation, consumption reduction, and cost control, thereby consistently enhancing operational efficiency and overall competitiveness.

4. Strengthening the six major support systems and reinforcing risk control to safeguard development

To ensure strategic execution, the Company will comprehensively reinforce six core systems: safety and environmental protection, financial and accounting, talent development, quality management, digital and intelligent transformation, and corporate culture. By solidifying full-staff

safety accountability, establishing closed-loop management of capital risks, implementing a targeted talent strategy, and nurturing a data-driven culture, we will enhance organizational effectiveness in all aspects. Concurrently, we will further strengthen the synergy between legal affairs and internal audit, deepen full-process compliance review and internal control evaluation, and fortify our risk defense lines, thereby providing a solid and systemic guarantee for high-quality development.

(IV) Potential risks

适用 不适用

1. Risk of macroeconomic fluctuations

The products involved in the Company's business field are closely related to the national economy and people's livelihood, and there is a high degree of linkage between industry development and the prosperity of the national economy. The changes in the macro environment of China's national economy, export policies, and consumer demand to a certain extent affect industry operating rates, product prices, profitability, and so on. The Company closely monitors the macroeconomic situation and market dynamics, makes timely predictions, adjusts business strategies, and minimizes the risks caused by macroeconomic fluctuations.

2. Risk of raw material price fluctuations

The production and operation of the Company are greatly affected by the price changes of upstream raw materials, especially crude oil and coal. If the Company's inventory and procurement management, as well as downstream product market price adjustments, cannot effectively reduce or digest the impact of raw material price fluctuations, it may have adverse effects on the Company's business production and performance. The Company will continue to monitor market changes in raw materials, conduct dynamic analysis and judgment, choose appropriate procurement opportunities, control the fluctuation of raw material procurement prices, and effectively control procurement costs; Strengthen marketing management and reduce the adverse effects of raw material fluctuations on the Company.

3. Exchange rate risk

If the RMB continues to fluctuate substantially, great uncertainties would be posed to the Company's exchange gains or losses, export product prices denominated in foreign currencies, raw material prices and other operational factors. The Company will leverage forward foreign exchange contracts and other methods to establish and improve the exchange rate hedging mechanism and reduce the amount of foreign currency receipts and payments in order to reduce the impact of exchange rate changes on the Company's profitability.

4. Environmental and safety risks

Realizing high standards of safety production and environmental protection operation is the lifeline, benefit line, and scenic line of enterprises. Environmental protection and safety issues remain the top priority of enterprise risk management. The Company has always adhered to the policy of "safety first, prevention oriented, and comprehensive governance", strengthened essential safety management, fully implemented the main responsibility of enterprise safety, deepened safety standardization and HSE system management, and continuously improved the ability of safety production technology innovation and risk control. Standardize accident emergency management work, establish an emergency management system, prevent and reduce the risk of emergencies, and improve the ability to respond to emergencies. With the enhancement of environmental awareness and the tightening of government environmental protection requirements, the Company actively integrates green and low-carbon production into enterprise development, increases environmental investment, and meets the requirements of potentially increasingly strict environmental laws, regulations, and rules in the future.

(V) Others

适用 不适用

VII. Explanation of the circumstances and reasons why the Company did not disclose in accordance with the guidelines due to special reasons such as non-applicability of the guidelines or state secrets, commercial sec-rets, etc.

适用 不适用

Chapter 4 Corporate Governance, Environment and Society

I. Description of corporate governance

适用 不适用

In strict accordance with the requirements of the Company Law, the Securities Law, the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and other laws, regulations and regulatory documents, the Company continuously improved the corporate governance structure, established and improved a sound system of internal management including General Shareholders Meetings, and the Board of Directors to regulate its operations. The Company has formed a corporate governance structure with clear rights and responsibilities, effective checks and balances, scientific decision-making and coordinated operations among organs of authority, decision-making organs, supervisory organs and the senior management teams. The structure ensures the effective implementation of the decision-making power of the general shareholders' meeting and the Board of Directors as well as efficient and compliant operations and management of the senior management team. The Company's board of directors has four special committees for strategy and sustainable development, audit, nomination, and compensation and evaluation, which provide consultation and suggestions for major decisions of the board of directors to ensure professional and efficient decision-making. The Company continues to pay attention to new changes in regulatory laws and regulations, effectively implements new regulatory policies and requirements, continuously strengthens risk prevention and control, solidly promotes internal control management, carries out high-quality information disclosure, follows the principles of truthfulness, accuracy, completeness, timeliness, and fairness, reduces the scope of insiders, and ensures that all shareholders have fair access to information. Actively carry out investor relations management work, treat all investors fairly with an honest and open attitude. Promote the construction of ESG system, strive to fulfill social responsibilities, effectively safeguard the legitimate rights and interests of the Company and all shareholders, and ensure the Company's sustained and stable development.

Whether there is any major difference between corporate governance and laws, administrative regulations, and the provisions of the China Securities Regulatory Commission on the governance of listed companies; if there is a major difference, the reason should be explained

适用 不适用

II. The specific measures taken by the Company's controlling shareholders and actual controllers to ensure the independence of the Company's assets, personnel, finances, institutions, and operations, as well as the solutions adopted to address factors affecting the Company's independence, work progress, and subsequent work plans.

适用 不适用

The Company operates in strict compliance with the Company Law, the Articles of Association, and other applicable laws, regulations, and normative rules, and is independent from its controlling shareholder and actual controller in terms of assets, personnel, finance, institutions, and business. The Company's directors and senior management are elected and appointed in strict accordance with the relevant provisions. The Company possesses an independent personnel and remuneration management system, and its senior management hold no positions other than director or supervisor in the controlling shareholder, actual controller, or any enterprise controlled by them. The Company's assets are independent, complete, and with clearly defined ownership, over which it has full ownership and management rights. The Company has established an independent finance department, staffed with dedicated financial personnel, and operates an independent financial accounting system as well as standardized financial management rules. There are no instances of non-operational occupation of the Company's funds or assets by the controlling shareholder or any other related party. The establishment and operation of the Company's shareholders' meeting, board of directors, and internal institutions all

remain independent from the controlling shareholder and actual controller. The Company has an independent and complete business system with the capacity for autonomous operation and independent decision-making, and there are no situations of horizontal competition with the controlling shareholder, actual controller, or any other entity under their control.

The situation of the controlling shareholders, actual controllers, and their affiliated entities engaging in similar or related businesses as the Company, as well as the impact of significant changes in industry competition or competition, the measures taken to address them, the progress of the solutions, and the subsequent resolution plans

适用 不适用

III. Information on directors and senior executives
(I) Changes in shareholding and remuneration of current and resigned directors, supervisors and senior executives within the reporting period

√适用 □不适用

											Unit:share
Name	Position (Note)	Sex	Age	Position start date	Position end date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease of shares during the year	Reason for increase or decrease	The total pre-tax remuneration received from the Company within the Reporting Period (10,000 yuan)	Whether to get paid at the Company's related party
Fan Hongwei	Chairman of the board	Female	59	2025-08-21	2028-08-21	791,494,169	791,494,169	-	/	120	no
Li Xiaoming	Director, General Manager	Male	45	2025-08-21	2028-08-21	5,900	5,900	-	/	125.57	no
Li Feng	Director, Deputy General Manager, and Board Secretary	Male	47	2025-08-21	2028-08-21	-	-	-	/	132.51	no
Liu Dunlei	Director and Deputy General Manager	Male	54	2025-08-21	2028-08-21	-	-	-	/	131.14	no
Gong Tao	Director	Male	46	2025-08-21	2028-08-21	-	-	-	/	107.57	no
Liu Jun	Independent Directors	Male	62	2025-08-21	2028-08-21	-	-	-	/	20	no
Wu Yongdong	Independent Director	Male	46	2025-08-21	2028-08-21	-	-	-	/	20	no
Xue Wenliang	Independent Director	Male	47	2025-08-21	2028-08-21	-	-	-	/	20	no

Liu Qianhan	Deputy General Manager	Male	49	2025-08-21	2028-08-21	-	-	-	/	116.60	no
Liu Xuefen	Deputy General Manager and Chief Financial Officer	Female	54	2025-08-21	2028-08-21	-	-	-	/	157.66	no
Zhang Wenyu	Deputy General Manager	Male	51	2025-08-21	2028-08-21	-	-	-	/	71.82	no
Huang Xudong	Deputy General Manager	Male	59	2025-08-21	2028-08-21	-	-	-	/	115.79	no
total	/	/	/	/	/	791,500,069	791,500,069	-	/	1,138.66	/

Note: Any discrepancies between the totals in the table and the sum of the individual items are due to rounding.

Name	Main work experience
Fan Hongwei	Born in 1967, Chinese nationality, no overseas permanent residence, college degree. From May 1994 to December 2001, he served as the general manager of Wujiang Chemical Fiber Weaving Factory Co., Ltd.; from January 2002, he served as the director of Hengli Group Co., Ltd.; from November 2002 to August 2011, he served as the director of Jiangsu Hengli Chemical Fiber Limited; from August 2011 to March 2016, served as the vice chairman and general manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; from March 2016 to August 2023, he has served as the chairman of Jiangsu Hengli Chemical Fiber Co., Ltd. From March 2016 to December 2022, he served as the chairman and general manager of the Company; since December 2022, he has served as the chairman of the Company.
Li Xiaoming	Born in 1981, Chinese nationality, no overseas permanent residence, bachelor's degree, senior engineer. Served as workshop director, assistant general manager, and deputy general manager of Hengli Petrochemical (Dalian) Refining Co., Ltd.; from March 2018 to October 2018, he served as the lubricant workshop director of Hengli Petrochemical (Dalian) Refining Co., Ltd.; from October 2018 to March 2022, he served as the assistant general manager of Hengli Petrochemical (Dalian) Refining Co., Ltd.; from March 2022 to January 2025, he served as the deputy general manager of Hengli Petrochemical (Dalian) Refining Co., Ltd. Since March 2025, he has served as the general manager of the Company; since January 2025, he has served as a director of the Company.
Li Feng	Born in 1979, Chinese nationality, no overseas permanent residence, master's degree, senior economist, member of the third M&A financing committee of China Association of Listed Companies. Served as project manager, office director, and deputy general manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; served as deputy general manager and secretary of the board of directors of Jiangsu Hengli Chemical Fiber Co., Ltd. from August 2011 to March 2016; Since March 2016, he has served as director and deputy general manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; since March 2016, he has served as director, deputy general manager and secretary of the board of directors of the Company.
Gong Tao	Born in 1980, Chinese nationality, no overseas permanent residence, master degree. He used to be a technician of Xianglu Petrochemical (Xiamen) Co., Ltd., a monitor of Zhejiang Yisheng Petrochemical Co., Ltd., and an engineer of Hanbang (Jiangyin) Petrochemical Co., Ltd.; from February 2011

	to May 2015 years, he was the director and manager of Hengli Petrochemical (Dalian) Co., Ltd.; from May 2015 to April 2024, he has been the deputy general manager of Hengli Petrochemical (Dalian) Co., Ltd.; Since April 2024, he has served as executive director and general manager of Hengli Petrochemical (Dalian) Co., Ltd.. Since March 2018, he has served as a director of the Company.
Liu Dunlei	Born in 1972, Chinese nationality, no overseas permanent residence, bachelor degree. Served as assistant to the general manager and manager of Qingdao Gaohe Co., Ltd.; successively served as FDY engineer, workshop director, and manager of Area E of the filament department of Jiangsu Hengli Chemical Fiber Co., Ltd.; Since August 2012, he has served as the general manager of Jiangsu Hengke Advanced Materials Co. Ltd.; since March 2016, he has served as the Company's deputy general manager; since March 2018, he has served as the Company's director and deputy general manager.
Liu Jun	Born in 1964, Chinese nationality, no overseas permanent residence, Ph.D. He used to be an associate professor, professor, and vice president of Nanjing Normal University, and served as a member of the party group, vice president, member of the judicial committee, and judge of Yangzhou Intermediate People's Court. He is currently a professor at the Law School of Nanjing Normal University. Since April 2022, he has served as an independent director of the Company.
Wu Yongdong	Born in 1980, Chinese nationality, no overseas permanent residence, bachelor degree, Chinese certified public accountant. Served as senior project manager of Tianjian Certified Public Accountants (Special General Partnership), credit partner of Ruihua Certified Public Accountants (Special General Partnership) Zhejiang Branch, Internal audit director and director of Hangzhou Shunwang Technology Co., Ltd., and financial director of Zhejiang Chuangke Network Co., Ltd. He is currently the financial director of Hangzhou Jierui Air Treatment Equipment Co., Ltd. Since April 2022, he has served as an independent director of the Company.
Xue Wenliang	Born in 1979, Chinese nationality, no overseas permanent residence, Ph.D., once served as an associate researcher and master tutor at the Textile College of Donghua University, and is now a professor and doctoral tutor at the Textile College of Donghua University. Since April 2022, he has served as an independent director of the Company.
Liu Qianhan	Born in 1977, Chinese nationality, no overseas permanent residence, master degree. Served as business representative, deputy sales manager and sales manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; Deputy General Manager of Jiangsu Hengli Chemical Fiber Co., Ltd. from September 2010 to now; current Deputy General Manager of the Company.
Liu Xuefen	Born in 1972, Chinese nationality, no overseas permanent residence, college degree. Worked as cashier and accountant of Wujiang Silk Sample Factory; teller, loan officer and accounting supervisor of Shengze Branch of China Construction Bank; from April 2004 to April 2012, manager of the audit department of Jiangsu Hengli Chemical Fiber Co., Ltd; Since April 2012, he has served as the financial director of Hengli Petrochemical (Dalian) Co., Ltd.; from May 2016 to March 2018, he has served as the Company's supervisor; he is currently the Company's deputy general manager and financial director.
Zhang Wenyu	Born in 1975, Chinese nationality, no overseas permanent residence, college degree. He has served as the sales manager of Jiangsu Hengke New Material Co., Ltd. and the sales director of Jiangsu Hengli Chemical Fiber Co., Ltd. He is currently the deputy general manager of Jiangsu Hengli Chemical Fiber Co., Ltd. and the deputy general manager of the Company.
Huang Xudong	Born in 1967, Chinese nationality, no overseas permanent residence, bachelor's degree, senior engineer. He served as the deputy director of the development planning department and the deputy director of the sales department of Sinopec Hainan Petrochemical Co., Ltd., and also served as the deputy general manager of Hengli Petrochemical (Dalian) Refining Co., Ltd.; since September 2015, he has served as the deputy general manager

of Hengli Petrochemical (Dalian) Refining Co., Ltd.; since January 2025, he has served as the deputy general manager of the Company.
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Other information

适用 不适用

1. The total pre-tax remuneration received by directors, supervisors, and senior management during the reporting period only includes their remuneration during their tenure.

2. On August 5, 2025 and August 21, 2025, the Company convened the 29th Meeting of the 9th Board of Directors and the Second Extraordinary General Meeting of 2025, respectively, at which the “Proposal on the Election of Non-Independent Director Candidates for the 10th Board of Directors”, the “Proposal on the Election of Independent Director Candidates for the 10th Board of Directors”, and the “Proposal on Amendments to the Articles of Association and its Appendices” were reviewed and approved. At these meetings, Fan Hongwei, Li Xiaoming, Li Feng, Liu Dunlei, Gong Tao, Liu Jun, Xue Wenliang, and Wu Yongdong were elected as directors of the Company, and it was resolved that a supervisory board would no longer be established.

On August 21, 2025, the First Meeting of the 10th Board of Directors reviewed and approved relevant proposals, appointing Mr. Li Xiaoming as General Manager of the Company; Mr. Li Feng as Deputy General Manager and Board Secretary; Ms. Liu Xuefen as Deputy General Manager and Chief Financial Officer; and Mr. Liu Dunlei, Mr. Liu Qianhan, Mr. Zhang Wenyu, and Mr. Huang Xudong as Deputy General Managers.

For further details, please refer to the announcements published by the Company in the designated information disclosure media on August 6, 2025, August 22, 2025, and August 23, 2025, including the “Announcement of Resolutions of the 29th Meeting of the 9th Board of Directors” (Announcement No. 2025-042), the “Announcement of Resolutions of the Second Extraordinary General Meeting of 2025” (Announcement No. 2025-051), and the “Announcement of Resolutions of the First Meeting of the 10th Board of Directors” (Announcement No. 2025-052), among others.

(II) Positions of current and resigned directors and senior executives during the reporting period
1、 Employment in shareholders' entities

√适用 □不适用

Staff name	Name of shareholders' entity	Positions held in shareholders' entity	Start date of the term	End date of the term
Fan Hongwei	Hengli Group Co., Ltd.	Director	January 2014	
Fan Hongwei	Hailaide International Investment Ltd.	Director	January 2014	
Fan Hongwei	Tak Shing Li International Holdings Ltd.	Director	January 2014	
Fan Hongwei	Hengneng Investment (Dalian) Co., Ltd.	Executive Director	January 2017	
Fan Hongwei	Hengfeng Investment (Dalian) Co., Ltd.	Executive Director	January 2017	
Fan Hongwei	Suzhou Huaer Investment Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Suzhou Shenglun Investment Co., Ltd.	Supervisor	January 2014	
Note to employment in shareholders' entity	Suzhou Huaer Investment Co., Ltd. and Suzhou Shenglun Investment Co., Ltd. are the secondary shareholders of the Company			

2、 Employment status in other entities

√适用 □不适用

Name of the person in charge	Other Unit names	Positions held in other organizations	Term start date	End date of term
Fan Hongwei	Suzhou Tongli Lake Conference Center Co., Ltd.	Supervisor	April 2015	
Fan Hongwei	Wujiang Huayi Investment Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Jiangsu Boyada Textile Co., Ltd.	Director	January 2014	September 2025
Fan Hongwei	Suzhou Kanglian Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Haolan Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Chundao Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Hanci Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Zhongkun Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Wujiang Chemical Fiber Weaving Factory Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Hengli Import and Export Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Wujiang Tiancheng Real Estate Co., Ltd.	Supervisor	January 2014	September 2025

Fan Hongwei	Suzhou Kangjia Property Management Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Suzhou Hengli Real Estate Co., Ltd.	Supervisor	January 2014	September 2025
Fan Hongwei	Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd.	Director	July 2015	
Fan Hongwei	Yingkou Henghan Investment Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Hengli Investment (Yingkou) Co., Ltd.	Supervisor	June 2014	
Fan Hongwei	Yingkou Comfort Investment Co., Ltd.	Supervisor	June 2014	
Fan Hongwei	Yingkou Lishun Real Estate Co., Ltd.	Supervisor	July 2014	
Fan Hongwei	Yingkou Lida Real Estate Co., Ltd.	Supervisor	July 2014	
Fan Hongwei	Yingkou Ligang Real Estate Co., Ltd.	Supervisor	July 2014	
Fan Hongwei	Zidian International Investment Co., Ltd.	Director	January 2014	
Fan Hongwei	Suzhou Hengli Intelligent Technology Co., Ltd.	Supervisor	July 2017	
Fan Hongwei	Sichuan Hengli Real Estate Co., Ltd.	Executive Director	November 2019	
Fan Hongwei	Shanghai Yuanyuan Education Technology Co., Ltd.	Director	August 2020	
Fan Hongwei	Nantong Deji Concrete Co., Ltd.	Director	August 2024	
Li Feng	Suzhou Yikai Statistics Office Co., Ltd	Supervisor	May 2015	
Wu Yongdong	Hangzhou Jierui Air Treatment Equipment Co., Ltd.	Chief Financial Officer	December 2021	
Explanation of employment status in other organizations				

(III) Remuneration of directors and senior management

适用 不适用

Decision-making process for the remuneration of directors and senior management	The remuneration plan for directors and senior management is formulated by the Remuneration and Assessment Committee of the Board of Directors, clearly defining the basis for remuneration determination and its specific composition. The remuneration plan for senior management is approved by the Board of Directors. The remuneration plan for directors is decided by the shareholders' meeting.
Do directors recuse themselves when the board discusses their own compensation?	Yes
Specific details of the	The Compensation and Assessment Committee assessed the annual

recommendations made by the Remuneration and Assessment Committee or the Independent Directors' Special Meeting regarding the remuneration of directors and senior management.	performance of the Company's directors and senior executives by reviewing their key financial indicators and operational targets, as well as their individual performance reports. The committee held a meeting to review their compensation plans and concluded that the plans were reasonable and that the management team's compensation was in line with market-based salaries.
Basis for determining the remuneration of directors and senior management	The compensation for directors and senior executives is determined based on the Company's overall annual operating performance, previous years' salary levels, and comparisons with the compensation levels of similar listed companies and other companies in the same industry. Basic compensation is determined based on factors such as the main scope, responsibilities, importance, and capabilities of the management position; performance-based compensation is linked to the Company's annual operating performance and individual performance.
Actual payment of remuneration for directors and senior management	Payments have been made in accordance with the performance evaluation results. For details, please refer to "Changes in Shareholdings and Remuneration of Current and Former Directors and Senior Management During the Reporting Period".
Total actual remuneration received by all directors and senior management at the end of the reporting period	11.3866 million yuan
The assessment basis and performance status of the actual remuneration received by all directors and senior management at the end of the reporting period.	Completed. The Company has conducted performance appraisals of directors and senior management and confirmed their specific remuneration in accordance with the "Implementation Rules of the Remuneration and Assessment Committee of the Board of Directors" and internal performance appraisal standards and procedures.
Deferred payment arrangements for the actual remuneration received by all directors and senior management at the end of the reporting period	not applicable
Status of Stop Payment and Recovery of Remuneration Received by All Directors and Senior Management at the End of the Reporting Period	not applicable

(IV) Changes in the Company's directors and senior management
 适用 不适用

(V) Explanation of punishments received by securities regulatory agencies in the past three years
 适用 不适用

(VI) Others
 适用 不适用

IV. Performance of duties by directors
(I) Participation of Directors in the Board of Directors and General Meetings of Shareholder

Director's name	Whether independent director	Participation in the board of directors						Participation in the general meeting of shareholders
		Number of board meetings this year	In-person attendances	Participation by means of communication	Entrusted attendance	Number of absences	Whether failed to attend two consecutive meetings	Attendance at general meetings of shareholders
Fan Hongwei	No	9	9	3	0	0	No	5
Li Xiaoming	No	7	7	2	0	0	No	4
Li Feng	No	9	9	3	0	0	No	5
Liu Dunlei	No	9	9	3	0	0	No	5
Gong Tao	No	9	9	3	0	0	No	5
Liu Jun	Yes	9	9	7	0	0	No	5
Xue Wenliang	Yes	9	9	7	0	0	No	5
Wu Yongdong	Yes	9	9	7	0	0	No	5

Explanation for failing to attend two consecutive board meetings in person

 适用 不适用

Number of board meetings held during the year	9
Including them: number of on-site meetings	1
Number of meetings held via communication methods	5
Number of meetings held in person combined with communication methods	3

(II) Situation where directors raise objections to relevant matters of the Company
 适用 不适用

(III) Others
 适用 不适用

V. Special committees under the board of directors
 适用 不适用

(I) Membership of special committees under the Board of Directors

Special committee category	Member name
Audit committee	Wu Yongdong, Liu Jun, Gong Tao
Nomination committee	Liu Jun, Xue Wenliang, Liu Dunlei
Remuneration and appraisal committee	Xue Wenliang, Wu Yongdong, Li Feng

Strategy committee	Fan Hongwei, Li Xiaoming, Xue Wenliang
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(II) During the reporting period, the audit committee held 6 meetings

Date	Conference content	Important comments and suggestions	Other performance of duties
March 25, 2025	The second annual audit communication meeting was held to discuss matters such as the preliminary audit opinion that the annual audit accountant intends to issue on the Company's financial statements.	None	None
April 15, 2025	The Board reviewed and issued written review opinions on the following documents: the Company's 2024 Financial Statements, the Audit Committee's Summary Report on the 2024 Audit Work, the Company's 2024 Internal Control Evaluation Report, the Proposal to Re-appoint the Accounting Firm, the 2024 Annual Report and its Summary, and the Audit Committee's Report on the Performance of Supervisory Duties by the Accounting Firm in 2024.	None	None
April 21, 2025	Review the Company's Financial Statements for the First Quarter of 2025 and the First Quarter Report for 2025, and issue written review opinions.	None	None
August 21, 2025	Review the "Company's 2025 Interim Financial Statements" and "2025 Interim Report" and issue written review opinions.	None	None
October 27, 2025	Review the Company's Financial Statements for the Third Quarter of 2025 and the Third Quarter Report for 2025, and issue written review opinions.	None	None
December 1, 2025	The first annual review communication meeting for the 2025 annual report was held.	None	None

(III) During the report period, the Nomination Committee held 4 meetings

Date	Conference content	Important comments and suggestions	Other performance of duties
January 26, 2025	The meeting reviewed the "Proposal Regarding the Appointment of the Company's General Manager" and the "Proposal Regarding the Appointment of the Company's Deputy General Managers".	None	None
March 10, 2025	The meeting considered the "Proposal Regarding the Election of Mr. Li Xiaoming as a Non-Independent Director of the Company's Ninth Board of Directors".	None	None
August 4, 2025	The meeting reviewed the "Proposal Regarding the Election of Candidates for Non-Independent Directors of the Tenth Board of Directors" and the "Proposal Regarding the Election of Candidates for Independent Directors of the Tenth Board of Directors".	None	None
August 21, 2025	The meeting reviewed and approved the following	None	None

	proposals: “Proposal on Appointing the Company's General Manager”, “Proposal on Appointing the Company's Board Secretary”, and “Proposal on Appointing the Company's Vice General Manager and Chief Financial Officer”.		
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(IV) During the report period, the Remuneration and Appraisal Committee held 3 meetings

Date of convening	Meeting Content	Important comments and suggestions	Other performance of duties
April 15, 2025	The meeting considered the “Proposal Regarding the Remuneration of the Company's Directors and Senior Management for 2024”.	None	None
April 30, 2025	The meeting reviewed the “Proposal Regarding Adjustments to Relevant Matters of the Company's Sixth Employee Stock Ownership Plan”.	None	None
August 5, 2025	Consideration of the “Proposal Regarding the Remuneration Scheme for Directors of the Company's Tenth Board of Directors”	None	None

(V) During the report period, the Strategy Committee held 3 meetings

Date of convening	Meeting Content	Important comments and suggestions	Other performance of duties
April 15, 2025	Review of the 2024 Sustainable Development Report	None	None
August 15, 2025	Consideration of the “Proposal Regarding the Merger and Absorption Between Wholly-Owned Subsidiaries”	None	None

(VI) Specific circumstances of objections

适用 不适用

VI. Explanation of risks identified by the audit committee

适用 不适用

The Audit Committee had no objection to the supervisory matters during the reporting period

VII. Employees of the parent company and major subsidiaries at the end of the reporting period

(I) Employees

The number of employees employed by the parent company	32
The number of employees in the main subsidiary	33,938
Total Number of Employees	37,368
Number of retired employees whose parent company and main subsidiaries need to bear the expenses	227
Professional composition	

Professional composition category	Headcount
Production staff	26,312
Sales staff	219
Technical staff	7,177
Financial officer	234
Administrative staff	1,190
Others	2,236
Total	37,368
Education level	
Education level category	Headcount
Doctor	11
Master	284
Undergraduate	6,415
College and below	30,658
Total	37,368

(II) Remuneration policy

适用 不适用

The Company has established a legal, standardized, and effective salary and job grading system, taking into account the internal and external labor market conditions, regional and industry differences, and the value of employee positions. The principles guiding the system are “competitiveness externally, fairness internally, and protection of employee development space”. The grading and salary determination are based on factors such as responsibilities, capabilities, and performance contributions. Each subsidiary company refines and implements specific compensation plans, promotion channels, and assessment indicators that are suitable for its own development, based on its business scope, industry, and regional factors.

The Company's compensation and benefits primarily include basic salary, position-based salary, seniority-based salary, piecework wages, bonuses, overtime pay, night shift allowances, management allowances, skill allowances, etc. The Company also provides social insurance and housing fund contributions for employees, offers free entry medical examinations, free work meals, holiday allowances, birthday cakes, etc. Annual salary increases are determined based on market benchmarks and the Company's salary range, while annual bonuses are distributed based on company performance and individual achievements. The fair, reasonable, and competitive compensation system aims to attract and retain outstanding talents, provide employees with a sense of belonging and identity, motivate their sense of responsibility and enthusiasm, and promote the mutual enhancement of company and employee value.

(III) Training plan

适用 不适用

For details, please refer to the relevant content in the “04 People-Oriented Approach, Building a Responsible Future” section of the “2025 Sustainable Development Report” disclosed by the Company on the Shanghai Stock Exchange website (www.sse.com.cn) on April 15, 2026.

(IV) Labor outsourcing

适用 不适用

Total working hours of labor outsourcing	117,792
Total amount of remuneration paid for labor outsourcing (ten thousand yuan)	400.88

VIII. Profit distribution or capital reserve conversion plan
(I) Formulation, implementation or adjustment of cash dividend policy

√适用 □不适用

The Company's Articles of Association clearly set forth the relevant policies on profit distribution, stipulating the cash dividend decision-making mechanism, specific conditions and proportions, differentiated cash dividend policies, and review procedures, among others. During the reporting period, the Company strictly implemented the established profit distribution policies, which complied with the provisions of the Articles of Association and relevant laws and regulations. The dividend standards and proportions were clear and explicit, and relevant decision-making procedures were duly performed. This further strengthened the awareness of rewarding shareholders and safeguarded the legitimate rights and interests of minority shareholders.

(II) Specific notes on cash dividend policy

√适用 □不适用

Does it comply with the provisions of the Company's bylaws or requirements set by the shareholders' meeting resolutions?	√是 □否
Are the dividend standards and ratios clear and explicit?	√是 □否
Are the relevant decision-making procedures and mechanisms complete?	√是 □否
Have the independent directors fulfilled their duties and played their expected roles?	√是 □否
Do minority shareholders have sufficient opportunities to express their opinions and demands, and have their legal rights and interests been adequately protected?	√是 □否

(III) If the Company has made profits during the reporting period and the parent company has distributable profits, but no proposed cash dividend distribution plan has been put forward, the Company should provide detailed disclosure of the reasons as well as the purpose and utilization plan of the undistributed profits

□适用 √不适用

(IV) Profit distribution and conversion of capital reserve into share capital during the reporting period

√适用 □不适用

Unit yuan Currency:RMB

Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax included)	2.9
Number of conversions per 10 shares (shares)	0
Cash dividend amount (tax included) [Note]	2,604,466,920.82
Net profit attributable to ordinary shareholders of listed companies in the annual consolidated statement of dividends	7,074,582,387.53
Ratio of cash dividend amount to the net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	36.81
Repurchase of shares in cash is included in the amount of cash dividends	0

Total dividend amount (tax included)	2,604,466,920.82
The ratio of the total dividend amount to the net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	36.81

Note: The Company held its first meeting of the tenth board of directors on August 21, 2025, and its third extraordinary general meeting of shareholders in 2025 on September 9, 2025, respectively, and approved the “2025 Interim Profit Distribution Plan”, distributing a cash dividend of RMB 0.08 per share (inclusive of tax) to all shareholders, totaling RMB 563,127,982.88 (inclusive of tax). The 2025 interim cash dividend was distributed on September 24, 2025.

In summary, the total cash dividend amount in the table is RMB 2,604,466,920.82 (inclusive of tax), including RMB 563,127,982.88 (inclusive of tax) for the first half of 2025 and RMB 2,041,338,937.94 (inclusive of tax) for the proposed cash dividend this time.

(V) Cash dividends in the last three fiscal years

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Cumulative cash dividend amount (tax included) in the last three fiscal years (1)	964,356.67
Cumulative repurchase and write-off amount in the last three fiscal years (2)	0
Cumulative amount of cash dividends and repurchases and write-offs in the last three fiscal years (3) = (1) + (2)	964,356.67
Average net profit in the last three fiscal years (4)	700,758.48
Cash dividend payout ratio in the last three fiscal years (%) (5) = (3) / (4)	137.62
Net profit attributable to common shareholders of the listed company in the most recent fiscal year in the consolidated financial statements	707,458.24
Undistributed profits at the end of the most recent fiscal year in the parent company's financial statements	669,951.08

IX. The status and impact of the Company's equity incentive plan, employee stock ownership plan or other employee incentives

(I) Relevant incentives have been disclosed in temporary announcements and there is no progress or change in subsequent implementation

适用 不适用

Event	Index
Asset management institution of the sixth employee stock ownership plan has been added	For details, please refer to the “Announcement of Hengli Petrochemical on the Completion of the Addition of the Asset Management Institution for the Sixth Employee Stock Ownership Plan” (Announcement No.: 2025-008) disclosed by the Company on the website of the Shanghai Stock Exchange on February 20, 2025.
Adjustments to the Company's sixth employee stock ownership plan	For details, please refer to the “Announcement on Adjusting Relevant Matters of the Company's Sixth Employee Stock Ownership Plan” (Announcement No.: 2025-032), “Hengli Petrochemical Co., Ltd. Sixth Employee Stock Ownership Plan (Draft) (Revised)” and “Hengli Petrochemical Co., Ltd. Sixth Employee Stock Ownership Plan Management Measures

	(Revised)" disclosed by the Company on the Shanghai Stock Exchange website on May 1, 2025.
The third phase of the employee stock ownership plan has expired and terminated	For details, please refer to the "Announcement on the Expiration and Termination of the Third Employee Stock Ownership Plan" (Announcement No.: 2025-039) disclosed by the Company on the Shanghai Stock Exchange website on June 28, 2025.
The lock-up period for the fifth employee stock ownership plan has expired	For details, please refer to the "Announcement on the Expiration of the Lock-up Period of the Fifth Employee Stock Ownership Plan" (Announcement No.: 2026-006) disclosed by the Company on the Shanghai Stock Exchange website on March 10, 2026.

(II) Incentives not disclosed in the temporary announcement or with follow-up progress

Equity incentive situation

适用 不适用

Other notes:

适用 不适用

Employee stock ownership plan

适用 不适用

Other incentive measures

适用 不适用

(III) Share incentives granted to directors and senior executives during the reporting period

适用 不适用

(IV) The establishment and implementation of the evaluation mechanism for senior management personnel and the incentive mechanism during the reporting period

适用 不适用

The Company has established a Remuneration and Assessment Committee and formulated the "Implementation Rules for the Board Remuneration and Assessment Committee" to standardize the procedures for determining executive compensation. The committee develops remuneration plans or proposals based on the key scope of responsibilities, importance of senior management positions, remuneration levels for comparable roles at peer companies. Additionally, the committee reviews the performance of senior management, conducts annual performance appraisals. All executive remuneration proposals put forward by the Remuneration and Assessment Committee are subject to Board approval. The Company continuously improves its long-term incentive policies based on actual circumstances, aiming to motivate senior management to fulfill their responsibilities diligently and responsibly.

X. Internal control system construction and implementation during the reporting period

适用 不适用

During the reporting period, the Company strictly adhered to various laws and regulations, such as the "Company Law", "Basic Norms for Enterprise Internal Control", "Listing Rules of the Shanghai Stock Exchange", and "Self-regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange - Standard Operations". The Company also followed internal control system standards to operate and manage risks effectively. The Company established a robust internal control management system, taking into account industry characteristics and actual business operations. The internal control system was continuously optimized and improved to ensure the lawful and compliant operation and

management of the Company, asset security, and the accuracy and integrity of financial reporting and related information. These measures aimed to enhance operational efficiency, actual results, and protect the interests of the Company and all shareholders.

Explanation on major deficiencies in internal control during the reporting period

适用 不适用

XI. Management and control of subsidiaries during the reporting period

适用 不适用

During the reporting period, the Company strictly complied with the Company Law and relevant regulatory requirements, continuously improving its modern corporate system and governance structure. Through the shareholders' meeting and board of directors, the Company exercised its shareholder rights in accordance with the law, implementing standardized and effective management and supervision of its subsidiaries. The Company has established a unified system covering key operational and management aspects, achieving standardized and institutionalized operation and management. Relevant management systems were simultaneously distributed to all subsidiaries, guiding and requiring them to develop appropriate internal management systems based on their own operational realities, ensuring consistent management standards between the parent company and its subsidiaries, smooth control coordination, and standardized and orderly operation.

Risk warning regarding abnormal management and control over subsidiaries.

适用 不适用

XII. Relevant information on the internal control audit report

适用 不适用

According to the "Basic Norms for Enterprise Internal Control" and its supporting guidelines, as well as other internal control regulatory requirements, the Company, in conjunction with its internal control system and evaluation methods, conducted an assessment of the effectiveness of internal controls as of the benchmark date for the internal control evaluation report. The Company prepared the "2025 Annual Internal Control Evaluation Report" in accordance with the format, content, and requirements specified by the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE).

The Company engaged an external auditing firm, Zhong Hui Certified Public Accountants LLP (Special General Partnership), to perform an internal control audit. The audit firm issued a standard unqualified opinion in the internal control audit report.

Whether to disclose the internal control audit report: yes

Type of opinion in internal control audit report: standard unqualified opinion

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

是 否

XIII. The rectification of problems in the self-examination of the special action of listed company governance

During the reporting period, there were no significant differences between the Company's corporate governance status and the relevant regulations of the China Securities Regulatory Commission (CSRC) regarding the governance of listed companies. The Company will continue to enhance its corporate governance level and improve its governance framework in accordance with legal regulations and regulatory requirements. This ongoing effort aims to continuously enhance the quality of the listed company.

XIV. Environmental information of listed companies and their major subsidiaries included in the list of enterprises required to disclose environmental information by law

适用 不适用

Number of enterprises included in the list of enterprises legally required to disclose environmental information (number of enterprises)		13
Num	Company Name	Index for searching environmental information disclosure reports in accordance with the law
1	Hengli Petrochemical Refining	Enterprise Environmental Information Disclosure System (Liaoning) https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=682078494236677&publishdataId
2	Hengli Petrochemical (Dalian)	Enterprise Environmental Information Disclosure System (Liaoning) https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=682078496813061&publishdataId
3	Hengli Petrochemical (Dalian) New Materials	Enterprise Environmental Information Disclosure System (Liaoning) https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=682078486274053&publishdataId
4	Kanghui New Materials	Enterprise Environmental Information Disclosure System (Liaoning) https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=683058695503877&publishdataId
5	Kanghui Dalian New Materials	Enterprise Environmental Information Disclosure System (Liaoning) https://qyxxpl.ywzh.lnsthj.cn:8802/home/companiesreport?enterId=682078494969861&publishdataId
6	Hengli Chemical Fiber	Jiangsu Enterprises' Environmental Protection Profiles: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
7	Hengke New Materials	Jiangsu Enterprises' Environmental Protection Profiles: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
8	Jiangsu Xuanda	Jiangsu Enterprises' Environmental Protection Profiles: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
9	Deli Chemical Fiber	Jiangsu Enterprises' Environmental Protection Profiles: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
10	Susheng Thermal Power	Jiangsu Enterprises' Environmental Protection Profiles:

		http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
11	Hengli Petrochemical (Huizhou)	Guangdong Provincial Department of Ecology and Environment - Enterprise Environmental Information Disclosure System https://www-app.gdeei.cn/gdeepub/front/dal/ent/list/detail?entId=a82dd6ac-77f4-498c-ab8c-a8a9ab63fac8
12	Kanghui Nantong New Materials	Jiangsu Enterprises' Environmental Protection Profiles: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js
13	Jiangsu Kanghui	Jiangsu Enterprises' Environmental Protection Profiles: http://ywxt.sthjt.jiangsu.gov.cn:18181/spsarchive-webapp/web/viewRunner.html?viewId=http://218.94.78.91:18181/spsarchive-webapp/web/sps/views/yfpl/views/home/index.js

Other notes

适用 不适用

XV. Social responsibility work

(I) Whether to disclose social responsibility report, sustainable development report or ESG report separately

适用 不适用

For details, please refer to the “2025 Sustainable Development Report of Hengli Petrochemical Co., Ltd”. disclosed on the Shanghai Stock Exchange website on April 15, 2026.

(II) Specific details of social responsibility work

适用 不适用

External donation, public welfare projects	External donation, public welfare projects	External donation, public welfare projects
Total investment (ten-thousand-yuan)	5	Educational Assistance
Including: capital (ten thousand yuan)	5	
Material discount (ten thousand yuan)		
Number of people benefited (person)		

Specific note

适用 不适用

XVI. Consolidate and expand the achievements of poverty alleviation and rural revitalization

适用 不适用

Poverty Alleviation and Rural	Quantity	Details
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Revitalization Projects	/Content	
Total investment (ten-thousand-yuan)	34.5	Hengli Futures donated 150,000 yuan to the Red Cross Society of Gongshan Dulong and Nu Autonomous County and 150,000 yuan to the Red Cross Society of Fugong County; Jiangsu Kanghui donated 45,000 yuan to impoverished villagers in Meidun Village, Fenhu High-tech Zone.
Including: capital (ten thousand yuan)	34.5	
Material discount (ten thousand yuan)		
Number of people benefited (person)		
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)		

Specific note

适用 不适用

XVII. Others

适用 不适用

Chapter 5 Important Events

I. Fulfillment of commitments

(I) Commitments made by the actual controller, shareholders, related parties, acquirers, and the Company itself, as well as relevant parties, during the reporting period or continuing into the reporting period

适用 不适用

(II) The Company's assets or projects have profit forecasts, and the reporting period is still in the period of profit forecasts

已达到 未达到 不适用

(III) Performance commitment status

适用 不适用

Changes in performance commitments

适用 不适用

Other notes

适用 不适用

II. Non-operating funds occupied by controlling shareholders and other related parties during the reporting period

适用 不适用

III. Guarantee in violation of regulation

适用 不适用

IV. Explanation of the Company's board of directors to the accounting firm's "non-standard opinion audit report"

适用 不适用

V. The Company's analysis and explanation on the reasons and effects of changes in accounting policies, accounting estimates, or corrections of major accounting errors

(I) The Company's analysis and explanation of the reasons and effects of the correction of major accounting errors

适用 不适用

(II) The Company's analysis and explanation of the reasons and effects of the correction of major accounting errors

适用 不适用

(III) Communication with the former accounting firm
 适用 不适用

(IV) Approval procedures and other note
 适用 不适用

VI. Appointment and dismissal of accounting firms

Unit: ten-thousand-yuan Currency: RMB

	Current appointment
Domestic accounting firm name	Zhonghui Certified Public Accountants (Special General Partnership)
Domestic accounting firm remuneration	379
Audit period for domestic accounting firms	7
The name of the certified public accountant of the domestic accounting firm	Chen Xiaohua, Fang Sai
Consecutive years of audit services of CPAs of domestic accounting firms	Chen Xiaohua (2 year), Fang Sai (4 years)

	Name	Remuneration
Internal control audit accounting firm	Zhonghui Certified Public Accountants (Special General Partnership)	600,000 yuan

Explanation on the appointment and dismissal of accounting firms

 适用 不适用

Explanation on the change of accounting firm during the audit period

 适用 不适用

Explanation of the situation where the audit fee has decreased by more than 20% (including 20%) compared to the previous year

 适用 不适用

VII. Situations at risk of delisting
(I) Reasons for delisting risk warning
 适用 不适用

(II) Countermeasures the Company intends to take
 适用 不适用

(III) Circumstances and reasons for facing termination of delisting
 适用 不适用

VIII. Matters related to bankruptcy and reorganization
 适用 不适用

IX. Major litigation and arbitration matters

本年度公司有重大诉讼、仲裁事项 本年度公司无重大诉讼、仲裁事项

X. Listed companies and their directors, senior managers, controlling shareholders, and actual controllers suspected of violating laws and regulations, punishments and rectifications

适用 不适用

XI. Explanation on the integrity status of the Company and its controlling shareholders and actual controllers during the reporting period

适用 不适用

XII. Significant related-party transactions
(I) Related party transactions related to daily operations
1. Matters that have been disclosed in the interim announcement and have not seen any subsequent progress or changes in implementation

适用 不适用

Overview of the matter	Query Index
Expected routine related-party transactions for 2025	For details, please refer to the "Announcement on the Estimated Situation of Routine Related Transactions in 2025" (Announcement No.: 2025-018) disclosed by Hengli Petrochemical on the Shanghai Stock Exchange website on April 17, 2025.

2. Matters that have been disclosed in the interim announcement but have since been subject to further implementation progress or changes

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

(II) Related-party transactions in asset or equity acquisition and sale
1. Matters that have been disclosed in the interim announcement and have not seen any subsequent progress or changes in implementation

适用 不适用

2. Matters that have been disclosed in the interim announcement but have since been subject to further implementation progress or change

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

4. If performance agreements are involved, the performance achieved during the reporting period should be disclosed

适用 不适用

(III) Significant related-party transactions involving joint overseas investment

1. Matters that have been disclosed in the interim announcement and have not seen any subsequent progress or changes in implementation

适用 不适用

2. Matters that have been disclosed in the interim announcement but have since been subject to further implementation progress or changes

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

(IV) Creditor's rights and liabilities with related parties

1. Matters that have been disclosed in the interim announcement and have not seen any subsequent progress or changes in implementation

适用 不适用

2. Matters that have been disclosed in the interim announcement but have since been subject to further implementation progress or changes

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

(V) Financial transactions between the Company and related finance companies, and between the Company's holding finance companies and related parties

适用 不适用

(VI) Others

适用 不适用

XIII. Significant contracts and their performance

(I) Trusteeship, contracting, and leasing matters

1. Trusteeship

适用 不适用

2. Contracting

适用 不适用

3. Leasing

适用 不适用

(II) Guarantee situation

√适用 □不适用

Unit: hundred-million-yuan Currency: RMB

The Company's external guarantees (excluding guarantees for subsidiaries)														
Guarantor	Relationship between the guarantor and the listed company	The secured party	Guarantee Amount	Guarantee occurrence date (agreement signing date)	Guarantee Start date	Guarantee Expiration Date	Type of guarantee	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Guarantee overdue amount	Counter-guarantee	Whether it is a guarantee for related parties	Relevance relation
None														
Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)														
Total balance of guarantees at the end of the reporting period (A) (excluding guarantees to subsidiaries)														
Guarantees provided by the Company and subsidiaries to its subsidiaries														
Total amount of guarantees for subsidiaries during the reporting period							3,385.97							
Total balance of guarantees to subsidiaries at the end of the reporting period (B)							2,070.75							
Total company guarantees (including guarantees to subsidiaries)														
Total Guarantee (A+B)							2,070.75							
The ratio of the total guarantee amount to the Company's net assets (%)							310.12							
Including:														
Amount of guarantee provided for shareholders, actual controllers and their related parties (C)							-							

Amount of debt guarantee provided directly or indirectly for guaranteed objects whose asset-liability ratio exceeds 70% (D)	0.10
The amount of the part where the total guarantee exceeds 50% of the net assets (E)	1604.21
The total amount of the above three guarantees (C+D+E)	1604.31
Explanation on possible joint and several liability for unexpired guarantees	
Guarantee information	During the reporting period, the Company's guarantees were mutual guarantees between the Company and its subsidiaries (sub-subsidiaries).

Note: On August 15, 2025, the Company convened the 30th Meeting of the 9th Board of Directors, which reviewed and approved the “Proposal on the Absorption and Merger between Wholly-Owned Subsidiaries”. This approved the absorption and merger of the Company's wholly-owned subsidiary Hengli Chemical by another wholly-owned subsidiary, Hengli Refining and Chemical. The absorption and merger transaction has been completed; Hengli Chemical has been lawfully deregistered, and all its assets, liabilities, rights, and obligations have been legally assumed by Hengli Refining and Chemical. As a result of this absorption and merger, Hengli Refining and Chemical, having succeeded the relevant rights and obligations of Hengli Chemical, has correspondingly taken over the syndicated loan for the 1.5 million tonnes per annum ethylene project led by the Dalian Branch of China Development Bank. The Company will continue to provide a full joint and several liability guarantee for the entire term of this medium- to long-term syndicated loan for the ethylene project.

(III) Entrusting others to manage cash assets

1. Entrusted financial management

(1). Overall situation of entrusted wealth management

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Type	Risk characteristics	Outstanding Balance	Overdue uncollected amount
Bank financial products	Low risk	101,311.25	
Financial products of securities companies	Medium risk	5,200.00	
Trust financial products	Medium risk	22,000.00	
Public fund products	Medium risk	1,702.03	
Private equity fund products	Medium to high risk	3,800.00	

Other

 适用 不适用

(2). Individual entrusted financial management
 适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Trustee	Entrusted financial management type	Risk characteristics	Entrusted financial management amount	Entrusted financial management start date	Entrusted financial management maturity date	Funding direction	Restrictions situation	Actual Gains or losses	Undue amount	Overdue uncollected amount
Wujiang Merchants Bank	Bank Wealth Management	Low to medium risk	2,000.00	2025/10/14		Fixed income assets			2,000.00	
Suzhou Huaxia Bank	Bank Wealth Management	Low risk	5,000.00	2025/10/15		Fixed income financial instruments			5,000.00	
Wujiang CITIC Bank	Bank Wealth Management	Low to medium risk	8,000.00	2025/12/2		Debt assets, commodities and derivatives assets			8,000.00	
Suzhou Huaxia Bank	Bank Wealth Management	Low risk	5,000.00	2025/12/4		Fixed income financial instruments			5,000.00	
Wujiang Merchants Bank	Bank Wealth Management	Low to medium risk	10,000.00	2025/12/5		Fixed income assets			10,000.00	

Suzhou Huaxia Bank	Bank Wealth Management	Low to medium risk	13,000.00	2025/12/8		Fixed income financial instruments			13,000.00	
Zhangjiagan Rural Commercial Bank	Bank Wealth Management	Low to medium risk	3,000.00	2025/12/17		Fixed income assets			3,000.00	
Suzhou Huaxia Bank	Bank Wealth Management	Low risk	5,000.00	2025/12/23		Fixed income financial instruments			5,000.00	
Wujiang CITIC Bank	Bank Wealth Management	Low to medium risk	5,000.00	2025/12/26		Fixed income assets			5,000.00	
Nanma Agricultural and Commercial Bank	Bank Wealth Management	Low risk	10,000.00	2025/12/30		Fixed income assets			10,000.00	
Wujiang CITIC Bank	Bank Wealth Management	Low to medium risk	9,500.00	2025/12/30		Fixed income assets			9,500.00	
Wujiang CITIC Bank	Bank Wealth Management	Low to medium risk	3,000.00	2025/12/31		Fixed income financial instruments			3,000.00	
Jiangsu Zhaoxin Private Equity Fund Management	Private equity funds	Medium and high risk	1,500.00	2025/2/5		Futures and Derivatives			1,500.00	

nt Co., Ltd.										
Shenzhen Ruitao Asset Management Co., Ltd.	Private equity funds	Medium and high risk	1,000.00	2025/5/28		mutual funds, futures and derivatives			1,000.00	
Bank of Communications International Trust Co., Ltd.	Trust Investment	Medium risk	2,000.00	2025/9/16		Equity assets			2,000.00	
Tibet Trust Co., Ltd.	Trust Investment	Medium risk	20,000.00	2025/9/19		Standardized debt assets			20,000.00	
CCB Wealth Management Co., Ltd.	Bank Wealth Management	Low risk	5,000.00	2025/12/29		Fixed income assets			5,000.00	
Wujiang Shengze Branch of China Construction Bank	Bank Wealth Management	Low risk	5,000.00	2025/12/31		Fixed income assets			5,000.00	
Jiangsu Bank Shengze Branch	Bank Wealth Management	Low risk	3,000.00	2025/12/25		Fixed income assets			3,000.00	
Ningbo Bank Co., Ltd. Wujiang High-tech Industrial	Bank Wealth Management	Low risk	9,000.00	2025/12/31		Fixed income assets			9,000.00	

Park Branch										
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Others

适用 不适用

(3). Provision for impairment of entrusted financial management

适用 不适用

2. Entrusted loan situation

(1). General situation of entrusted loans

适用 不适用

Others

适用 不适用

(2). Individual entrusted loan

适用 不适用

Others

适用 不适用

(3). Impairment provision for entrusted loans

适用 不适用

3. Others

适用 不适用

(IV) Other major contracts

适用 不适用

XIV. Progress descriptions on the use of raised funds

适用 不适用

XV. Explanations on other major events that have a significant impact on investors' value judgments and investment decisions

适用 不适用

Chapter 6 Changes in shareholding and shareholder information

I. Changes in share capital

(I) Changes in shares

1. Changes in shares

During the reporting period, the total number of shares and share capital structure of the Company have not changed.

2. Description of changes in shares

适用 不适用

3. The impact of shareholding changes on financial indicators such as earnings per share and net assets per share in the last year and the latest period (if any)

适用 不适用

4. Other content that the Company deems necessary or required by securities regulators to disclose.

适用 不适用

(II) Changes in restricted shares

适用 不适用

II. Securities issuance and listing

(I) Securities issuance as of the reporting period

适用 不适用

Currency: RMB

Types of stocks and their derivative securities	Types of stocks and their derivative securities	Types of stocks and their derivative securities	Types of stocks and their derivative securities	Types of stocks and their derivative securities	Types of stocks and their derivative securities	Types of stocks and their derivative securities
Bonds (including corporate bonds, corporate bonds, and non-financial corporate bond financing instruments)						
First tranche of medium-term notes for 2025	2025-04-09	2.47%	500 million yuan	2025-04-11	500 million yuan	2028-04-07
The first tranche of science and technology innovation bonds in 2025	2025-06-25	1.85%	1 billion yuan	2025-06-27	1 billion yuan	2026-06-25
Second Tranche of Science and Technology	2025-08-19	1.84%	1 billion yuan	2025-08-21	1 billion yuan	2026-08-19

Innovation Bonds in 2025						
The third tranche of science and technology innovation bonds for 2025	2025-10-24	1.79%	600 million yuan	2025-10-28	600 million yuan	2026-10-26

Explanation on securities issuance as of the reporting period (for bonds with different interest rates during the duration, please explain separately):

适用 不适用

1. Pursuant to the Acceptance of Registration Notice (Zhong Shi Xie Zhu [2024] No. CP92) issued by the National Association of Financial Market Institutional Investors (NAFMII), the NAFMII has accepted the registration of the Company's short-term financing bonds, with a registered amount of RMB 3 billion. The registration quota is valid for a period of two years from the date of issuance of the notice.

On June 25, 2025, the Company issued the 2025 First Tranche of Sci-Tech Innovation Bonds in the national inter-bank market, with a term of 365 days, a total issuance amount of RMB 1 billion, and a coupon rate of 1.85%.

On August 19, 2025, the Company issued the 2025 Second Tranche of Sci-Tech Innovation Bonds in the national inter-bank market, with a term of 365 days, a total issuance amount of RMB 1 billion, and a coupon rate of 1.84%.

On October 24, 2025, the Company issued the 2025 Third Tranche of Sci-Tech Innovation Bonds in the national inter-bank market, with a term of 365 days, a total issuance amount of RMB 600 million, and a coupon rate of 1.79%.

2. On November 20, 2024, the Company received the "Notice of Acceptance of Registration" (NAFMII Registration Notice, Reference No.: [2024] MTN1155) issued by National Association of Financial Market Institutional Investors, approving the registration of the Company's medium-term notes with a total registered amount of RMB 3 billion yuan. The registration quota will remain valid for two years from the date indicated on the notice.

On April 9, 2025, the Company issued the first tranche of medium-term note for the year 2025 in the national interbank market. The bonds have a maturity of 3 years, with a total issuance amount of 0.5 billion yuan and an issuance interest rate of 2.47%

(II) Changes in the total number of shares of the Company and the structure of shareholders, as well as changes in the structure of the Company's assets and liabilities

适用 不适用

(III) Existing internal staff shares

适用 不适用

III. Information on shareholders and actual controllers

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the reporting period (accounts)	58,270
The total number of ordinary shareholders at the end of the previous month before the annual report disclosure date (accounts)	70,491
Total number of preferred shareholders with voting rights restored as of the end of the reporting period	0

(accounts)	
The total number of preference shareholders whose voting rights have been restored at the end of the previous month before the annual report disclosure date (accounts)	0

(II) Table of shareholdings of the top ten shareholders and top ten tradable shareholders (or shareholders not subject to sales restrictions) as of the end of the reporting period

Unit: share

Shareholdings of the top ten shareholders (excluding shares lent through refinancing)							
Shareholder's name (Full name)	Changes during the reporting period	Number of shares held at the end of the period	Ratio (%)	Number of restricted shares held	Pledge, Mark or Freeze Situation		Shareholder nature
					Share status	Quantity	
Hengli Group Co., Ltd.		2,100,612,342	29.84	-	Pledge	1,108,000,000	Domestic non-state-owned legal person
Hengneng Investment (Dalian) Co., Ltd.		1,498,478,926	21.29	-	Pledge	498,200,000	Domestic non-state-owned legal person
Fan Hongwei		791,494,169	11.24	-	None	-	Domestic natural person
De Cheng Li International Group Co., Ltd.		732,711,668	10.41	-	None	-	Foreign legal person
Hong Kong Securities Clearing Company Limited	-13,096,062	211,663,993	3.01	-	None	-	Other
Dalian State-owned Assets Investment and Operation Group Co., Ltd.		68,898,123	0.98	-	Pledge	15,000,000	Other
Jiangsu Hegao		61,952,065	0.88	-	None	-	State-owned

Investment Co., Ltd.							legal entity
Hailai International Investment Co., Ltd.		52,246,838	0.74	-	None	-	Other
Hainan Huayin Tianxia Private Equity Fund Management Co., Ltd. - Huayin Xuyang No. 1 Private Equity Investment Fund		40,622,726	0.58	-	None	-	Other
Industrial and Commercial Bank of China Limited - Huatai-Pine Bridge CSI 300 Exchange Traded Open-Ended Index Fund	-1,434,704	34,966,725	0.50	-	None	-	Domestic non-state-owned legal person
Shareholdings of the top ten shareholders without restrictions on sales (excluding shares lent through refinancing)							
Shareholder Name	Number of unrestricted tradable shares held		Types and quantities of shares				
			type	quantity			
Hengli Group Co., Ltd.			2,100,612,342	RMB ordinary shares	2,100,612,342		
Hengneng Investment (Dalian) Co., Ltd.			1,498,478,926	RMB ordinary shares	1,498,478,926		
Fan Hongwei			791,494,169	RMB ordinary shares	791,494,169		
De Cheng Li International Group Co., Ltd.			732,711,668	RMB ordinary shares	732,711,668		
Hong Kong Securities Clearing Company Limited			211,663,993	RMB ordinary shares	211,663,993		
Dalian State-owned Assets Investment and Operation Group Co., Ltd.			68,898,123	RMB ordinary shares	68,898,123		
Jiangsu Hegao Investment			61,952,065	RMB ordinary	61,952,065		

Co., Ltd.		shares	
Hailai International Investment Co., Ltd.	52,246,838	RMB ordinary shares	52,246,838
Hainan Huayin Tianxia Private Equity Fund Management Co., Ltd. - Huayin Xuyang No. 1 Private Equity Investment Fund	40,622,726	RMB ordinary shares	40,622,726
Industrial and Commercial Bank of China Limited – Huatai-PineBridge CSI 300 Exchange Traded Open-Ended Index Fund	34,966,725	RMB ordinary shares	34,966,725
Explanation of the repurchase accounts among the top ten shareholders	As of the end of the reporting period, None of the top ten shareholders had a corporate repurchase account.		
Explanation on proxy voting rights, proxy voting rights and waiver of voting rights of the above-mentioned shareholders			
Explanation on the related relationship or concerted action of the above-mentioned shareholders	Hengli Group, Hengneng Investment, Fan Hongwei, Dechengli, Hegao Investment, Hailaide, and Huayin Xuyang No. 1 are acting in concert; the relationships among other shareholders are unknown.		
Explanation on preferred stockholders with restored voting rights and the number of shares held	During the reporting period, the Company had no preferred shareholders.		

Shareholders holding more than 5% of the shares, the top ten shareholders and the top ten shareholders of unrestricted tradable shares participating in the refinancing business and lending share
适用 不适用

The top ten shareholders and the top ten shareholders of unrestricted tradable shares have changed compared to the previous period due to lending/repayment of refinancing
适用 不适用

The number of shares held by the top ten shareholders with sales restrictions and the conditions for sales restrictions
适用 不适用

(III) Strategic investors or general legal persons become the top 10 shareholders due to allotment of new shares

适用 不适用

IV. Controlling shareholders and actual controllers
(I) Controlling shareholders
1. legal person

 v适用 不适用

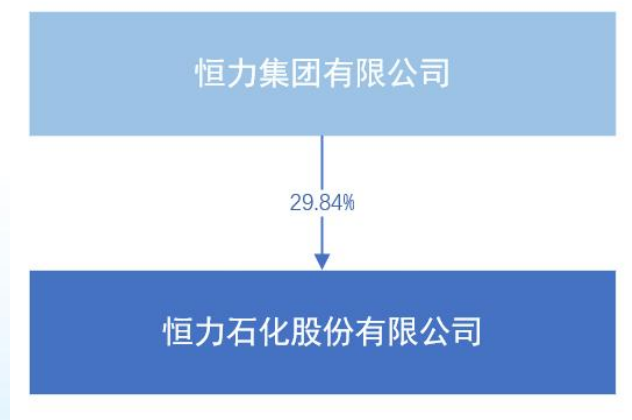
Name	Hengli Group Co., Ltd.
The person in charge or legal representative of the entity	Chen Jianhua
Date of establishment	January 16, 2002
Main operating business	Production and sales of needle textiles and paper packaging materials (excluding printing) ; sales of chemical fiber raw materials, plastics, mechanical and electrical equipment, instruments, ash residue, purified terephthalic acid (PTA), and monoethylene glycol (MEG) ; industrial investment; research and development of new textile raw materials products; self-operated and agency import and export of various commodities and technologies; limited branch operations include thermal power generation and steam production and supply. (Business activities in projects that require approval by law can only be conducted after obtaining approvals from relevant departments).

2. Natural person
 适用 不适用

3. Special note on the absence of a controlling shareholder in the Company
 适用 不适用

4. Explanation on the change of controlling shareholders during the reporting period
 适用 不适用

5. Block diagram of the property rights and control relationship between the Company and the controlling shareholder

 v适用 不适用


(II) Actual controller

1. Legal person

适用 不适用

2. Natural person

适用 不适用

Name	Chen Jianhua and Fan Hongwei (Spouse)
Nationality	China
Whether to obtain the right of residence in other countries or regions	None
Main occupations and positions	Chen Jianhua is the chairman and general manager of Hengli Group Co., Ltd., the controlling shareholder of the listed company; Fan Hongwei is the current chairman of the listed company.
Information on domestic and overseas listed companies that have held controlling stakes in the past 10 years	Chen Jianhua and Fan Hongwei are the actual controllers of Guangdong Songfa Ceramics Co., Ltd. (stock code: 603268), a listed company, and Suzhou Wujiang Tongli Lake Tourism Resort Co., Ltd. (stock code: 834199), a listed company.

3. Special note for the absence of actual controllers in the Company

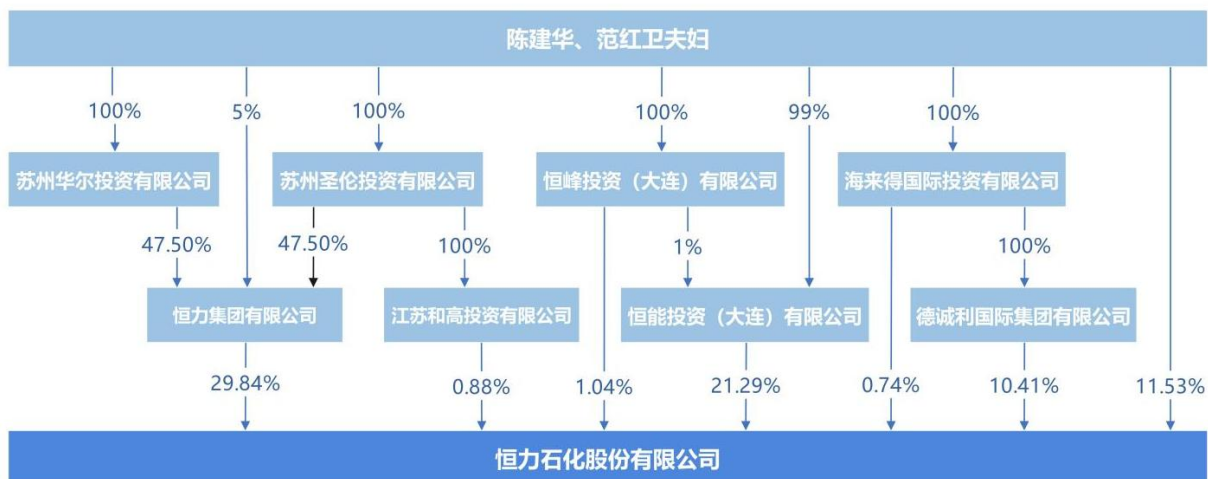
适用 不适用

4. Explanation on changes in the Company's control during the reporting period

适用 不适用

5. Block diagram of the property rights and control relationship between the Company and the actual controller

适用 不适用



Note:

1. When calculating the shareholding ratio of Hengfeng Investment (Dalian) Co., Ltd., the number of shares directly held through its own account "Hengfeng Investment (Dalian) Co., Ltd." (accounting for 0.46% of the total share capital) and the number of shares indirectly held through the contractual private equity fund account "Hainan Huayin Tianxia Private Equity Fund Management Co., Ltd. - Huayin

Xuyang No. 1 Private Equity Securities Investment Fund” (accounting for 0.58% of the total share capital) are included.

2. The Company's actual controllers are Chen Jianhua and Fan Hongwei (a married couple), who directly and indirectly (including through voting rights entrustment) hold a total of 5,330,873,649 shares in the Company via Hengli Group Co., Ltd. and its concerted parties, representing a 75.73% shareholding ratio.

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

适用 不适用

(III) Other information on controlling shareholders and actual controller

适用 不适用

V. The cumulative number of pledged shares by the Company's controlling shareholder or largest shareholder and their concerted actors accounts for more than 80% of their total holdings in the Company

适用 不适用

VI. Other corporate shareholders holding more than 10% of the shares

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Name of corporate shareholder	Head of Unit or legal representative	Date of Establishment	Organization code	Registered capital	Information on main business operations or management activities, etc.
Hengneng Investment (Dalian) Co., Ltd.	Fan Hongwei	2014-03-06	912102440890861452	50,000	invest
De Cheng Li International Group Co., Ltd.	Fan Hongwei	2003-08-27	Registration number: 859250	500	Trade and investment
Other information	Hengneng Investment and Tak Shing Li are persons acting in concert with Hengli Group, the controlling shareholder of the Company				

VII. Explanation on reduction of shareholding restriction

适用 不适用

VIII. Specific implementation of share repurchase during the reporting period

适用 不适用

IX. Information of preferred shares

适用 不适用

Chapter 7 Information of bonds

I. Corporate bonds (including enterprise bonds) and non-financial corporate debt financing instruments

适用 不适用

(I) Corporate bonds (including enterprise bonds)

适用 不适用

(II) Use of proceeds from corporate bond issuance

公司债券在报告期内涉及募集资金使用或者整改

本公司所有公司债券在报告期内均不涉及募集资金使用或者整改

(1). Funds raised will be used for specific projects

适用 不适用

(III) Additional disclosure requirements for special bond types

适用 不适用

(IV) Significant matters concerning corporate bonds during the reporting period

适用 不适用

(V) Debt financing instruments for non-financial enterprises in the inter-bank bond markets

√适用 □不适用

1、 Non-financial corporate debt financing instruments

Unit: hundred-million-yuan Currency: RMB

Bond name	Abbreviation	Code	Issuance date	Value date	Maturity date	Bond balance	Interest rate (%)	Payment of principal and interest	Trading places	Investor Suitability Arrangements (if any)	Trading Mechanism	Whether there is a risk of termination of listing transactions
Hengli Petrochemical Co., Ltd. 2025 First Tranche Medium-Term Notes	25 Hengli Petrochemical MTN001	102581528	2025-04-09	2025-04-10	2028-04-10	5	2.47	Interest is paid annually, and principal and interest are repaid in a lump sum at maturity.	China's interbank market			No
Hengli Petrochemical Co., Ltd. 2025 First Tranche of Science and Technology Innovation Bonds	25 Hengli Petrochemical CP001 (Science and Technology Innovation Board Bond)	042580325	2025-06-25	2025-06-26	2026-06-26	10	1.85	Principal and interest paid in a lump sum at maturity	China's interbank market			No

Hengli Petrochemical Co., Ltd. 2025 Second Tranche of Science and Technology Innovation Bonds	25 Hengli Petrochemical CP002 (Science and Technology Innovation Bond)	042580425	2025-08-19	2025-08-20	2026-08-20	10	1.84	Principal and interest paid in a lump sum at maturity	China's interbank market			No
Hengli Petrochemical Co., Ltd. 2025 Third Tranche of Science and Technology Innovation Bonds	25 Hengli Petrochemical CP003 (Science and Technology Innovation Bond)	042580562	2025-10-24	2025-10-27	2026-10-27	6	1.79	Principal and interest paid in a lump sum at maturity	China's interbank market			No
Hengli Petrochemical Co., Ltd. 2026 First Tranche Short-Term Financing Bonds	26 Hengli Petrochemical CP001	042680123	2026-3-24	2026-3-25	2027-3-25	10	1.68	Principal and interest paid in a lump sum at maturity	China's interbank market			No

The Company's countermeasures against the risk of delisting and trading bonds

适用 不适用

Overdue bonds

适用 不适用

Bond interest payment and repayment during the reporting period

√适用 □不适用

Bond Name	Explanation on interest payment and repayment
Hengli Petrochemical Co., Ltd. 2024 First Tranche Short-Term Financing Bonds (Science and Technology Innovation Board Bonds)	The redemption of this bond issue has been completed, with a total principal and interest payment of RMB 1,022 million.
Hengli Petrochemical Co., Ltd. 2024 Second Tranche Short-Term Financing Bonds (Science and Technology Innovation Board Notes)	The redemption of this bond issue has been completed, with a total principal and interest payment of RMB 1,021.5 million.

2、 The triggering and implementation of company or investor option clauses and investor protection clauses

□适用 √不适用

3、 Intermediaries providing services for bond issuance and duration business

Intermediary name	Office address	Name of Signing Accountant	Contact person	Contact number
Postal Savings Bank of China Co., Ltd.	No. 3 Financial Street, Xicheng District, Beijing		Yang Lixun, Zheng Yang	010-68858095
Industrial Bank Co., Ltd.	Xingye Bank Building, No. 398 Jiangbin Middle Avenue, Taijiang District, Fuzhou City, Fujian Province		Gu Qingcheng	0411-88007094
China Galaxy Securities Co., Ltd.	Room 101, 7th to 18th Floors, Building 1, No. 8 Xiying Street, Fengtai District, Beijing		Zhang Tao, Xu Wei, Li Tong, Li Manting	010-80927129
China Merchants Bank Co., Ltd.	China Merchants Bank Building, No. 7088 Shennan Avenue, Futian District, Shenzhen		Guo Pengfei and Guo Wei	0755-88026264 0411-39853306
China Zheshang Bank Co., Ltd.	No. 1788 Hongning Road, Xiaoshan District, Hangzhou City, Zhejiang Province		Wang Haoran	024-31911273
China Construction Bank Corporation	No. 25 Financial Street, Xicheng District, Beijing		Wang Wenjia	010-67595589
Hua Xia Bank Co., Ltd.	No. 22 Jianguomen Inner Street, Dongcheng District, Beijing		Shi Cong	010-85237774
China CITIC Bank Corporation Limited	Floors 6-30 and 32-42, Building 1, No. 10 Guanghua Road, Chaoyang District, Beijing		You Wen	010-66638188
Soochow Securities Co., Ltd.	No. 5 Xingyang Street, Suzhou Industrial Park		Chen Shih-hao	13776126605
Beijing Tianyuan Law Firm	Unit 509, Building A, International Enterprise Building, No. 35 Financial Street, Xicheng District, Beijing		Zhang Deren, Huang Jingya	010-57763888

Grandall Law Firm (Hangzhou)	Grandall Law Firm, No. 2 & 15, Block B, Baita Park, Laofuxing Road, Shangcheng District, Hangzhou		Yang Zhao	0571-85775888
Zhonghui Certified Public Accountants (Special General Partnership)	Room 601, Building A, Hualian Times Building, No. 8 Xinye Road, Jianggan District, Hangzhou	Chen Xiaohua, Fang Sai	Fang Sai	0571-88879999
Dagong International Credit Rating Co., Ltd.	No. 18, Jia, Sanlihe Second District, Xicheng District, Beijing		Cui Aiqiao	010-67413373
Shanghai Pudong Development Bank Co., Ltd.	8th Floor, Pudong Development Bank Building, No. 29 Bailianjing Road, Pudong New Area, Shanghai		Zhang Ying	010-57395455
China Everbright Bank Co., Ltd.	China Everbright Center, No. 25 & Jia 25, Taipingqiao Street, Xicheng District, Beijing		Wang Yue	0411-39037023
Bank of China Limited	No. 1, Fuxingmennei Street, Xicheng District, Beijing		Wang Xinan	010-66592497

Changes to the above-mentioned intermediaries

适用 不适用

4、 Use of raised funds at the end of the reporting period

适用 不适用

Unit: hundred-million-yuan Currency:RMB

Bond name	Total amount of funds raised	Amount used	Unused amount	Operation of special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
Hengli Petrochemical Co., Ltd. 2025 First Tranche Medium-Term Notes	5	5	0	Normal compliance	None	Yes
Hengli Petrochemical Co., Ltd. 2025 First Tranche of Science and Technology Innovation Bonds	10	10	0	Normal compliance	None	Yes
Hengli Petrochemical Co., Ltd. 2025 Second Tranche of Science and Technology Innovation Bonds	10	10	0	Normal compliance	None	Yes

Hengli Petrochemical Co., Ltd. 2025 Third Tranche of Science and Technology Innovation Bonds	6	6	0	Normal compliance	None	Yes
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Progress and operational benefits of raising funds for construction projects

适用 不适用

Explanation on changing the use of funds raised from the above bonds during the reporting period

适用 不适用

Other notes:

适用 不适用

5、 Adjustments to credit rating results

适用 不适用

Other notes:

适用 不适用

6、 The implementation and changes of guarantees, debt repayment plans and other debt repayment guarantee measures during the reporting period and their impact

适用 不适用

7、 Explanation on other conditions of non-financial corporate debt financing instruments

适用 不适用

(VI) The Company incurred a consolidated net loss during the reporting period that exceeded 10% of the net assets at the end of the previous year

适用 不适用

(VII) Overdue interest-bearing debts other than bonds at the end of the reporting period

适用 不适用

(VIII) The impact on bond investors' rights during the reporting period due to violations of laws, regulations, company bylaws, provisions of information disclosure management systems, as well as deviations from the provisions or commitments stated in the bond prospectus

适用 不适用

(IX) Accounting data and financial indicators of the Company in the previous two years by the end of the reporting period

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Key Indicators	2025	2024	Year-on-year changes (%)	Reason of changes
Net profit excluding extraordinary profit or loss	594,924.70	520,903.24	14.21	
Current ratio	0.56	0.56	-	
Quick ratio	0.31	0.30	3.33	
Debt-to-assets ratio (%)	74.53	76.78	-2.25	
Total debt-to-EBITDA ratio	0.13	0.12	8.33	
Interest coverage ratio	2.68	2.25	19.11	
Cash flow interest coverage ratio	6.44	4.16	54.81	
EBITDA-to-interest coverage ratio	5.14	4.13	24.46	
Loan repayment rate (%)	100.00	100.00	-	
Interest coverage rate (%)	100.00	100.00	-	

II. Convertible corporate bonds

适用 不适用

Chapter 8 Financial Reports

I. Auditor's Report

适用 不适用

All shareholders of Hengli Petrochemical Co., Ltd.:

(I) Audit opinion

We have audited the financial statements of Hengli Petrochemical Co., Ltd. (hereinafter “the Company”), which comprise the consolidated and company balance sheets as at 31 December 2025, and the consolidated and company income statements, consolidated and company cash flow statements and consolidated and company statements of changes in equity for the year then ended, and notes to the financial statements.

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

(II) Basis for audit opinion

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

(III) Key audit matters

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended 31 December 2023. This matter was addressed in the context of our audit of the financial statements as whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter. We have determined the following matters to be key audit matters that need to be communicated in the audit report.

The key audit matters we identified during our audit are summarized below:

Key audit matter	Addressed in the context of our audit
(i) Revenue recognition	
As mentioned in the notes to the financial statements of Hengli Petrochemical Company, “Notes on Consolidated Financial Statement Items - Operating Revenue”, the operating revenue for the current period was RMB200,986,035,500. The primary revenue sources and recognition criteria are shown in note to the financial statements of the Company, “Principal Accounting Policies and Accounting Estimates - Revenue”. Since revenue is one of the key performance indicators of the Company, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific goals or expectations. Therefore, we recognize revenue	In the audit of the financial statements for the year, we have implemented the following procedures for the matter of revenue recognition: <ol style="list-style-type: none"> 1. Evaluate and test the design and operation effectiveness of key internal controls related to revenue recognition of the Company; 2. Understand the various types of income of the Company and their recognition conditions, and evaluate whether the income recognition policy meets the requirements of the accounting standards; 3. Combined with the comparison of gross profit margins of companies in the same industry, an analysis procedure is performed on the Company's

Key audit matter	Addressed in the context of our audit
<p>recognition as a key audit matter.</p>	<p>revenue, costs and gross profit margins to analyze the rationality of the gross profit margin change trend;</p> <p>4. Select sample and inspect the Company's various types of income related contracts, invoices, income confirmation documents and other documents to test the authenticity of income;</p> <p>5. Perform a sample test on the revenue recognized around the balance sheet date to assess whether the sales revenue is recognized in the appropriate accounting period;</p> <p>6. Carry out confirmation procedure on the income amount of the Company's major customers and the balances of receivable.</p>
<p>(ii) Provision for decline in value of inventories</p>	
<p>As stated in the notes to the consolidated financial statements of Hengli Petrochemical Company, "Notes to Consolidated Financial Statements – Inventories", the ending inventory balance was RMB 24,255,826,300, the inventory impairment provision balance was RMB 543,837,400, and the carrying amount of inventory was RMB 23,711,988,900, indicating a relatively high carrying amount. Hengli Petrochemical Company's inventory mainly consists of crude oil and refining-related products, which are significantly affected by macroeconomic conditions and fluctuations in crude oil market prices. The adequacy of the inventory impairment provision has a substantial impact on the financial statements. Furthermore, the determination of the net realizable value during the inventory impairment provision process involves management's judgment. Therefore, we have identified the inventory impairment provision as a key audit matter.</p>	<p>In the audit of the financial statements for the year, we have implemented the following procedures for the matter of Provision for decline in value of inventories:</p> <ol style="list-style-type: none"> 1. Evaluate and test the design and operation effectiveness of key internal controls related to provision for decline in value of inventories of the Company; 2. Conduct sampling inspection on the inventory of the Company to check whether the quantity of inventory is accurate, and whether there are any conditions such as damage, obsolescence, obsolescence, and defects; 3. Obtained calculation sheet of the provision for decline in value of inventories, prepared by the management of the Company, reviewed the key parameters for calculating the provision for decline in value of inventories, including estimated future sales prices, costs to be incurred by the completion of the project, sales expenses, and related taxes and fees, and checked the accuracy of the calculation of provision for decline in value of inventories; 4. Check whether the calculation and accounting treatment of provision for decline in value of inventories is correct, whether provision or write-off for the year is consistent with the relevant amount of profit or loss account.

(IV) Other information

Management is responsible for the other information. The other information comprises the information included in the Company's 2025 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

(V) Responsibilities of management and those charged with governance for the financial statements

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

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

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

(VI) Auditor's responsibilities for the audit of the financial statements

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

In the process of performing audit work in accordance with auditing standards, we exercise professional judgment and maintain professional skepticism. At the same time, we also perform the following work:

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

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

(1) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

(2) Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.

(3) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

(4) Conclude on the appropriateness of the management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, the auditing standards require us to draw attention to users of the financial statements in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

Zhonghui Certified Public Accountants (Special General Partnership)
 Chinese Certified Public Accountant: Chen Xiaohua (Project Partner)
 Public Accountant: Fang Sai
 China Hangzhou Certified

Report Date: April 13, 2026

II. Financial Statements

Consolidated Balance Sheet

December 31, 2025

Compiled by: Hengli Petrochemical Co., Ltd

Unit: Yuan Currency: RMB

Item	Note	December 31, 2025	December 31, 2024
Current assets:			

Cash and bank balances		29,452,553,398.05	30,836,640,755.89
Settlement reserve			
Due from banks and other financial institutions			
Financial assets held for trading		1,738,501,539.93	428,380,369.27
Derivative financial assets			
Notes receivable		9,139,698.73	28,601,284.34
Accounts receivable		641,497,032.15	579,028,516.23
Receivable financing		6,534,848,806.60	6,628,663,752.25
Prepayments		1,422,702,971.64	2,432,127,659.25
Insurance premium receivables			
Reinsurance premium receivables			
Reserve receivable for reinsurance			
Other receivables		939,052,382.12	441,295,980.89
Including: Interest receivables			
Dividend receivables			
Financial assets purchased under agreements to resell			
Inventories		23,711,988,902.11	24,251,461,292.33
Including: Data resources			
Contract assets			
Assets held-for-sale			
Non-current assets due within one year			
Other current assets		6,719,340,061.82	7,643,356,536.21
Total current assets		71,169,624,793.15	73,269,556,146.66
Non-current assets:			
Loans and advances			
Debts investment			
Other debts investment			
Long-term receivables			
Long-term equity investments		796,623,655.49	745,868,004.65
Other equity instruments investment			
Other non-current financial assets			
Investment properties		235,712,374.56	207,631,846.17
Fixed assets		148,630,305,580.41	147,008,441,268.04
Construction in progress		29,156,777,648.83	38,393,831,275.27
Productive biological assets			
Oil and gas assets			
Right-of-use assets		95,104,463.36	436,048,823.59
Intangible assets		8,910,854,906.29	9,147,170,857.28
Including: Data resources			
Development cost			

Including: Data resources			
Goodwill		77,323,123.69	77,323,123.69
Long-term deferred expenses		2,058,534,913.31	1,980,550,749.22
Deferred tax assets		550,036,912.73	467,739,176.52
Other non-current assets		578,091,162.56	1,348,708,592.31
Total non-current assets		191,089,364,741.23	199,813,313,716.74
TOTAL ASSETS		262,258,989,534.38	273,082,869,863.40
Current liabilities:			
Short-term loans		71,126,388,831.87	79,041,948,844.84
Borrowings from central bank			
Deposits and placements from banks and other financial institutions			
Financial liabilities held for trading		955,162,496.23	503,787,256.86
Derivative financial liabilities			
Notes payable		3,889,528,459.42	11,447,306,278.33
Accounts payable		10,904,084,718.69	9,489,657,622.13
Receipts in advance			
Contract liabilities		10,280,479,293.07	7,237,041,468.28
Financial assets sold under agreements to repurchase			
Due to customers and banks			
Securities brokering			
Securities underwriting			
Employee benefits payable		464,990,334.08	493,458,721.02
Taxes payable		2,034,632,852.57	1,022,522,462.49
Other payables		399,011,597.06	375,249,175.51
Including: Interest payables			
Dividends payable			
Fees and commissions payable			
Reinsurance premium payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		19,136,314,737.67	14,881,493,535.65
Other current liabilities		8,552,275,055.32	6,386,840,701.94
Total current liabilities		127,742,868,375.98	130,879,306,067.05
Non-current liabilities:			
Claims reserve of insurance contract			
Long-term loans		60,814,339,749.42	72,289,105,878.33
Bonds payable		498,925,576.55	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		63,603,406.53	304,795,938.86
Long-term payables		1,456,319,918.43	2,301,784,112.38
Long-term employee benefits payable			

Provisions			
Deferred income		4,854,666,692.94	3,851,089,558.89
Deferred tax liabilities		36,994,614.57	39,225,490.65
Other non-current liabilities			
Total non-current liabilities		67,724,849,958.44	78,786,000,979.11
TOTAL LIABILITIES		195,467,718,334.42	209,665,307,046.16
Owner's equity (or shareholders' equity):			
Paid-in capital (or Share capital)		7,039,099,786.00	7,039,099,786.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		18,879,746,169.53	18,845,170,600.53
Less: Treasury shares		-	
Other comprehensive income		-121,388,644.16	-26,381,521.04
Specific reserve		369,951,854.37	279,243,445.05
Surplus reserve		1,103,914,180.29	1,087,391,116.57
General risk reserve			
Undistributed profits		39,501,990,255.24	36,174,653,818.01
Total owners' equity (or shareholders' equity) attributable to the parent		66,773,313,601.27	63,399,177,245.12
Minority interests		17,957,598.69	18,385,572.12
Total owners' equity (or shareholders' equity)		66,791,271,199.96	63,417,562,817.24
Total liabilities and owners' equity (or shareholders' equity)		262,258,989,534.38	273,082,869,863.40

Legal representative: Fan Hongwei
 Person in charge of financial function: Liu Xuefen
 Head of Accounting Agency (Prepared by): Zheng Minxia

Parent Company Balance Sheet

December 31, 2025

Compiled by: Hengli Petrochemical Co., Ltd

Unit: Yuan Currency: RMB

Item	Note	December 31, 2025	December 31, 2024
Current assets:			
Cash and bank balances		46,625,871.56	52,196,041.75
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable		158,106,200.00	825,949.04
Receivable financing			
Prepayments		641,142,747.70	289,803,617.26
Other receivables		1,908,598,994.03	335,837,191.04

Including: Interest receivables			
Dividends receivable		132,659,920.68	198,989,881.02
Inventories			
Including: Data resources			
Contract assets			
Assets held-for-sale			
Non-current assets due within one year			
Other current assets		-	
Total current assets		2,754,473,813.29	678,662,799.09
Non-current assets:			
Debts investment			
Other debts investment			
Long-term receivables			
Long-term equity investments		44,427,275,704.93	44,422,275,704.93
Other equity instruments investment			
Other non-current financial assets			
Investment properties		131,018,581.65	95,712,297.59
Fixed assets		2,471,837,500.09	2,604,742,812.15
Construction in progress			
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Including: Data resources			
Development cost			
Including: Data resources			
Goodwill			
Long-term deferred expenses		41,705,030.53	45,086,519.53
Deferred tax assets			
Other non-current assets			
Total non-current assets		47,071,836,817.20	47,167,817,334.20
TOTAL ASSETS		49,826,310,630.49	47,846,480,133.29
Current liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		-	4,000,185.91
Accounts payable		1,677,550.15	1,894,228.97
Receipts in advance			
Contract liabilities		515,506,970.35	201,109,561.52
Employee benefits payable		528,250.00	683,188.62
Taxes payable		18,840,288.37	12,532,698.69
Other payables		3,075,283,255.38	6,490,766,973.82
Including: Interest payables			
Dividends payable			

Liabilities held-for-sale			
Non-current liabilities due within one year		514,933,333.36	
Other current liabilities		2,683,534,868.78	2,042,896,931.14
Total current liabilities		6,810,304,516.39	8,753,883,768.67
Non-current liabilities:			
Long-term loans		990,000,000.00	
Bonds payable		498,925,576.55	
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			
Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities		1,488,925,576.55	
TOTAL LIABILITIES		8,299,230,092.94	8,753,883,768.67
Owner's equity (or shareholders' equity):			
Paid-in capital (or Share capital)		7,039,099,786.00	7,039,099,786.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		24,142,978,843.34	24,142,978,843.34
Less: Treasury shares		-	
Other comprehensive income		-	
Specific reserve		-	
Surplus reserve		3,645,491,152.92	3,028,970,446.97
Undistributed profits		6,699,510,755.29	4,881,547,288.31
Total owners' equity (or shareholders' equity)		41,527,080,537.55	39,092,596,364.62
Total liabilities and owners' equity (or shareholders' equity)		49,826,310,630.49	47,846,480,133.29

Legal representative: Fan Hongwei
 Person in charge of financial function: Liu Xuefen
 Head of Accounting Agency (Prepared by): Zheng Minxia

Consolidated Income Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Total revenue from operations		201,087,300,615.49	236,400,576,222.39
Including: Revenue from operations		200,986,035,474.16	236,273,276,477.92
Interest income		21,568,130.33	40,498,587.21

Premium earned			
Fees and commissions income		79,697,011.00	86,801,157.26
II. Total cost of operations		192,333,647,783.19	228,874,564,879.39
Including: Cost of operations		174,568,467,326.08	212,983,331,904.94
Interest expenses			
Fees and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provisions for insurance contract reserves			
Insurance policies dividend expenses			
Reinsurance expenses			
Taxes and surcharges		8,968,754,179.62	6,423,607,854.88
Selling expenses		291,073,257.99	326,431,516.27
Administrative expenses		2,496,266,183.86	2,204,675,261.15
Research and development expenses		1,625,694,869.64	1,702,884,233.90
Financial expense		4,383,391,966.00	5,233,634,108.25
Including: Interest expenses		4,060,786,672.80	4,342,840,074.59
Interest income		336,460,433.17	372,209,233.74
Add: Other income		2,101,225,702.43	2,353,426,901.38
Investment income ("-" for loss)		-33,511,524.02	-137,197,845.63
Including: Gains from investments in associates and joint ventures		50,755,650.84	99,867,650.80
Gain from derecognition of financial assets at amortized cost		-	
Foreign exchange gain ("-" for loss)			
Gain from net exposure of hedging ("-" for loss)		-	
Gains from changes of fair value ("-" for loss)		-179,590,612.08	325,003,215.29
Credit impairment loss ("-" for loss)		-7,812,763.94	-18,616,993.86
Assets impairment loss ("-" for loss)		-1,328,746,351.47	-1,501,661,777.85
Gain from disposal of assets ("-" for loss)		2,351,895.17	2,538,670.78
III. Operating profit ("-" for loss)		9,307,569,178.39	8,549,503,513.11
Add: Non-operating income		122,430,867.01	278,592,852.79
Less: Non-operating expenses		9,607,770.35	8,310,703.66
IV. Total profit ("-" for loss)		9,420,392,275.05	8,819,785,662.24
Less: Income tax expenses		2,346,237,860.95	1,766,778,779.71
V. Net profit ("-" for loss)		7,074,154,414.10	7,053,006,882.53
(I) Classified by continuity of operations			
1.Net profit from continuing operations ("-" for loss)		7,074,154,414.10	7,053,006,882.53

2. Net profit from discontinued operations ("-" for loss)		-	
(II) Classified by attribution to ownership			
1. Net profit attributable to shareholders of the parent ("-" for loss)		7,074,582,387.53	7,043,568,223.60
2. Net profit attributable to minority interests ("-" for loss)		-427,973.43	9,438,658.93
VI. Other comprehensive income - after tax		-95,007,123.12	-16,756,867.96
(I) Other comprehensive income - after tax attributable to owners of the parent		-95,007,123.12	-16,756,867.96
1. Other comprehensive income not reclassified into profit or loss subsequently		-	
(1) Changes in remeasurement of defined benefit plan		-	
(2) Share of other comprehensive income of the equity method investments		-	
(3) Changes in fair value of other equity instruments investment		-	
(4) Changes in fair value of the Company's own credit risks		-	
2. Other comprehensive income that will be reclassified into profit or loss subsequently		-95,007,123.12	-16,756,867.96
(1) Share of other comprehensive income of associates and joint ventures under equity method		-	
(2) Changes in the fair value of other debt investments		-	
(3) Reclassification of financial assets recognized as other comprehensive income		-	
(4) Credit impairment loss of other debt investments		-	
(5) Cash flow hedging reserve		-24,697,269.24	-57,170,401.70
(6) Translation of foreign currency financial statements		-70,309,853.88	40,413,533.74
(7) Others		-	
(II) Other comprehensive income - after tax attributable to minority interests		-	
VII. Total comprehensive income		6,979,147,290.98	7,036,250,014.57
(I) Total comprehensive income attributable to owners of the parent		6,979,575,264.41	7,026,811,355.64
(II) Total comprehensive income attributable to minority interests		-427,973.43	9,438,658.93
8. Earnings per share:			
(I) Basic earnings per share (RMB per share)		1.01	1.00

(II) Diluted earnings per share (RMB per share)		1.01	1.00
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by acquiree before the merger is: 0 yuan, the net profit realized by acquiree in the previous period is: 0 yuan.

Legal representative: Fan Hongwei
 Person in charge of financial function: Liu Xuefen
 Head of Accounting Agency (Prepared by): Zheng Minxia

Parent Company Income Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Revenue from operations		410,826,990.05	553,802,144.20
Less: Cost of operations		4,796,925.60	3,031,978.73
Taxes and surcharges		37,736,209.01	34,118,493.29
Selling expenses		-	-
Administrative expenses		128,241,357.55	126,794,792.81
Research and development expenses		-	-
Financial expense		54,271,651.15	38,172,957.19
Including: Interest expenses		85,230,608.90	38,645,198.63
Interest income		30,982,181.86	496,815.72
Add: Other income		7,531,597.29	148,223.25
Investment income ("-" for loss)		5,964,639,220.68	1,820,989,881.02
Including: Gains from investments in associates and joint ventures		-	-
Gain from derecognition of financial assets at amortized cost		-	-
Gain from net exposure of hedging ("-" for loss)		-	-
Gains from changes of fair value ("-" for loss)		-	-
Credit impairment loss ("-" for loss)		7,256,263.60	-16,241,487.65
Assets impairment loss ("-" for loss)		-	-
Gain from disposal of assets ("-" for loss)		-868.80	83,354.32
II. Operating profit ("-" for loss)		6,165,207,059.51	2,156,663,893.12
Add: Non-operating income			
Less: Non-operating expenses			
III. Total profit ("-" for loss)		6,165,207,059.51	2,156,663,893.12
Less: Income tax expenses			
IV. Net profit ("-" for loss)		6,165,207,059.51	2,156,663,893.12
(I) Net profit from continuing operations ("-" for loss)		6,165,207,059.51	2,156,663,893.12
(II) Net profit from discontinued operations ("-" for loss)			

V. Other comprehensive income - after tax			
(I) Other comprehensive income not reclassified into profit or loss subsequently			
1.Changes in remeasurement of defined benefit plan			
2.Share of other comprehensive income of the equity method investments			
3.Changes in fair value of other equity instruments investment			
4.Changes in fair value of the Company's own credit risks			
(II) Other comprehensive income that will be reclassified into profit or loss subsequently			
1.Share of other comprehensive income of associates and joint ventures under equity method			
2.Changes in the fair value of other debt investments			
3.Reclassification of financial assets recognized as other comprehensive income			
4.Credit impairment loss of other debt investments			
5.Cash flow hedging reserve			
6.Translation of foreign currency financial statements			
7.Others			
VI. Total comprehensive income		6,165,207,059.51	2,156,663,893.12
VII. Earnings per share:			
(I) Basic earnings per share (RMB per share)			
(II) Diluted earnings per share (RMB per share)			

Legal representative: Fan Hongwei
 Person in charge of financial function: Liu Xuefen
 Head of Accounting Agency (Prepared by): Zheng Minxia

Consolidated Cash Flow Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		234,466,714,511.80	277,215,781,320.60
Net increase in deposits from customers and inter-banks			
Net increase in due to central bank			
Net increase in fund borrowings			

from other financial institutes			
Cash received from insurance premium of original insurance contracts			
Net cash received from reinsurance business			
Net increase in insured's deposits and investments			
Cash received from interests, fees and commissions		166,956,866.65	171,637,620.09
Net increase of placement from banks and other financial institutions			
Net increase in fund of repurchase business			
Net cash received in securities brokerage agency			
Tax refund received		1,365,220,736.43	1,056,189,221.48
Other cash received relating to operating activities		6,739,156,761.52	4,870,436,651.18
Sub-total of cash inflows		242,738,048,876.40	283,314,044,813.35
Cash paid for goods and services		189,625,623,415.60	238,334,668,001.04
Net increase in issued loans and advance			
Net increase in deposits in central bank and inter-banks			
Cash paid for claims of original insurance contracts			
Net increase in due from banks and other financial institutions			
Cash paid for interest, fees and commission			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		5,211,390,550.86	4,783,377,478.79
Payments of all types of taxes		13,128,430,492.66	13,545,605,516.74
Other cash paid relating to operating activities		3,650,815,873.85	3,917,828,560.85
Sub-total of cash outflows		211,616,260,332.97	260,581,479,557.42
Net cash flows from operating activities		31,121,788,543.43	22,732,565,255.93
II. Cash flows from investing activities:			
Cash received from disposal of investments		44,654,590,155.82	4,880,934,436.96
Cash received from returns on investments		36,441,768.29	6,481,135.51
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		37,272,534.02	14,666,736.84
Cash received from disposal of subsidiaries and other business Units			
Other cash received relating to investing activities		143,857,735.20	799,090,647.24

Sub-total of cash inflows		44,872,162,193.33	5,701,172,956.55
Cash paid to acquire fixed assets, intangible assets and other long-term assets		7,111,242,107.71	21,814,133,827.51
Cash paid to acquire investments		45,600,168,089.56	4,495,189,641.44
Net increase in pledged loans			
Cash paid to acquire subsidiaries and other business Units			
Other cash paid relating to investing activities		1,310,187,246.88	294,114,503.57
Sub-total of cash outflows		54,021,597,444.15	26,603,437,972.52
Net cash flows from investing activities		-9,149,435,250.82	-20,902,265,015.97
III. Cash flows from financing activities:			
Cash received from capital contribution			3,300,000.00
Including: Cash received from investment by minority interests of subsidiaries			3,300,000.00
Cash received from borrowings		107,156,933,779.47	115,704,136,828.87
Cash received relating to other financing activities		7,180,245,895.61	7,140,864,483.31
Sub-total of cash inflows		114,337,179,675.08	122,848,301,312.18
Cash repayments of amounts borrowed		124,446,109,188.58	101,349,244,062.64
Cash payments for interest expenses and distribution of dividends or profits		8,352,593,535.44	9,441,369,162.14
Including: Dividend paid to minority interests of subsidiaries			
Other cash payments relating to financing activities		4,861,207,124.13	4,240,407,078.14
Sub-total of cash outflows		137,659,909,848.15	115,031,020,302.92
Net cash flows from financing activities		-23,322,730,173.07	7,817,281,009.26
IV. Effect of foreign exchange rate changes on cash		-78,614,640.82	-126,442,956.11
V. Net increase in cash and cash equivalents		-1,428,991,521.28	9,521,138,293.11
Add: Opening balance of cash and cash equivalent		24,546,461,064.45	15,025,322,771.34
VI. Closing balance of cash and cash equivalent		23,117,469,543.17	24,546,461,064.45

Legal representative: Fan Hongwei
 Person in charge of financial function: Liu Xuefen
 Head of Accounting Agency (Prepared by): Zheng Minxia

Parent Company Cash Flow Statement

January-December 2025

Unit: Yuan Currency: RMB

Item	Note	2025	2024
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I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		654,644,077.67	847,761,716.27
Tax refund received		-	
Other cash received relating to operating activities		16,663,123.38	2,316,255,719.73
Sub-total of cash inflows		671,307,201.05	3,164,017,436.00
Cash paid for goods and services		352,585,739.10	269,027,119.63
Cash paid to and on behalf of employees		9,990,745.68	10,329,838.17
Payments of all types of taxes		83,309,279.72	83,725,783.24
Other cash paid relating to operating activities		3,574,173,211.44	1,498,276,155.48
Sub-total of cash outflows		4,020,058,975.94	1,861,358,896.52
Net cash flows from operating activities		-3,348,751,774.89	1,302,658,539.48
II. Cash flows from investing activities:			
Cash received from disposal of investments		-	
Cash received from returns on investments		6,030,969,181.02	1,703,550,000.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		106.20	116,000.00
Cash received from disposal of subsidiaries and other business Units			
Other cash received relating to investing activities		29,237,500.00	
Sub-total of cash inflows		6,060,206,787.22	1,703,666,000.00
Cash paid to acquire fixed assets, intangible assets and other long-term assets		4,696,871.43	3,835,730.47
Cash paid to acquire investments		5,000,000.00	56,000,000.00
Cash paid to acquire subsidiaries and other business Units		-	
Other cash paid relating to investing activities		1,495,000,000.00	
Sub-total of cash outflows		1,504,696,871.43	59,835,730.47
Net cash flows from investing activities		4,555,509,915.79	1,643,830,269.53
III. Cash flows from financing activities :			
Cash received from capital contribution		-	
Cash received from borrowings		2,500,000,000.00	
Cash received relating to other financing activities		3,096,132,075.49	1,998,113,207.54
Sub-total of cash inflows		5,596,132,075.49	1,998,113,207.54
Cash repayments of amounts		3,005,000,000.00	1,000,000,000.00

borrowed			
Cash payments for interest expenses and distribution of dividends or profits		3,803,460,386.58	3,906,804,882.30
Other cash payments relating to financing activities		-	
Sub-total of cash outflows		6,808,460,386.58	4,906,804,882.30
Net cash flows from financing activities		-1,212,328,311.09	-2,908,691,674.76
IV. Effect of foreign exchange rate changes on cash		-	
V. Net increase in cash and cash equivalents		-5,570,170.19	37,797,134.25
Add: Opening balance of cash and cash equivalent		52,196,041.75	14,398,907.50
VI. Closing balance of cash and cash equivalent		46,625,871.56	52,196,041.75

Legal representative: Fan Hongwei

Person in charge of financial function: Liu Xuefen

Head of Accounting Agency (Prepared by): Zheng Minxia

Consolidated Statement of Changes in Equity
 January-December 2025

Unit: Yuan Currency: RMB

Item	2025														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Paid-in capital (or Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Others			Subtotal
	Preferred shares	Perpetual bonds	Others												
I. Balance at end of previous year	7,039,099,786.00				18,845,170,600.53		-26,381,521.04	279,243,445.05	1,087,391,116.57		36,174,653,818.01		63,399,177,245.12	18,385,572.12	63,417,562,817.24
Add: Changes in accounting policies															
Correction of errors															
Others															
II. Balance in beginning of year	7,039,099,786.00				18,845,170,600.53		-26,381,521.04	279,243,445.05	1,087,391,116.57		36,174,653,818.01		63,399,177,245.12	18,385,572.12	63,417,562,817.24
III. Movement over the year ("-" for decrease)	-	-	-	-	34,575,569.00	-	-95,007,123.12	90,708,409.32	16,523,063.72		3,327,336,437.23		3,374,136,356.15	-427,973.43	3,373,708,382.72
(I) Total comprehensive	-	-	-	-	-	-	-95,007,123.12	-	-		7,074,582.3		6,979,75,264.5	-427,973.43	6,979,147,290.98

within equity															
1. Capital reserve converting into share capital (or Share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
2. Surplus reserve converting into share capital (or Share capital)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3. Surplus reserve cover the deficit	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
4. Changes of equity from the revaluation of defined benefit plan	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
5. Other comprehensive income transfer to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
(V) Specific reserve	-	-	-	-	-	-	-	90,708,409.32	-	-	-	90,708,409.32	-	90,708,409.32	-
1. Appropriation for the year	-	-	-	-	-	-	-	321,641,988.48	-	-	-	321,641,988.48	-	321,641,988.48	-
2. Used in the year	-	-	-	-	-	-	-	230,933,579.16	-	-	-	230,933,579.16	-	230,933,579.16	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
IV. Balance at end of year	7,039,099.7	-	-	-	18,879,746.32	-	-121,388.64	369,951.85	1,103,914.1	-	39,501,990.32	66,773,313.60	17,957,598.69	66,791,271,199.96	-

	86.00				169.53		4.16	4.37	80.29		255.24		1.27	
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Item	2024														
	Equity attributable to owners of the parent company												Minority interests	Total owners' equity	
	Paid-in capital (or Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Others			Subtotal
Preferred shares		Perpetual bonds	Others												
I. Balance at end of previous year	7,039,099,786.00				18,763,586,176.98		-9,624,653.08	109,358,123.52	995,318,771.37		33,094,662,821.91		59,992,401,026.70	6,161,287.36	59,998,562,314.06
Add: Changes in accounting policies															
Correction of errors															
Others															
II. Balance in beginning of year	7,039,099,786.00				18,763,586,176.98		-9,624,653.08	109,358,123.52	995,318,771.37		33,094,662,821.91		59,992,401,026.70	6,161,287.36	59,998,562,314.06
III. Movement over the year ("for decrease)					81,584,423.55		-16,756,867.96	169,885,321.53	92,072,345.20		3,079,990,996.10		3,406,776,218.42	12,224,284.76	3,419,000,503.18
(I) Total comprehensive							-16,756,867.				7,043,568,223.		7,026,811,35	9,438,658.93	7,036,250,014.57

(IV) Transfer within equity															
1. Capital reserve converting into share capital (or Share capital)															
2. Surplus reserve converting into share capital (or Share capital)															
3. Surplus reserve cover the deficit															
4. Changes of equity from the revaluation of defined benefit plan															
5. Other comprehensive income transfer to retained earnings															
6. Others															
(V) Specific reserve							169,885,321.53					169,885,321.53		169,885,321.53	
1. Appropriation for the year							392,359,242.80					392,359,242.80		392,359,242.80	
2. Used in the year							222,473,921.27					222,473,921.27		222,473,921.27	
(VI) Others															
IV. Balance at end	7,039,			18,84		-26,38	279,2	1,087,		36,174,		63,399	18,385,5	63,417,5	

of year	099,786.00				5,170,600.53	1,521.04	43,445.05	391,116.57		653,818.01		,177,245.12	72.12	62,817.24
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Legal representative: Fan Hongwei

Person in charge of financial function: Liu Xuefen

Head of Accounting Agency (Prepared by): Zheng Minxia

Parent Company Statement of Changes in Owners' Equity

January-December 2025

Unit: Yuan Currency: RMB

Item	2025										
	Paid-in capital (or Share capital))	Other equity instruments			Capital reserve	Less: treasury shares	Other comprehensive income	Special reserves	Surplus Reserve	Undistributed profit	Total equity
		Preferred stock	Perpetual bonds	other							
1. Balance at the end of the previous year	7,039,099,786.00	-	-	-	24,142,978,843.34	-	-	-	3,028,970,446.97	4,881,547,288.31	39,092,596,364.62
Add: Changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Correction of prior period errors	-	-	-	-	-	-	-	-	-	-	-
Others	-	-	-	-	-	-	-	-	-	-	-
2. Balance at the beginning of this year	7,039,099,786.00	-	-	-	24,142,978,843.34	-	-	-	3,028,970,446.97	4,881,547,288.31	39,092,596,364.62
3. Increase/decrease amount in this period (decrease is indicated by "-")	-	-	-	-	-	-	-	-	616,520,705.95	1,817,963,466.98	2,434,484,172.93
(I) Total comprehensive income	-	-	-	-	-	-	-	-	-	6,165,207,059.51	6,165,207,059.51

defined benefit plans												
5. Other comprehensive income carried forward to retained earnings	-	-	-	-	-	-	-	-	-	-	-	-
6. Others	-	-	-	-	-	-	-	-	-	-	-	-
(V) Special reserves	-	-	-	-	-	-	-	-	-	-	-	-
1. Extraction of this issue	-	-	-	-	-	-	-	-	-	-	-	-
2. Use in this issue	-	-	-	-	-	-	-	-	-	-	-	-
(VI) Others	-	-	-	-	-	-	-	-	-	-	-	-
IV. Ending balance of this period	7,039,099,786.00	-	-	-	24,142,978,843.34	-	-	-	3,645,491,152.92	6,699,510,755.29	41,527,080,537.55	

Item	2024										
	Paid-in capital (or share capital)	Other equity instruments			Capital reserve	Reduce: treasury Stocks	Other comprehensive income	Special reserves	Surplus reserve	Undistributed profit	Total equity
		Preferred stock	Perpetual bonds	Other							
1. Balance at the end of the previous year	7,039,099,786.00				24,142,978,843.34				2,813,304,057.66	6,812,054,666.80	40,807,437,353.80
Add: Changes in accounting policies											
Correction of prior period errors											
other											
2. Balance at the beginning of this year	7,039,099,786.00				24,142,978,843.34				2,813,304,057.66	6,812,054,666.80	40,807,437,353.80
3. Increase/decrease amount in this period (decrease is indicated by									215,666,389.31	-1,930,507,378.49	-1,714,840,989.18

3. Surplus reserves to make up for losses											
4. Carry forward retained earnings for changes in defined benefit plans											
5. Other comprehensive income carried forward to retained earnings											
6. Others											
(V) Special reserves											
1. Extraction of this issue											
2. Use in this issue											
(VI) Others											
IV. Ending balance of this period	7,039,099,786.00				24,142,978,843.34				3,028,970,446.97	4,881,547,288.31	39,092,596,364.62

Legal representative: Fan Hongwei

Person in charge of financial function: Liu Xuefen

Head of Accounting Agency (Prepared by): Zheng Minxia

III. Company information

1. Company profile

适用 不适用

Hengli Petrochemical Co., Ltd. (hereinafter referred to as the Company or Hengli Petrochemical) Formerly known as Dalian Rubber & Plastics Machinery Co., Ltd. (hereinafter referred to as "Dalian Rubber & Plastics"), the company changed its name to its current name on May 27, 2016. The Company was founded on 9 March 1999. The Company's shares were listed on the Shanghai Stock Exchange on 20 August 2001 with stock name: Hengli Petrochemical and stock code: 600346. The unified social credit code of the Company is 912102001185762674 and the registered address of the Company is OSBL Project-Public Works Office Building, No.298 Changsong Road, Lingang Industrial Zone, Changxing Island, Dalian, Liaoning Province. The legal representative is Fan Hongwei. The Company's registered capital is RMB 7,039,099,786.00 with total number of shares of 7,039,099,786 shares with par value of RMB 1 each, including 7,039,099,786 shares of tradable A shares without any restricted conditions.

On 27 January 2016, China Securities Regulatory Commission approved the Company's major asset restructuring through document "Approval of Dalian Rubber & Plastics Machinery Co., Ltd.' s major asset restructuring and issue shares to Hengli Group Co., Ltd. to raise capital for assets purchasing" (Securities Regulatory approval [2016] No.187). The major asset restructuring includes: (1) DXS's previous holding company Dalian State-owned Assets Investment and Operation Group Co., Ltd. (hereinafter referred to as "DGJ") transferred 200,202,495 shares (29.98% of DXS's total capital) of DXS's shares to Hengli Group Co., Ltd. (hereinafter referred to as "Hengli Group") with a price of RMB 5.8435 per share;(2) DXS sold all assets and liabilities as of 30 June, 2015 to Dalian Yinghui Machinery Manufacturing Co., Ltd. and received cash as consideration;(3) The Company issued 1,906,327,800 shares by private placement to acquire 85% shares in Jiangsu Hengli Chemical Fiber Co., Ltd. (hereinafter referred to as "Hengli Chemical Fiber") which were held by Hengli Group, Dechengli International Group Co. (hereinafter referred to as the "Dechengli"), Jiangsu Hegao Investment Co., Ltd. (hereinafter referred to as "Hegao Investment") and Hailaide international investment Ltd. (hereinafter referred to as "Hailaide"), and paid in cash to acquire 14.99% shares of Hengli Chemical Fiber which were held by Hegao investment. The issuance of shares mentioned above were verified by Ruihua Certified Public Accountants (LLP) and issued capital verification reports Ruihua YanZi No.33030006 [2016] . After the issuance of shares, the number of total outstanding shares of the Company increased to 2,574,114,642 shares;(4) The Company issued 251,572,300 shares by private placement to Jiangsu Soho Investment Group Co. Ltd., Xiamen Xiangyu Co. ,Ltd. and other six specific investors to raise supporting funds for this assets purchasing. The issuance of shares in above was verified by Ruihua Certified Public Accountants (LLP) and issued capital verification reports Ruihua Yan Zi No.33030014 [2016] . After the issuance of shares, the number of total outstanding shares of the Company increased to 2,825,686,942 shares.

On 31 January 2018, according to the "Approval on Purchase of Assets by issuance of shares to Fan Hongwei and others, and Raising of Supporting Funds by Hengli Petrochemical Co., Ltd." (Zheng Jian Xu Ke [2018] No.235) issued by China Securities Regulatory Commission, the Company implemented the assets restructuring which included (1) The Company issued 1,719,402,983 shares by private placement to Fan Hongwei, Hengneng Investment (Dalian) Co., Ltd. (hereinafter referred to as "Hengneng Investment") and Hengfeng Investment (Dalian) Co., Ltd. (hereinafter referred to as "Hengfeng Investment") to acquire 100% shares of Hengli Investment (Dalian) Co., Ltd. (hereinafter referred to as "Hengli Investment") and 100% shares of Hengli Petrochemical (Dalian) Refining Co., Ltd. (hereinafter referred to as "Hengli Refining"). The share issuance mentioned above were verified by Ruihua Certified Public Accountants (LLP) and issued capital verification reports Ruihua YanZi No.33050001 [2018] . After the issuance of shares, the number of total outstanding shares of the Company increased to 4,545,089,925 shares; (2) The Company issued 507,700,000 shares by private placement to Ping An Asset Management Co., Ltd., Beixin Ruifeng Fund Management Co., Ltd., and other six specific investors to raise supporting funds for this asset purchasing. The share issuance mentioned above were verified by Ruihua Certified Public Accountants (LLP) and issued capital

verification reports Ruihua Yan Zi No.33050002 [2018]. After the issuance of shares, the number of total outstanding shares of the Company increased to 5,052,789,925 shares.

On 30 April 2019, the Company's annual shareholders meeting of 2018 resolved the "Proposal of the Company's profit distribution and conversion of capital reserve to share capital of 2018". Based on the total number of outstanding shares of 4,965,774,651 shares (being total shares of 5,052,789,925 shares deducted by 87,015,274 share of stock repurchased), capital reserve is converted to share capital by issuance of 0.4 shares for each share held by all shareholders and the total shares increased by 1,986,309,861 shares. Share registration date was 26 June 2019. After the increment in shares, the number of total outstanding shares of the Company increased to 7,039,099,786 shares.

The primary organizational structure of the Company: In accordance with the provisions of national laws and regulations and the Company's articles of association, a standardized multi-level governance structure consisting of shareholders' general meeting, the board of directors and the management has been established; the board of directors has strategy committee, audit committee and remuneration committee, nomination committee and the board office. The Company has sales department, purchasing department, general manager's office, personnel department, production department, quality control department, finance department, securities department and other major functional departments.

The Company engages in petrochemical industry. The business scope is: production of chemical products (excluding licensed chemical products); sales of chemical products (excluding licensed chemical products); sales of petroleum products (excluding hazardous chemicals); sales of plastic products; sales of synthetic materials; sales of rubber products; wholesale of hardware products; sales of metal chains and other metal products; sales of metal materials; sales of metal ores; sales of non-metallic minerals and products; information consulting services (excluding licensed information consulting services); enterprise management consulting; sales of coal and products; sales of textiles and raw materials; leasing of non-residential real estate; leasing services (excluding licensed leasing services); domestic trade agency; offshore trade operations. The main products are refining chemical products, PTA, polyester products, etc.

The financial statements and notes to the financial statements have been approved to issue by the Board of Directors on 13th April 2026.

IV. Basis of preparation of financial statements

1. Compilation basis

The financial statements of the Company are prepared on going concern basis and in compliance with Accounting Standards for Business Enterprises and guidelines, interpretations and other related provisions promulgated by the Ministry of Finance (collectively, "Accounting Standards for Business Enterprises"). In addition, the Company also discloses relevant financial information according to Information Disclosures Regulations for Companies that Offering Shares in Public No.15 - General Provision of Preparing Financial Report (revised in 2014) issued announced by China Securities Regulatory Commission.

2. Going concern

适用 不适用

The Company has no events or circumstances that have caused significant doubts about the assumption of going concern within 12 months after the end of the reporting period.

V. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

适用 不适用

Based on the actual characteristics of our production and operation, and in accordance with the relevant accounting standards, our company and its subsidiaries have specified several specific accounting policies and accounting estimates for transactions and events such as impairment of

accounts receivable, depreciation of fixed assets, amortization of intangible assets, and revenue recognition. Specific accounting policies refer to the note to financial statements such as “Significant Accounting Policies and Accounting Estimates - Accounts Receivable”, “Significant Accounting Policies and Accounting Estimates - Fixed Assets”, “Significant Accounting Policies and Accounting Estimates - Intangible Assets” and “Significant Accounting Policies and Accounting Estimates - Revenue”.

1. Statement of compliance with accounting standards for business enterprises

The financial statements have been prepared in compliance with the Accounting Standard for Business Enterprises to truly and completely reflect the Company’s financial positions, operating results and cash flows.

2. Accounting period

The fiscal year runs from January 1 to December 31 of the Gregorian calendar.

3. Operating cycle

适用 不适用

The normal business cycle refers to the period from the purchase of assets for processing to the realization of cash or cash equivalents. The Company considers 12 months as an operating cycle and apply it as a standard for the liquidity of assets and liabilities.

4. Functional currency

The Company and domestic subsidiaries use RMB (“RMB”) as functional currency. Overseas subsidiaries of the Company determine its functional currency as US dollar in accordance with its primary economic environment of the business location and converted into RMB in preparation of consolidated financial statements.

The financial statements of the Company have been prepared in RMB.

5. Method for determining the importance criteria and the basis for selection

适用 不适用

Item	Importance criteria
Important construction in progress	The book value at the end of the accounting period is more than 1% of the total assets
Important prepayments	The ending balance accounts for more than 0.5% of total assets
Important accounts payable	The ending balance accounts for more than 0.5% of total assets
Important contractual liabilities	The ending balance accounts for more than 0.5% of total assets
Significant other payables	The ending balance accounts for more than 0.5% of total assets
Important non-wholly owned subsidiaries	Net assets account for more than 0.5% of consolidated net assets.
Important investments	The amount involved exceeded 500 million yuan

6. Accounting treatment for business combinations under common control and those under different control

适用 不适用

A business combination is a transaction or event that brings together two or more separate entities into one reporting entity. Business combinations are classified into business combinations involving enterprises under common control and business combinations not involving enterprises under common control.

1. Business combinations involving enterprises under common control

A business combination involving enterprises under common control is a business combination in which all of the combining enterprises are ultimately controlled by the same party or parties both before and after the combination, and that control is not transitory.

Assets acquired and liabilities assumed by acquirer in the business combination are measured at their carrying amounts of the acquiree in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the consideration paid for the combination (or total par value of shares issued) and the carrying amount of the net assets acquired is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

Business combinations involving entities under common control achieved in stages and involved multiple transactions, the difference between the carrying amount of the net assets acquired and the sum of carrying amount of investment prior to combination date and carrying amount of new considerations paid for the combination at the combination date is adjusted to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted against retained earnings. The profit or loss, other comprehensive income and changes in other owner's equity recognized by the acquirer during the period from the later of initial investment date and the date that the acquirer and acquiree both under common ultimate control to the combination date are offset the opening retained earnings or profit for loss for the current period in the comparative statements, except for other comprehensive income arising from the remeasurement of the net benefit or net asset change of the defined benefit plan by the investee.

2. Business combinations involving enterprises not under common control

A business combination involving enterprises not under common control is a business combination in which all of the combining enterprises are not ultimately controlled by the same party or parties both before and after the business combination.

Where the cost of combination exceeds the acquirer's interest in the fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill. Where the cost of combination is less than the acquirer's interest in the fair value of the acquiree's identifiable net assets, firstly the acquirer shall reassess the measurement of the fair values of the acquiree's identifiable assets, liabilities and contingent liabilities and measurement of the cost of combination, and then if the cost of combination is still less than the acquirer's interest in the fair values of the acquiree's identifiable net assets after that reassessment, the acquirer shall recognize the remaining difference immediately in profit or loss for the current period.

If, at the date of combination or the end of the current period, due to various factors, the fair value of each asset paid as consideration for the combination or the fair value of the identifiable assets and liabilities of the purchased party is obtained during the combination cannot be reasonably determined, the Company calculates the value of business combination based on the temporarily determinable value. If, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the contingent consideration need to be adjusted, it is deemed to happen on the date of combination and retrospectively adjusted. Any adjustment of consideration for the combination or value of identifiable assets or liabilities made after 12 months of combination, the adjustment should follow Accounting Standard for Business Enterprise No.28 – Changes in accounting policies, accounting estimates and correction of error.

Where the temporary difference obtained by the acquirer was not recognized due to inconformity with the conditions applied for recognition of deferred income tax, if, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the expected economic benefits on the acquisition date arising from deductible temporary difference by the acquiree can be achieved, relevant income tax assets can be recognized, and goodwill

can be adjusted accordingly. If the goodwill is not sufficient, the difference is recognized as profit or loss for the current period. Apart from above, the differences is taken into profit or loss of the current period if the recognition of deferred income tax assets is related to the business combination.

For business combinations involving entities not under common control achieved in stages that involves multiple transactions, the Company determine whether the multiple transactions belongs to a single transactions in accordance with accounting standards. If the terms, conditions and economic impact of the disposal comply with any cases as following, the multiple transactions should be accounted as if a single transaction. ① These transactions are concluded simultaneously or affected by each other. ② To reach a complete business results, these transactions is as a whole. ③ Whether one transaction happening or not is up to another transaction. ④ To assess one transaction separately is not economical but assess along with other transactions, they are economically justified.

In a business combination achieved in stages and considered as a single transaction, the transactions should be regarded all as one acquisition. For those cannot be considered as a single transaction, the combination cost is the sum of consideration paid at acquisition date and fair value of the acquiree's equity investment held prior to acquisition date; the cost of equity of the acquiree held prior to acquisition date shall be re-measured at the fair value at acquisition date, the difference between the fair value and the carrying amount shall be recognized as investment income or loss for the current period. Other comprehensive income and changes of investment equity under the equity method of accounting, related with acquiree's equity held prior to acquisition date, shall be transferred to investment profit or loss for current period at acquisition date, besides there is other comprehensive income incurred by the changes of net assets or net liabilities due to the remeasurement of defined benefit plan.

3. Transaction costs for business combination

The overhead for the business combination, including the expenses for audit, legal services, valuation advisory, and other administrative expenses, are recorded in profit or loss for the current period when incurred. The transaction costs of equity or debt instruments issued as the considerations of business combination are included in the initial recognition amount of the equity or debt instruments.

7. Judgment criteria for control and basis of preparation of consolidated financial statements

适用 不适用

1. Scope of consolidated financial statements

The scope of consolidated financial statements is determined on the basis of control. Control exists when the Company has power over the investee; is exposed, or has rights to variable returns from its involvement with the investee; and has the ability to use its power to affect its returns. A subsidiary is an entity that is controlled by the Company (including enterprise, a portion of an investee as a deemed separate entity, and structured entity controlled by the enterprise).

2. Preparation of the consolidated financial statements

The consolidation scope of consolidated financial statements is determined on the basis of control, including the financial statements of the Company and all of its subsidiaries. In preparing consolidated financial statements, subsidiaries adopt the same accounting period and accounting policies as those of the Company.

All assets, liabilities, interests, income, fees and cash flows resulting from intra-group transactions are eliminated on consolidation in full.

Where a subsidiary or business has been acquired through a business combination involving enterprises under common control in the reporting period, the subsidiary or business is deemed to be included in the consolidated financial statements from the date they are controlled by the ultimate controlling party. Their operating results and cash flows are included in the consolidated income statement and consolidated cash flow statement respectively from the date they are controlled by the ultimate controlling party. During the reporting period, the opening balance of the consolidated balance sheet was being adjusted, and the related items of the comparative statement were being adjusted as if the reporting entity has exercised control since the time when the ultimate controlling party began to control.

Where a subsidiary has been acquired through a business combination involving entities not under common control, the opening balances of the consolidated balance sheet shall not be adjusted for the subsidiary or the business, the subsidiary's revenue, expenses and profit shall be included in the consolidated income statement, and cash flows shall be included in the consolidated cash flow statement from the acquisition date to the end of the reporting date.

The shareholders' equity of the subsidiaries that is not attributable to the Company is presented under shareholders' equity in the consolidated balance sheet as minority interest. The portion of net profit or loss of subsidiaries for the period attributable to minority interest is presented in the consolidated income statement under the profit or loss attributable to minority interest. When the amount of loss attributable to the minority shareholders of a subsidiary exceeds the minority shareholders' portion of the opening balance of owners' equity of the subsidiary, the excess amount shall be allocated against minority interest.

3. Acquiring minority interests of subsidiary and disposal of interests in subsidiary without losing control

Where the Company acquires a minority interest from a subsidiary's minority shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the transaction is treated as equity transaction, and the book value of shareholder's equity attributed to the Company and to the minority interest is adjusted to reflect the change in the Company's interest in the subsidiaries. The difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess adjusted to retained earnings.

4. Losing control over the subsidiary

When the Company disposes of a subsidiary, the income, expenses, and profit of the subsidiary from the beginning of current period to the disposal date are included in the consolidated income statement; the cash flows of the subsidiary from the beginning of current period to the disposal date is included in the consolidated cash flow statement. For the loss of control over a subsidiary due to disposal of a portion of the equity investment or other reasons, the remaining equity is measured at fair value on the date when the control is lost. The difference arising from the sum of consideration received for disposal of equity interest and the fair value of remaining equity interest over the share of net assets of the former subsidiary calculated continuously since the purchase date based on the shareholding percentage before disposal are recognized as investment income in the period when the control is lost. Other comprehensive income related to equity investment in the subsidiary is accounted for on the same accounting treatment as direct disposal of relevant asset or liability by the acquiree at the time when the control is lost (i.e. to be transferred to investment income, except for the changes arising from remeasuring net assets or net liabilities of defined benefit plan of the subsidiary using the equity method). The remaining equity interests are measured subsequently according to "Accounting Standard for Business Enterprises No.2 – Long-term Equity Investments" or "Accounting Standard for Business Enterprises No.22 – Recognition and Measurement of Financial Instruments". For details, please refer to the note "Significant Accounting Policies and Accounting Estimates - Long-term Equity Investments" or "Significant Accounting Policies and Accounting Estimates - Financial Instruments".

5. Disposal of equity investment by stage-up until losing control

When the Company disposes of equity investment in a subsidiary by a stage-up approach with multiple transactions until the control over the subsidiary is lost, it shall determine whether these multiple transactions related to the disposal of equity investment in a subsidiary until the control over the subsidiary is lost belong to "A single transaction".

For those arrangements qualified as a single transaction, the carrying amount of long-term equity investments relating to each transaction of disposal is derecognized, the difference between the consideration received and the carrying amount of disposed long-term equity investments is recognized as other comprehensive income, and finally is recognized in profit or loss for the current period at the date of losing control.

For those arrangements are not regarded as a single transaction, the accounting treatment shall follow “disposal of interests in subsidiary without losing control” and “for the loss of control over a subsidiary due to disposal of a portion of the equity investment or other reasons” as appropriate. The difference between each consideration received and the share of carrying value of net assets in proportion to disposed portion of shareholding percentage in the subsidiary is recognized in capital reserve as an equity transaction. Capital reserve is not transferred to profit or loss for the current period when losing control.

8. Classification of joint arrangements and accounting treatment of joint operations

适用 不适用

A joint arrangement is an arrangement in which two or more parties exercise joint control. Based on the rights and obligations arising from its involvement in joint arrangements, the Company classifies joint arrangements as either joint operations or joint ventures.

A joint venture is a joint arrangement whereby the Company has rights only to the net assets of the arrangement. The Company accounts for its investments in joint ventures using the equity method, in accordance with the accounting policy for “Long-term Equity Investments Accounted for under the Equity Method” as described in the “Significant Accounting Policies and Estimates – Long-term Equity Investments” section of these notes.

A joint operation is a joint arrangement whereby the Company has rights to the assets and obligations for the liabilities relating to the arrangement. The Company recognizes the following items in relation to its interest in a joint operation and accounts for them in accordance with the relevant Accounting Standards for Business Enterprises:

1. Recognize the assets held individually by the Company and its share of jointly held assets;
2. Recognize the liabilities incurred individually by the Company and its share of jointly incurred liabilities;
3. Recognize revenue from the sale of its share of output produced by the joint operation;
4. Recognize its share of revenue generated from the sale of output by the joint operation;
5. Recognize the expenses incurred individually by the Company and its share of expenses incurred by the joint operation.

When the Company invests or sells assets to a joint operation as a joint venture (the assets do not constitute a business, the same below) or purchases assets from a joint operation, before such assets are sold to a third party, the Company only recognizes the portion of the profit or loss resulting from the transaction that belongs to the other parties to the joint operation. If such assets suffer an asset impairment loss that complies with the provisions of Accounting Standards for Enterprises No. 8 - Impairment of Assets, the Company recognizes the loss in full for the case of the Company investing or selling assets to the joint operation; and recognizes the loss according to the share borne for the case of the Company purchasing assets from the joint operation.

9. Recognition criteria of cash and cash equivalents

Cash as presented in cash flow statement refers to cash on hand and deposit on demand for payment. Cash equivalents refer to short-term (generally refers to the expiration within 3 months from the purchase date), highly liquid investments that can be readily converted to cash and that are subject to an insignificant risk of changes in value.

10. Foreign currency transactions and translation of financial statements prepared in foreign currencies

适用 不适用

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at the spot exchange rates (as announced by the People’s Bank of China) on the dates of the transactions. However, the Company’s foreign currency exchange business or transactions involving foreign currency

conversion are converted into the amount of the recording currency according to the actual exchange rate.

2. Translation method for foreign currency monetary and non-monetary items

At the balance sheet date, Items in foreign currencies are translated using the spot exchange rates at the balance sheet date. All the resulting exchange differences are taken to profit or loss, except for (1) those relating to foreign currency borrowings specifically for acquisition and construction of assets qualified for capitalisation, which are capitalised in accordance with the principle of capitalisation of borrowing costs; (2) non-monetary foreign currency items are designated as part of the hedge of the Company's net investment of a foreign operation are recognized in other comprehensive income until the net investment is disposed of, at which the cumulative amount is reclassified to the profit or loss for the current period; and (3) non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change.

Non-monetary foreign currency items measured at historical cost shall still be translated at the spot exchange rates prevailing on the transaction dates, while the amounts denominated in the functional currencies do not change. Non-monetary foreign currency items measured at fair value are translated at the spot exchange rates prevailing on the date on which the fair values are determined. The resulting exchange differences are recognized in profit or loss or as other comprehensive income for the current period, depending on the nature of the non-monetary item.

3. Translation of foreign currency financial statements

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirements: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owner's equity items except for "undistributed profits" are translated at the spot exchange rates at the period on which such items arose; income and expenses items in the income statement are translated at the average exchange rate for the period in which the transaction occurred. The undistributed profits brought forward are reported at the prior year's closing balance; the undistributed profits as at the end of the year are presented after translated the profit appropriation items; differences between the aggregate of asset and liability items and owners' equity items are recognized as "translation differences arising on the translation of financial statements denominated in foreign currencies" in other comprehensive income. On disposal of foreign operations and loss of control, exchange differences arising from the translation of financial statements denominated in foreign currencies related to the disposed foreign operations which has been included in owners' equity in the balance sheet, shall be transferred to profit or loss in whole or in proportionate share in the period in which the disposal took place.

The cash flow statement is translated at the average exchange rate on the period of cash flow. The impact of exchange rate changes on cash is presented separately as "Effect of changes in exchange rates on cash and cash equivalents" in the cash flow statement.

11. Financial instruments

适用 不适用

A financial instrument is a contract that creates a financial asset for one party and a financial liability or equity instrument for another party. Financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification, recognition and measurement of financial assets

(1) Recognition and initial measurement of financial assets and liabilities

Financial asset or financial liability will be recognized when the Company became one of the parties under a financial instrument contract. For the purchase or sale of financial assets in a conventional way, the Company recognizes the assets received and liabilities assumed on the transaction day.

Financial assets and liabilities are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognized in profit or loss for the period. For other categories of financial assets and liabilities, relevant transaction costs are included in the amount initially recognized. For accounts receivable that do not

have a significant financing component at initial recognition, the transaction price determined in accordance with the revenue recognition method described in this note “Significant Accounting Policies and Accounting Estimates - Revenue” is initially measured.

(2) Classification and measurement of financial assets

The Company classifies the financial assets according to the business model for managing the financial assets and characteristics of the contractual cash flows as follows: financial assets measured at amortized cost, financial assets measured at fair value through other comprehensive income, and financial assets measured at fair value through profit or loss.

1) Financial assets measured at amortized cost

A financial asset is measured at amortized cost if it meets both of the following conditions: ① The Company’s business model for managing such financial assets is to collect contractual cash flows; ② The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost shall be recognized in profit or loss for the current period when the financial asset is derecognized, amortized using the effective interest method or with impairment recognized.

For financial assets at amortized costs, it is recognized on the initially recognized amount adjusted by: (1) after deducting the already paid principal; (2) after multiplying or subtracting the accumulative amount of amortization incurred from amortizing the balance between the initially recognized amount and the amount of the maturity date by employing the actual interest rate method; and (3) after deducting the impairment losses that have actually incurred (applicable to financial assets only).

The effective interest method refers to the method whereby the post-amortization costs and the interest incomes of different installments or interest expenses are calculated according to the effective interests of the financial asset or financial liabilities (including a set of financial assets or financial liabilities). The effective interest refers to the interest rate used to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability. When determining the effective interest, the future cash flow shall be predicted on the basis of taking into account all the contractual stipulations concerning the financial asset or financial liability (including the right to repay the loans ahead of schedule, call options, similar options, etc.), but the future credit losses shall not be taken into account.

The Company recognizes interest income based on the calculation of financial asset book balance multiplied by the effective interest rate, except for the following circumstances: ① For purchased or originated financial assets that have incurred credit impairment, from the initial recognition, their interest income is determined on the financial asset amortization costs and credit-adjusted effective interest rates; ② For the purchased or originated financial assets without credit impairment, but become credit impaired in the subsequent period, the interest income is determined according to the amortized cost and effective interest rate of the financial asset. If the financial instrument has no credit impairment due to the improvement of its credit risk in the subsequent period, and this improvement can be objectively related to an event that occurs after the application of the above regulations, interest income should be determined by multiplying the effective interest rate and the financial asset book balance.

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

Financial asset is classified as measured at fair value through other comprehensive income if it meets both of the following conditions: ① The Company’s business model for managing such financial assets is achieved both by collecting collect contractual cash flows and selling such financial a. ② The contractual terms of the financial asset stipulate that cash flows generated on specific dates are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value. Interest calculated using the effective interest method, impairment losses or gains and foreign exchange gains and losses are recognized in profit or loss for the current period, and other gains or losses are recognized in other comprehensive income. On derecognition, the cumulative gain or loss

previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

For non-trading equity instrument investment, the Company can irrevocably designate the financial assets measured at fair value through other comprehensive income. Such designation is made on individual basis of each non-trading equity instrument investment which also qualified as equity instruments in the issuer's perspective. Subsequent to such designation, dividend (except for return of portion of investment costs) is recognized as profit or loss for the current period, other gains or losses (including exchange gain or loss) are recognized in other comprehensive income. On derecognition, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from other comprehensive income to profit or loss.

3) Financial assets measured at fair value through profit or loss

The Company classifies the financial assets other than those measured at amortized cost and measured at fair value through other comprehensive income as financial assets measured at fair value through profit or loss. Upon initial recognition, the Company irrevocably designates certain financial assets that are required to be measured at amortized cost or at fair value through other comprehensive income as financial assets measured at fair value through profit or loss in order to eliminate or significantly reduce accounting mismatch.

Subsequent to initial recognition, such financial assets are subsequently measured at fair value, any differences are gains or losses recorded in profit or loss for the current year.

(3) Classification and measurement of financial liabilities

The Company's financial liabilities includes financial liabilities measured at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or continuing involvement, financial guarantee contracts and financial liabilities at amortized cost.

1) Financial liabilities measured at fair value through profit or loss

Financial liabilities measured at fair value through profit or loss includes trading financial liabilities (including financial liabilities with embedded derivatives) and designated financial liabilities measured at fair value through profit or loss. In a business combination involving enterprises not under common control, if the Company, as a buyer, recognizes a financial liability from the contingent consideration, the financial liability shall be accounted for at fair value through profit or loss.

After initial recognition, financial liabilities measured at fair value through profit or loss are subsequently measured at fair value. Any gains or losses generated are recognized in profit or loss for the current period.

The amount of change in fair value of designated financial liabilities measured at fair value through profit or loss due to changes in the Company's own credit risk is included in other comprehensive income unless the treatment causes or expands accounting mismatches in profit or loss. Other changes in fair value of this financial liability are included in profit or loss for the current period. Upon derecognition, the accumulated gains or losses previously included in other comprehensive income are transferred out of other comprehensive income and included in retained earnings.

2) Financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or continuing involvement

Such financial liabilities are measured in accordance with the method described in "Recognition basis and measurement method of transfer of financial assets" in "Significant accounting policies and accounting estimates — Financial instruments" of this note.

3) Financial guarantee contracts

Financial guarantee contracts are contracts that require the issuer to make specified payments to reimburse the contract holder for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantee contracts are not belonging to the above 1) or 2), they are subsequently measured at the higher of the following: ① the amount of loss provision determined in accordance with "Impairment of financial instruments" in "Significant accounting policies and accounting estimates — Financial instruments" of this note; ② the balance of the initial recognition amount less the accumulated amortization determined in accordance with the revenue recognition method described in "Significant accounting policies and accounting estimates — Revenue" of this note.

4) Financial liabilities at amortized cost

Apart from the above 1), 2) or 3), the Company classifies the remaining financial liabilities as financial liabilities at amortized cost.

Such financial liabilities are measured at amortized cost using the effective interest rate method after initial recognition, and the resulting gains or losses are included in profit or loss for the current period when they are derecognized or amortized in accordance with the effective interest rate method.

(4) Equity instruments

Equity instruments refer to contracts that can prove the ownership of the Company's remaining equity in assets after deducting all liabilities. The Company issues (including refinancing), repurchases, sells or cancels Equity instruments as a change in equity. Transaction costs related to equity transactions are deducted from equity. The Company's various distributions to equity instruments holders (excluding stock dividends) reduce shareholder equity. The Company does not recognize the fair value changes of equity instruments.

(5) Derivative instruments and embedded derivative instruments

Derivative financial instruments include forward exchange contract, currency exchange rate swap agreement, interest rate swap agreement and foreign currency option contract etc. Derivative financial instruments are initially measured at the fair value of the date a derivative contract entered into and subsequently measured at their fair value. Any gains or losses arising from changes in fair value are directly recognized to profit or loss for the current period.

Embedded derivatives refer to derivatives embedded in non-derivatives (ie, host contracts). For the hybrid contract composed of embedded derivatives and the host contract, if the host contract is a financial asset, the Company does not split the embedded derivative from the hybrid contract, but applies the hybrid contract as a whole to the Company's accounting policies in classification of financial assets. If the host contract included in the hybrid contract is not a financial asset and meets the following conditions at the same time, the Company will split the embedded derivative from the hybrid contract and treat it as a separate derivative:

1) The economic characteristics and risks of embedded derivatives are not closely related to the economic characteristics and risks of the host contract.

2) A separate instrument with the same terms as the embedded derivative meets the definition of derivative.

3) The hybrid contract is not measured at fair value and its changes are included in profit or loss for the current period for accounting treatment.

If the embedded derivative is split from the hybrid contract, the Company will account for the host contract of the hybrid contract in accordance with the applicable accounting standards. If the Company cannot reliably measure the fair value of the embedded derivative according to the terms and conditions of the embedded derivative, the fair value of the embedded derivative is determined based on the difference between the fair value of the hybrid contract and the fair value of the host contract. After using the above method, if the fair value of the embedded derivative on the acquisition date or the subsequent balance sheet date cannot be measured separately, the Company designates the hybrid contract as a whole as financial assets at fair value through profit or loss.

2. Recognition and measurement of transfer of financial assets

Transfer of financial assets refers to the transference or deliverance of financial assets (or its cash flows) to the other party (the transferee) other than the issuer of financial assets. The derecognition of financial assets means that the Company transfers the previously recognized financial assets from its balance sheet.

The financial assets that meet one of the following conditions will be derecognized by the Company: (1) the contractual right to receive cash flows of the financial asset is expired; (2) the financial asset has been transferred, and almost all risks and rewards of ownership of the financial asset transferred to the transferee; (3) the financial asset has been transferred by the Company foregone the control of the financial assets although the Company has neither transferred nor retained almost all the risks and rewards of ownership of the financial asset.

If the Company neither transfers nor retains almost all the risks and rewards of ownership of financial assets, and retains control of the financial assets, it will continue to recognize the relevant

financial assets to the extent that they are continuing to be involved in the transferred financial assets and recognizes the relevant liabilities. The degree of continuing involvement in the transferred financial assets refers to the level of risk on the exposed impact in changes in value of financial asset to the Company.

If the transfer of an entire financial asset satisfies the conditions for derecognition, the difference between the amounts of the following two items are included in profit or loss: (1) the carrying amount of the transferred financial asset as of the date of derecognition; (2) the sum of consideration received from the transfer of the financial asset, and the accumulative amount of the changes of the fair value originally included in other comprehensive income proportionate to the transferred financial asset (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). If the transfer of financial asset partially satisfies the conditions to derecognition, the entire carry amount of the transferred financial asset is, between the portion which is derecognized and the portion which is not, apportioned according to their respective relative fair value, and the difference between the amounts of the following two items are included into profit or loss: (1) the carrying amount of the portion which is derecognized; (2) the sum of consideration of the portion which is derecognized, and the portion of the accumulative amount of the changes in the fair value originally included in other comprehensive income which is corresponding to the portion which is derecognized (financial assets transferred refer to debt instrument investments at fair value through other comprehensive income). For non-trading equity instruments designated by the Company to be measured at fair value and whose changes are included in other comprehensive income, if the whole or part of the transfer meets the conditions for derecognition, the difference calculated according to the above method is included in retained earnings.

3. Conditions for derecognition of financial liabilities

If the current obligation of a financial liability (or part of it) has been discharged, the Company derecognizes the financial liability (or part of it). If the Company (borrower) and the lender sign an agreement to replace the original financial liability by assuming a new financial liability, and the contract terms of the new financial liability and the original financial liability are substantially different, the original financial liability is derecognized and a new financial liability is recognized simultaneously. If the Company makes substantial amendments to the original financial liabilities (or part of them) contract terms, the original financial liabilities shall be derecognized, and a new financial liability shall be recognized in accordance with the revised terms.

If the financial liability (or part of it) is derecognized, the Company shall include the difference between its book value and the consideration paid (including non-cash assets transferred out or liabilities assumed) into profit or loss for the current period. If the Company repurchases part of its financial liabilities, the book value of the financial liabilities as a whole will be allocated according to the proportion of their respective fair values at the repurchase date and the total fair value at the repurchase date. The difference between the book value allocated to the derecognized portion and the consideration paid (including non-cash assets transferred out or liabilities assumed) is included in profit or loss for the current period.

4. Determination of the fair value of financial instruments

For the method for determining the fair value of financial assets and financial liabilities, see this note "Significant Accounting Policies and Accounting Estimates — Fair Value".

5. Impairment of financial instruments

The Company accounts for impairment of financial assets at amortized cost, contract assets, debt instrument investment at fair value through other comprehensive income, lease receivables and financial guarantee contracts as mentioned in "Classification and subsequent measurement of financial liabilities" in "Significant Accounting Policies and Accounting Estimates - financial instruments" of this note. ECLs are the weighted average of credit losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i. e. the present value of all cash shortages.

For purchased or originated financial assets that have suffered credit impairment, the Company only recognizes the cumulative changes in expected credit losses for the entire duration of the period since initial recognition as loss provisions on the balance sheet date.

For receivables or contract assets formed by transactions regulated by “Accounting Standards for Business Enterprises No. 14 – Revenue” and lease receivables regulated by “Accounting Standards for Business Enterprises No. 21 – Leases”, the Company uses a simplified measurement method to measure the loss allowance based on the expected credit loss during the lifetime period.

For financial instruments other than the above measurement methods, the Company measures loss allowance in accordance with the general method and assesses on each balance sheet date whether its credit risk has increased significantly since initial recognition. If the credit risk has not significantly increased since initial recognition and is in the first stage, the Company measures the loss provision based on the expected credit loss amount of the financial instrument for the next 12 months. If the credit risk has significantly increased since initial recognition but has not yet experienced credit impairment, it is in the second stage, and the Company measures the loss provision based on the expected credit loss amount for the entire duration. If the financial asset has experienced credit impairment since initial recognition, it is in the third stage, and the Company measures the loss provision based on the expected credit loss amount for the entire duration.

The expected credit loss for lifetime period refers to the expected credit loss caused by all possible default events during the entire expected duration of the financial instrument. Expected credit loss in the next 12 months refers to the event of financial instrument default that may occur within 12 months after the balance sheet date (if the expected duration of the financial instrument is less than 12 months, then the expected duration) which is a portion of expected credit losses for the entire duration.

The Company considers all reasonable and reliable information, including forward-looking information, by comparing the risk of default of a financial instrument on the balance sheet date with the risk of default on the initial recognition date to determine the relative changes in default risk of the financial instrument during the expected lifetime and to assess whether the credit risk of financial instruments has increased significantly since initial recognition. For financial instruments that cannot obtain sufficient evidence of a significant increase in credit risk at a reasonable cost at the level of individual instruments, the Company considers whether the credit risk has increased significantly on a portfolio basis. If the Company determines that a financial instrument has only a low credit risk on the balance sheet date, it is assumed that the credit risk of the financial instrument has not increased significantly since initial recognition.

The Company remeasures the expected credit losses on each balance sheet date, and the resulting increase or reversal of the loss allowance is included in profit or loss for the current period as an impairment loss or gain. For financial assets measured at amortized cost, the loss allowance offsets the book value of the financial asset presented in the balance sheet; for debt instrument investments measured at fair value through other comprehensive income, the Company recognizes loss allowance in other comprehensive income and does not offset the book value of the financial asset presented in the balance sheet.

6. Offset of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are separately shown in the balance sheet and not allowed to offset.

12. Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures relevant assets or liabilities at fair value on the assumption that the orderly transaction to sell the asset or transfer the liability takes place in the principal market for the asset or liability. In the absence of a principal market, the Company assumes that the transaction takes place in the most advantageous market for the asset or liability. The principal market (or the most advantageous market) is the market that the Company can access at the measurement date.

The Company utilizes valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to support them, taking into account the

ability of market participants to generate economic benefits by using the asset in its highest and best use, or by selling the asset to other market participants that would use the asset in its highest and best use. Priority is given to the use of relevant observable inputs, and unobservable inputs are used only when observable inputs are not available or are impracticable to obtain.

Assets and liabilities measured at fair value or for which fair value is disclosed in the financial statements are categorized within the fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole: Level 1 inputs are unadjusted quoted prices in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than Level 1 inputs that are directly or indirectly observable for the asset or liability, including quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in inactive markets, and other observable inputs, such as observable interest rates and yield curves during normal quotation intervals; Level 3 inputs are unobservable inputs for the asset or liability, including interest rates that cannot be directly observed or validated by observable market data, stock volatilities, future cash flows of decommissioning obligations assumed in a business combination, and financial forecasts developed using the Company's own data. At each balance sheet date, the Company reassesses the assets and liabilities recognized in the financial statements that are measured at fair value on a recurring basis to determine whether any transfers have occurred between the levels of the fair value hierarchy.

13. Notes receivable

适用 不适用

Method for determining expected credit losses on notes receivable and the accounting treatment method

The Company determines the expected credit losses of notes receivable and conducts accounting treatment in accordance with the simplified measurement method described in "Impairment of Financial Instruments" in "Significant Accounting Policies and Accounting Estimates - Financial Instruments" of this note. On the balance sheet date, the credit losses of notes receivable are measured based on the present value of the difference between the contractual cash flow receivable and the expected cash flow receivable. The Company conducts separate impairment tests on notes receivable with significantly different credit risk characteristics and estimates the expected credit losses. The remaining notes receivable are divided into several portfolios based on their credit risk characteristics. With reference to historical credit loss experience, combined with current conditions and considering forward-looking information, the expected credit losses are estimated on a portfolio basis.

The categories and determination basis for bad debt portfolio provisions based on credit risk characteristics

适用 不适用

Name of group	Determination basis
Bank acceptance bills group	Acceptors are banks with low credit risk
Commercial acceptance bills group	Acceptors are enterprises with high credit risk

A method for calculating the aging of credit risk characteristics based on aging

适用 不适用

Judgment criteria for single provision of bad debts

适用 不适用

The Company will conduct separate impairment tests for accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit conditions of the debtor,

low probability of future payment, and credit impairment that have already occurred.

14. Accounts receivable

适用 不适用

The Company determines the expected credit losses of accounts receivable and makes accounting treatment in accordance with the simplified measurement method described in “Impairment of Financial Instruments” in “Significant Accounting Policies and Accounting Estimates - Financial Instruments” of this note. On the balance sheet date, the Company measures the credit losses of accounts receivable based on the present value of the difference between the contractual cash flow that should be received and the cash flow expected to be received. The Company will conduct separate impairment tests on accounts receivable with significantly different credit risk characteristics and estimate expected credit losses. The remaining accounts receivable are divided into several portfolios based on credit risk characteristics, and expected credit losses are estimated on a portfolio basis, taking into account historical credit loss experience, current conditions, and forward-looking information.

The categories and determination basis for bad debt portfolio provisions based on credit risk characteristics

适用 不适用

Name of group	Determination basis
Aging group	Accounts receivable with similar credit risk characteristics by aging
Group of related parties in the scope of consolidation	Receivables from related parties within the scope of consolidation have similar credit risk characteristics
Group of high credit rating	Accounts receivable of Fortune 500 clients within credit term

A method for calculating the aging of credit risk characteristics based on aging

适用 不适用

The Company counts and calculates the aging of accounts receivable based on the principle of first-in, first-out.

Determination of provision for bad debts according to individual items Judgment criteria for individual items

适用 不适用

The Company will conduct separate impairment tests for accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit conditions of the debtor, low probability of future payment, and credit impairment that have already occurred.

15. Receivable financing

适用 不适用

The Company determines the expected credit losses of receivables financing and makes accounting treatment in accordance with the general method described in “Impairment of Financial Instruments” in “Significant Accounting Policies and Accounting Estimates - Financial Instruments” of this note. On the balance sheet date, the Company measures the credit loss of receivables financing based on the present value of the difference between the contractual cash flow due and the expected cash flow received. When the expected credit loss information of a single item of receivables financing cannot be assessed at a reasonable cost, the Company divides receivables financing into several groups

based on the characteristics of credit risk. On the basis of referring to historical credit loss experience, combining the current situation and considering forward-looking information, the Company estimates the expected credit losses on group basis.

The categories and determination basis for bad debt portfolio provisions based on credit risk characteristics

适用 不适用

Name of group	Determination basis
Group of low credit risk	Including bank acceptance bills with low credit risk, letters of credit and other receivables financing with low credit risk characteristics

A method for calculating the aging of credit risk characteristics based on aging

适用 不适用

Judgment criteria for single provision for bad debt reserves

适用 不适用

The Company will conduct separate impairment tests for accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit conditions of the debtor, low probability of future payment, and credit impairment that have already occurred.

16. Other receivables

适用 不适用

The Company determines and accounts for the expected credit losses of other receivables in accordance with the general method described in “Impairment of Financial Instruments” in “Significant Accounting Policies and Accounting Estimates - Financial Instruments” of this note. On the balance sheet date, the credit losses of other receivables are measured at the present value of the difference between the contractual cash flows to be collected and the cash flows expected to be collected. The Company conducts impairment tests on other receivables with significantly different credit risk characteristics separately and estimates expected credit losses; the remaining other receivables are divided into several groups according to their credit risk characteristics, and the expected credit losses are estimated on a group basis with reference to historical credit loss experience, combined with current conditions and considering forward-looking information.

The categories and determination basis for bad debt portfolio provisions based on credit risk characteristics

适用 不适用

Name of group	Determination basis
Aging group	Other receivables with similar credit risk characteristics by aging
Group of related parties in the scope of consolidation	Receivables from related parties within the scope of consolidation have similar credit risk characteristics
Group of related parties outside the scope of consolidation	Receivables from related parties outside the scope of consolidation have similar credit risk characteristics
Group of government receivables	Other receivables such as government grants receivable and various tax refunds have similar credit risk characteristics

A method for calculating the aging of credit risk characteristics based on aging√适用 不适用

The Company counts and calculates the age of other receivables based on the principle of first-in-first-out.

Judgment criteria for single provision for bad debt reserves√适用 不适用

The Company will conduct separate impairment tests for accounts receivable with significantly different credit risk characteristics, such as significantly deteriorating credit conditions of the debtor, low probability of future payment, and credit impairment that have already occurred.

17. Inventories√适用 不适用**Inventory category, issue pricing method, inventory system, amortization method for low-value consumables and packaging materials**√适用 不适用

(1) Inventories include finished products or commodities held for sale in daily activities, in-process products in the production process, materials and materials consumed in the production process or the provision of labor services, in-transit materials and subcontracting processing materials.

(2) The inventory obtained by the Company is measured at actual cost. (1) The cost of purchased inventory is the purchase cost of the inventory, and the inventory cost obtained through further processing is composed of the purchase cost and processing cost. (2) The book value of inventory obtained in settlement under debt restructuring is determined on the fair value of the forfeited creditor's rights and the relevant taxes and fees that can be directly attributed to the inventory when the inventory reaches the current position and status. (3) Under the presumption that the exchange of non-monetary assets has commercial substance and the fair value of the assets swapped in or out can be reliably measured, the book value of inventory swapped in the exchange of non-monetary assets is usually determined on the basis of the fair value of the assets swapped out, unless there is strong evidence that the fair value of the swapped assets is more reliable; for non-monetary asset exchanges that do not meet the above presumption, the book value of the swapped assets and related taxes payable are used as the cost of swapped in inventory. (4) The inventory acquired by the combination of enterprises under common control is determined based on the book value of the acquiree; the inventories acquired by the combination of enterprises not under common control are determined by the fair value.

(3) The cost of inventories issued by enterprises is measured by the weighted average method.

(4). Amortization method for low-value consumables and packaging materials

Low-value consumables are one-off amortized when taken for use.

Packaging materials are one-off amortized when taken for use.

(5) The inventory system is a perpetual inventory system.

Recognition criteria and accrual method for the provision for inventory impairment√适用 不适用

(1) Recognition criteria and accrual method for the provision for inventory impairment

On the balance sheet date, inventory is measured at the lower of cost and net realizable value. The net realizable value of inventories is the amount after the estimated selling price of inventories minus the estimated costs to be incurred to completion, the estimated selling expenses and related taxes. When determining the net realizable value of inventories, based on the reliable evidence obtained, taking into account the purpose of holding the inventory and the impact of events after the balance sheet date, except for clear evidence that the market price on the balance sheet date is abnormal, the net realizable value of inventory items at the end of the current period is determined on the basis of the market price on the balance sheet date, of which:

1) The inventory of finished goods, commodities and materials used for sale, such as commodities directly used for sale, is determined by the amount of the estimated selling price of the inventory minus the estimated selling expenses and related taxes during normal production and operation ;

2) For the inventory of materials that need to be processed, in the normal production and operation process, the net realizable value is determined based on the estimated selling price of the finished product minus the estimated cost at the time of completion, the estimated selling expenses and related taxes. On the balance sheet date, if a part of the same inventory has a contract price agreement and other parts do not have a contract price, the net realizable value is determined separately and compared with its corresponding cost to determine the amount of provision for or reversal of inventory impairment.

At end of period, the provision for inventory impairment is calculated according to a single inventory item; but for a large number of inventories with low Unit prices, the provision for inventory impairment is calculated according to the inventory category; For the product series produced and sold in the same region, has the same or similar end user, and difficult to measure the inventory separately from other items, the provision for inventory impairment is combined.

After accruing the provision for inventory impairment, if the factors that previously reduced the value of the inventory have disappeared and the net realizable value of the inventory is higher than its book value, it will be reversed within the original provision for inventory impairment, and reversal amount is included in profit or loss for the current period.

The category and basis for determining the combined inventory falling price reserves, as well as the basis for determining the net realizable value of different types of inventories

适用 不适用

The calculation method and basis for determining the net realizable value of inventory based on the combination of inventory age and confirmed net realizable value

适用 不适用

18. Contract assets

适用 不适用

19. Non-current assets or disposal groups held for sale

适用 不适用

Recognition criteria and accounting treatment methods for non-current assets or disposal groups classified as held for sale

适用 不适用

Recognition criteria and presentation method for discontinued operations

适用 不适用

20. Long-term equity investment

适用 不适用

Long-term equity investments referred to in this section refer to Long-term equity investments that the Company has control, joint control or significant influence over the investee, including equity investments in subsidiaries, joint ventures and associates.

1. Judgment criteria for joint control and significant influence

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. If the Company and other joint venturers jointly exercise joint control over the investee and jointly control the investee and have rights to the net assets of the

investee, the investee is a joint venture of the Company. When judging whether there is joint control, the protective rights enjoyed are not considered.

Significant influence refers to the power to participate in the decision-making of an enterprise's financial and operating decisions, but it cannot control or jointly control the formulation of these policies with other parties. If the Company can exert significant influence on the investee, the investee is an associate of the Company. When determining whether it can exert significant influence on the invested Unit, consider that the investor directly or indirectly holds the voting shares of the invested Unit and the current executable potential voting rights held by the investor and other parties are assumed to be converted into the investee, the impact includes the current convertible warrants, stock options and convertible corporate bonds issued by the investee.

2. Determination of investment cost of long-term equity investments

(1) If the combination is formed under a business combination under common control, the merger party pays cash, transfers non-cash assets, assumes debt or issues equity securities as the acquisition consideration, and the share of owner's equity of the acquiree on the consolidated financial statements of the ultimate controlling party on the acquisition date as its initial investment cost. The difference between the initial investment cost of long-term equity investments and the cash paid, non-cash assets transferred, the book value of the debt assumed or the total face value of the shares issued adjusts the capital reserve; if the capital reserve is insufficient to offset, the retained earnings are adjusted. Step by step acquisition of the equity of the acquiree under common control through multiple transactions, and ultimately forming a business combination under common control, it should be treated separately as whether "single transaction": if it belongs to a "single transaction", each transaction is treated collectively as a single transaction on obtaining control rights. If it does not belong to a "single transaction", the initial investment costs of long-term equity investment is the share of the book value of the owner's equity in the acquiree's consolidated financial statements. The difference between the cost and the book value of long-term equity investments before the combination plus the book value of the new consideration paid for the shares on the acquisition date is adjusted to the capital reserve; if the capital reserve is insufficient to offset, the retained earnings are adjusted. The equity investment held before the acquisition date by equity method or other comprehensive income recognized for other equity instruments investment is temporarily not subject to accounting treatment.

(2) If a business combination is not formed under common control, the Company determines the combination cost as the initial investment cost of long-term equity investments according to the purchase date. The combination cost is the fair value of the assets paid, liabilities incurred or assumed by the purchaser to obtain control of the purchased party on the purchase date, and the equity securities issued. Overhead expenses such as auditing, legal services, evaluation and consulting and other related administrative expenses incurred by the purchaser for the business merger are included in profit or loss for the current period; The transaction cost of the equity securities or debt securities issued by the purchaser as the combination consideration is included in the initial recognition amount of equity securities or debt securities. The Company regards the contingent consideration stipulated in the acquisition agreement as part of the transfer consideration for the business combination, and it is included in the cost of the business combination according to its fair value on the date of purchase. For a business combination not under common control that is realized step-by-step through multiple transactions, it is determined whether the multiple transactions belong to a "single transaction" in accordance with the accounting standards for the enterprise. In the case of a "single transaction", each transaction is treated as a whole transaction that obtains control. If it does not belong to a "single transaction", the initial investment cost of long-term equity investments calculated based on the cost method shall be the sum of the original holding equity amount of the acquiree's equity investment plus the newly added investment cost; If the equity is accounted for using the equity method, the relevant other comprehensive income will not be accounted for temporarily; if the original equity investment is invested by other equity instruments, the difference between the fair value and the carrying amount, and the cumulative change in fair value originally included in other comprehensive income, are transferred to directly to retained earnings.

(3) Except for long-term equity investments formed by business combination, other equity investments are initially measured at cost: if they are obtained by paying cash, the actual purchase

price is used as their initial investment cost; if they are obtained by issuing equity securities, they are stated at the fair value of equity securities as its initial investment cost. The expenses directly related to the issuance of equity securities are determined in accordance with the relevant provisions of Accounting Standards for Enterprises No.37-Presentation of Financial Instruments. On the presumption that the fair value of the commercial substance and swapped-in assets or swapped-out assets can be reliably measured, the initial investment cost of long-term equity investments swapped in for non-monetary assets are based on the fair value of swapped assets and related taxes payable, unless there is solid evidence that the fair value of the swapped assets is more reliable; for non-monetary asset exchanges that do not meet the above presumption, the carrying amount of the swapped assets and related taxes payable shall be used as the Initial investment cost of long-term equity investments. The initial investment cost of long-term equity investments obtained through debt restructuring is determined on the basis of the fair value of the waived claims. The expenses, taxes and other necessary expenses directly related to the acquisition of long-term equity investments are also included in the investment cost.

For the additional investment that can exert significant influence on the invested Unit or implement joint control but does not constitute control, the cost of long-term equity investments is the original holding determined in accordance with "Accounting Standards for Business Enterprises No.22-Recognition and Measurement of Financial Instruments". The sum of the fair value of equity investment plus the newly added investment cost is used as the initial investment cost under equity method. If the originally held equity investment is classified as other equity instruments investment, the difference between its fair value and carrying amount, and the cumulative fair value change originally included in other comprehensive income should be transferred to directly to retained earnings.

3. Subsequent measurement and recognition of profit or loss of long-term equity investments

(1) Long-term equity investments measured at cost

The Company uses the cost method to account for long-term equity investments in subsidiaries. Apart from the cash dividends or profits declared but not yet paid that included in the acquisition of the investment, the Company recognizes the investment income in accordance with the cash dividends or profits declared to be issued by the investee in the current period.

(2) Long-term equity investments under equity method

For long-term equity investments in associates and joint ventures, the equity method is used.

If the initial investment cost of long-term equity investments calculated by the equity method is greater than the fair value share of the identifiable net assets of the investee when investing, the initial investment cost of long-term equity investments will not be adjusted; the initial investment cost of long-term equity investments is less than the fair value share of the investee's identifiable net assets at the time of purchase, the difference should be included in profit or loss for the current period, while adjusting the cost of long-term equity investments. After acquiring long-term equity investments, if the accounting policy and accounting period adopted by the investee are inconsistent with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, and recognize the investment gain or loss and other comprehensive income etc. The investment income and other comprehensive income shall be the share of the net profit or loss and other comprehensive income of the investee, and the carrying amount of long-term equity investments is adjusted; The Company recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Company. According to the profits or cash dividends declared to be distributed by the investee, the carrying amount of long-term equity investments is reduced accordingly; adjust the carrying amount of long-term equity investments and include in owners' equity. The unrealized internal transaction gains and losses that occur between the Company and associates and joint ventures are calculated based on the ratio enjoyed by the Company and are offset, and investment income is recognized on this basis. Unrealized internal transaction losses with the investee that belong to assets impairment loss are fully recognized.

When the Company confirms that it should share the losses of the investee, it will be processed in the following order: First, offset the carrying amount of Long-term equity investments. Secondly, if

the carrying amount of long-term equity investments is not enough to offset, continue to recognize the investment loss and offset the carrying amount of long-term receivable items to the limit of carrying amounts of other long-term equity that substantially constitute net investment in the investee. After the above-mentioned treatment, if the Company still undertakes additional obligations according to the investment contract or agreement, the estimated liabilities shall be recognized according to the obligations assumed and included in the current investment losses. If the investee realizes a net profit in a later period, the Company resumes the recognition of the profit sharing amount after the income makes up for the unrecognized loss sharing amount.

During the period of holding the investment, the investee is included in the consolidated financial statements based on the amount attributable to the investee in the consolidated financial statements' net profit, other comprehensive income and changes in other owners' equity.

If the Company's assets invested in joint ventures and associates constitute a business, and the investor acquires long-term equity investments but does not obtain control, the fair value of the investment business is used as the initial basis for the new investment cost of long-term equity investments. The difference between the initial investment cost and the carrying amount of the invested business is included in profit or loss for the current period. If the assets sold by the Company to a joint venture or an associate constitute a business, the difference between the consideration received and the carrying amount of the business shall be included in profit or loss for the current period. If the assets purchased by the Company from associates and joint ventures constitute business, they shall be accounted for in accordance with the provisions of "Accounting Standards for Business Enterprises No.20-Business Combinations", and the profits or losses related to the transaction shall be fully recognized.

4. Disposal of long-term equity investments

For the disposal of Long-term equity investments, the difference between the Carrying amount and the actual consideration received shall be included in profit or loss for the current period.

(1) Disposal of long-term equity investments under equity method

For long-term equity investments that are accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, when disposing of the investment, the same basis as the investee directly disposes of related assets or liabilities shall be used and the relevant share of other comprehensive income in the accounting treatment. Owners' equity confirmed by the investee in addition to changes in net profit or loss, other comprehensive income and profit distribution, and owners' equity are carried forward to profit or loss for the current period according to the sharing.

If the joint control or significant influence on the investee is lost due to the disposal of part of the equity investment, etc., the remaining equity after disposal shall be accounted according to the financial instrument recognition and measurement standards. The difference between the fair value and carrying of the day when the joint control or significant influence is lost the amount is included in profit or loss for the current period. The other comprehensive income of the original equity investment confirmed by the equity method of accounting shall be accounted for on the same basis as the investee's direct disposal of related assets or liabilities when the equity method of accounting is terminated. Owners' equity confirmed by the investee in addition to changes in Owners' equity other than net profit or loss, Other comprehensive income and profit distribution, all transferred to profit or loss for the current period when the equity method of accounting is terminated.

(2) Disposal of long-term equity investments under cost method

Long-term equity investments that are accounted for using the cost method, and the remaining equity is still accounted for using the cost method after disposal. Other comprehensive income recognized by adopting equity method accounting or financial instrument recognition and measurement standard accounting before obtaining control of the investee is treated on the same basis as the invested Unit directly disposes of related assets or liabilities, and is treated according to share of profit or loss for the current period. Changes in owners' equity other than net profit or loss, other comprehensive income and net profit distribution in the investee's net assets recognized by the equity method of accounting are carried forward to profit or loss for the current period according to the share.

When the Company can no longer exercise control over an investee due to dilution of shareholding by issuance of new shares to other investors by the investee but the Company can still exercise joint control of or significant influence on the investee, the difference between the Company's share of the increment of net assets in investee by the new shareholding percentage after new share issuance and the pro-rata portion of carrying value of long term equity investment for the decreased shareholding percentage is recognized in profit or loss in the current period. The remaining equity investment is accounted for equity method as if it was acquired since initial acquisition.

When the Company can no longer exercise control over an investee due to partial disposal of equity investment or other reasons and the remaining equity investment after disposal can exercise joint control of or significant influence over an investee, the remaining equity investment is accounted for under equity method and re-measured by equity method as if it has been acquired since date of acquisition. Where the remaining equity investment can no longer exercise joint control of or significant influence over an investee, the remaining equity investment is accounted for in accordance with Accounting Standard for Business Enterprises No.22-Recognition and Measurement of Financial Instruments and the difference between the fair value and the carrying amount at the date of the loss of control is charged to profit or loss for the current period.

The Company's control over an investee is lost through multiple disposals and the multiple disposals shall be viewed as one single transaction, the multiple disposals is accounted for one single transaction which result in the Company's loss of control over the investee. Each difference between the consideration received and the book value of the investment disposed is recognized in other comprehensive income and reclassified in full to profit or loss at the time when control over the investee is lost.

21. Investment properties

(1). If the measurement of cost model is adopted:

Depreciation or amortization method

1. Investment properties refer to real estate held to earn rent or capital appreciation, or both. Including land use rights that have been leased, land use rights that are held and ready to be transferred after value-added, leased buildings (including buildings used for rent after self-construction or development activities are completed, and future use during construction or development of leased buildings).

2. Investment properties are initially measured according to cost, and subsequent measurement is made using the cost model. For subsequent expenditures related to Investment properties, if the economic benefits related to the asset are likely to flow in and their costs can be reliably measured, then they are included in the cost of Investment properties. Other subsequent expenditures are included in profit or loss for the current period when they occur.

3. For Investment Properties measured by the cost model, depreciation or amortization is provided using the same method as fixed assets and intangible assets.

4. When the purpose of Investment properties is changed to self-use, from the date of change, the Investment properties are converted into fixed assets or intangible assets, and the carrying amount before conversion is used as the credit value after conversion. When the purpose of self-used real estate or Inventories is changed to earn rent or capital appreciation, from the date of change, the Fixed assets or Intangible assets are converted into Investment properties and converted into Investment properties measured by the cost model to the carrying amount before conversion As the booked value after conversion; when converted to Investment properties measured by fair value model, the fair value on the conversion date is used as the booked value after conversion.

5. When Investment Properties are disposed of, or permanently withdrawn from use and it is expected that no financial benefits can be obtained from their disposal, the recognition of the investment properties is terminated. Investment properties sold, transferred, scrapped or damaged are deducted from their carrying amount and related taxes and are included in profit or loss for the current period.

22. Fixed assets

(1). Recognition conditions

适用 不适用

Fixed assets refer to tangible assets fulfill the following characteristics: (1) held for the production of goods, provision of labor services, lease or operation and (2) the service life exceeds one fiscal year.

Fixed assets are recognized if it meets the following conditions: (1) The economic benefits related to the fixed assets are likely to flow into the enterprise and (2) The cost of the fixed assets can be measured reliably. Subsequent expenditures related to fixed assets, if they meet the above recognition conditions, are included in the cost of fixed assets; those that do not meet the above recognition conditions are included in profit or loss for the current period when incurred.

(2). Depreciation method

适用 不适用

Fixed assets commence depreciation when they reach their intended usable state, and cease depreciation upon derecognition or upon classification as non-current assets held for sale. If the various components of a fixed asset have different useful lives or provide economic benefits to the enterprise in different patterns, different depreciation rates and methods are selected, and depreciation is provided for separately. The depreciation periods and depreciation rates for each category of fixed assets are as follows:

Category	Depreciation method	Useful life (years)	Estimate residual value (%)	Annual depreciation rate (%)
Property and buildings	Straight line method	10-30	5-10	3.00-9.50
Specific equipment	Straight line method	3-20	5-10	4.50-31.67
General equipment	Straight line method	3-15	5-10	6.00-31.67
Transportation equipment	Straight line method	2-15	5-10	6.00-47.50
Ship	Straight line method	25	Light Displacement Tonnage x Expected scrap price	3.07

Note:

(1) The renovation costs of the fixed assets that meet the capitalization conditions will be accrued separately in the shorter period of the two renovation periods and the useful life of the fixed assets.

(2) For the fixed assets that have been impaired, the cumulative impairment provision of fixed assets shall be deducted from the calculation of depreciation rate.

(3) The Company shall review the useful life, estimated net residual value and depreciation method of the fixed assets at least at the end of the year.

Other instructions:

(1) Fixed assets idle for 3 consecutive months due to underutilization, natural disasters, etc. (excluding seasonal idleness) are classified as idle assets. Idle assets are depreciated using the same method as other assets in their category.

(2) If a fixed asset is held for disposal or is no longer expected to generate economic benefits through use or disposal, it is derecognized, and depreciation and impairment charges cease.

(3) Gains or losses from the disposal of fixed assets (sale, transfer, retirement, or damage) are calculated as the disposal proceeds minus carrying amount and related taxes, and are recognized in current profit or loss.

(4) Major repair costs incurred during periodic inspections are capitalized as part of the fixed asset's cost if they meet the recognition criteria; otherwise, they are expensed. Depreciation continues during major repair intervals.

23. Construction in progress

适用 不适用

1. Construction in progress while satisfying economic benefits is likely to flow in, and costs can be reliably measured are recognized. Construction in progress is measured at the actual cost incurred before the construction of the asset reaches its intended status of uses.

2. When Construction in progress reaches the intended status of uses, it will be transferred to fixed assets according to the actual cost of the project. If it has reached the expected usable status but has not yet completed the settlement of completion, it will first be transferred to fixed assets at the estimated value. After the completion of the final settlement, the original provisional valuation will be adjusted according to the actual cost, but the original depreciation will not be adjusted.

3. The specific criteria and timing for the transfer of construction in progress to fixed assets are as follows:

Item	Criteria and time point for conversion to fixed assets
Property and buildings	(1) The main construction project and supporting projects have been substantially completed; (2) The construction project has met the predetermined design requirements and has been inspected, designed, constructed, and supervised by various Units; (3) If the construction project has reached the predetermined usable state but has not yet undergone completion settlement, it will be transferred to fixed assets based on the estimated value of the actual construction cost from the date of reaching the predetermined usable state.
Special equipment	(1) The relevant equipment and other supporting facilities have been installed; (2) The equipment that needs to be commissioned or trial-produced can maintain normal and stable operation for a period of time after commissioning; (3) The production equipment can stably produce qualified products; (4) The equipment has been accepted by the relevant departments of asset management.

4. If the Company sells the products or by-products produced before the construction project reaches the expected usable state (hereinafter referred to as trial operation sales), the income and costs related to the trial operation sales shall be accounted for separately in accordance with the provisions of "Enterprise Accounting Standard No. 14 - Revenue" and "Enterprise Accounting Standard No. 1 - Inventories" and included in the current period's profit and loss. Before the relevant products or by-products produced by the trial operation are sold to the outside, they shall be recognized as inventories in accordance with the provisions of "Enterprise Accounting Standard No. 1 - Inventories" and recognized as related assets in accordance with the relevant asset recognition conditions in other relevant enterprise accounting standards.

24. Borrowing costs

适用 不适用

Borrowing costs, including interest on borrowings, amortization of discounts or premiums, other relevant expenses, and exchange differences due to foreign currency borrowings.

1. Principle of borrowing costs capitalization

Borrowing costs incurred by the Company, which can be directly attributed to the acquisition, construction or production of assets that meet the capitalization conditions, are capitalized and

included in the cost of related assets. Other Borrowing costs are recognized as expenses based on the amount incurred when they occur, and are included in profit or loss for the current period.

2. Capitalization period of borrowing costs

(1) When the following conditions are met at the same time, capitalization begins: 1) Asset expenditure has occurred; 2) Borrowing costs have occurred; 3) The purchase, construction or production activities necessary to make the asset reach the intended use or sale state have begun.

(2) Suspension of capitalization: If an asset that meets the conditions of capitalization is abnormally interrupted during the acquisition, construction or production process, and the interruption lasts for more than 3 months, the capitalization of Borrowing costs is suspended; Borrowing costs incurred during the interruption are recognized as current expenses, until the purchase or construction of assets or production activities restart. If the interruption is the necessary procedure for the acquisition or construction or production of assets that meet the capitalization conditions to reach the intended status of uses or status of sale, borrowing costs will continue to be capitalized.

(3) Cessation of capitalization: Borrowing costs cease to be capitalized when the assets purchased or constructed or produced that meet the capitalization conditions reach the intended use or sale. When part of the assets in the acquisition, construction or production of capitalized assets are completed separately and can be used separately, the capitalization of borrowing costs of the partial assets will be ceased. If each part of the purchased or constructed asset is completed separately, but it cannot be used until it is completed or sold externally, the capitalization of borrowing costs shall be ceased when the asset is completed.

3. Borrowing costs capitalization rate and calculation method of capitalization amount

If specific loans are borrowed for the purchase or construction or production of assets that meet the capitalization conditions, the interest expenses actually incurred in the current period of the specific loans (including the amortization of discounts or premiums determined in accordance with the effective interest rate method), minus the amount of interest income obtained from the bank or the investment income obtained by making a temporary investment by the unused borrowing loans, is the amount of interest that should be capitalized; if the general borrowings are occupied for the purchase or construction or production of assets that meet the capitalization conditions, the weighted average amount of asset expenditures on the amount of cumulative asset expenditure exceeding the specific loans is multiplied by the capitalization rate (weighted average interest rate) of the general borrowing to calculate and determine the amount of interest that should be capitalized for the general borrowing. During the capitalization period, the amount of interest capitalized in each accounting period shall not exceed the amount of interest actually incurred by the relevant borrowings in the current period. The exchange differences on the principal and interest of foreign currency special borrowings shall be capitalized during the capitalization period. Other relevant expenses incurred by special borrowings occur before the assets eligible for capitalization purchased or constructed or produced reach the intended status of use or sale, they are capitalized; Other relevant expenses incurred in general borrowings are included in profit or loss for the current period when incurred. If there is a discount or premium on the loans, the amount of discount or premium that should be amortized in each accounting period is determined according to the effective interest rate method, and the amount of interest in each period is adjusted.

25. Biological assets

适用 不适用

26. Oil and gas assets

适用 不适用

27. Intangible assets

(1). Useful lives and the basis for their determination, estimation, amortization method or review procedures

适用 不适用

1. Initial measurement of intangible assets

Intangible assets are initially measured at cost. The cost of externally purchased intangible assets includes the purchase price, related taxes and other expenses directly attributable to the asset for its intended use. If the payment for the purchase of intangible assets is delayed beyond the normal credit conditions and is essentially of a financing nature, the cost of the intangible assets is determined on the basis of the present value of the purchase price. Debt restructuring acquires the intangible assets used by the debtor to pay off debts, and the book value is determined on the basis of the fair value of the waived claims and other costs that can be directly attributed to the tax and other costs incurred in bringing the asset to its intended use. Intangible assets obtained from debtor to pay off debts under debt restructuring, its book value is determined on the basis of the fair value of the waived claims and other costs that can be directly attributed to the tax and other costs incurred in bringing the asset to its intended use. Under the presumption that the exchange of non-monetary assets has commercial substance and the fair value of the assets exchanged in or out can be reliably measured, the intangible assets exchanged in the swap of non-monetary assets are stated at fair value of the assets swapped and related taxes as the cost of swapping intangible assets, unless there is strong evidence that the fair value of the swapped assets is more reliable; for non-monetary asset exchanges that do not meet the above presumption, the book value of the swapped assets and related taxes payable are used as the cost of intangible assets, and there is no recognition of any profit or loss.

Expenses related to intangible assets are included in the cost of intangible assets if the related economic benefits are likely to flow into the Company and the costs can be reliably measured. Expenditures for other items other than these are included in profit or loss for the current period when they occur.

The acquired land use rights are usually accounted for as intangible assets. For self-development and construction of buildings and other buildings, related land use rights expenditures and building construction costs are accounted for as intangible assets and fixed assets, respectively. In the case of purchased properties and buildings, the relevant price will be allocated between the land use rights and the buildings. If it is difficult to allocate them reasonably, all of them will be treated as fixed assets.

2. Intangible asset useful life, the basis for its determination, estimation, amortization method or review procedures

According to the contract rights or other legal rights, industry, history experience, and other relevant experts to determine a combination of factors, reasonably determine the intangible asset can bring economic benefits for the Company, as intangible assets with limited useful life; not Where the intangible assets are reasonably determined to bring economic benefits to the Company, they are regarded as intangible assets with uncertain service life.

For intangible assets with a finite useful life, the following factors are usually considered when estimating the useful life: (1) the usual life cycle of the products produced using the asset and the information available on the service life of similar assets; (2) technology, process, etc. The current situation of the country and the estimation of the future development trend; (3) the market demand for the products produced by the asset or the provision of labor services; (4) the expected actions of current or potential competitors; (5) the maintenance of the asset Expected maintenance expenditures that bring economic benefits, and the Company's ability to pay for related expenditures; (6) Relevant legal regulations or similar restrictions on the asset's control period, such as concession periods, lease periods, etc. ; (7) There is correlation of the useful life of other assets. The estimated useful life of intangible assets with finite useful life:

Item	Basis of estimated useful life	Period (years)
Software	Expected benefit period	5

Item	Basis of estimated useful life	Period (years)
Patent	Expected benefit period	10
Land use rights	Registered useful life of land use rights	50

Intangible assets with a finite useful life are amortized systematically and rationally within the useful life according to the expected realization method of the economic benefits related to the intangible asset. If the expected realization method cannot be reliably determined, the straight-line method is used. Intangible assets with uncertain useful life are not amortized, but the useful life of the intangible assets is reviewed every year and an impairment test is conducted.

At the end of each year, the Company reviews the useful life and amortization method of intangible assets with a finite useful life. If it is different from the previous estimate, the original estimate is adjusted and the accounting estimate is changed; it is estimated that an intangible asset can no longer be given if the enterprise brings future economic benefits, the book value of this intangible asset will be transferred to profit or loss for the current period.

(2). Accounting policy for internal research and development expenditures

适用 不适用

The expenditures of internal research and development projects are divided into expenditures in the research phase and expenditures in the development phase. Criteria for dividing research stage and development stage: the planned investigation stage for acquiring new technologies and knowledge should be determined as the research stage, which has the characteristics of planning and exploration; The application of research results or other knowledge to a plan or design before commercial production or use to produce new or substantially improved materials, devices, products and other stages should be determined as the development stage, which is targeted and likely to produce results characteristics.

Expenditures for the research phase of internal research and development projects are included in profit or loss for the current period when they occur. Expenses during the development phase of an internal research and development project that meet the following conditions are recognized as intangible assets: (1) it is technically feasible to complete the intangible asset so that it can be used or sold; (2) it is Intention to use or sell; (3) The way in which intangible assets generate economic benefits, including the ability to prove that the products produced using the intangible assets exist in the market or the intangible assets themselves exist in the market, and the intangible assets will be used internally, can prove their usefulness; (4) sufficient technical, financial resources and other resources support to complete the development of the intangible asset and the ability to use or sell the intangible asset; (5) The expenditure attributable to the development stage of the intangible asset can be reliably measured. If the above conditions are not met, it will be included in profit or loss for the current period when it occurs; if there is no way to distinguish between research phase expenditure and development phase expenditure, all research and development expenditure incurred will be included in profit or loss for the current period.

If the Company sells products or by-products produced during the research and development process (hereinafter referred to as trial operation sales), it shall conduct accounting treatment for the related income and costs of trial operation sales in accordance with the provisions of "Accounting Standards for Business Enterprises No. 14 – Revenue" and "Accounting Standards for Business Enterprises No. 1 – Inventory", and include them in the current profit or loss. Before selling the products or by-products produced during the trial operation, they shall be recognized as inventory in accordance with the provisions of "Accounting Standards for Business Enterprises No. 1 – Inventory", and they shall be recognized as related assets in accordance with the asset recognition conditions in other relevant accounting standards for business enterprises.

28. Long-term asset impairment

适用 不适用

Long-term equity investments, investment property and productive biological assets measured using the cost model, fixed assets, construction in progress, oil and gas assets, right-of-use assets, intangible assets, goodwill and other long-term assets are subject to impairment if there are indication of the following:

1. The market price of assets has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use;
2. The economic, technical or legal environment in which the enterprise operates and the market in which the assets are located will undergo major changes in the current period or in the near future, thereby adversely affecting the enterprise;
3. The market interest rate or other market investment return rate has increased in the current period, which affects the discount rate of the enterprise's calculation of the present value of the expected future cash flow, resulting in a substantial reduction in the asset's recoverable amount;
4. There is evidence that the asset has become obsolete or its physical has been damaged;
5. Assets have been or will be idle, terminated or planned to be disposed of in advance;
6. Evidence from internal reports of the Company indicates that the economic performance of the asset has been or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is far below (or higher than) the expected amount, etc.;
7. Other indications that assets may have been impaired.

If there is any indication of impairment of the above-mentioned long-term assets on the balance sheet date, an impairment test shall be conducted. If the result of the impairment test indicates that the recoverable amount of the asset is lower than its book value, the impairment provision shall be made according to the difference and included in the impairment loss. The recoverable amount is the higher of the net value of the asset's fair value minus disposal costs and the present value of the asset's expected future cash flow. The method for determining the fair value is detailed in this note "Significant Accounting Policies and Accounting Estimates — Fair Value"; the disposal expenses include legal expenses related to the disposal of assets, related taxes, handling fees, and direct expenses incurred to bring the asset to a saleable status; the expected future cash flow of the asset is determined according to the present value of expected future cash flow generated during the continuous use of the asset and at the time of final disposal, and an appropriate discount rate is selected to determine the discounted amount.

The asset impairment provision is calculated and determined on the basis of individual assets. If it is difficult to estimate the recoverable amount of an individual asset, the asset group to which the asset group belongs determines the recoverable amount of the asset group. An asset group is the smallest asset portfolio that can independently generate cash inflows.

The goodwill presented separately in the financial statements will be allocated to the asset group or combination of asset groups that is expected to benefit from the synergy effect of the business combination during the impairment test. If the test results indicate that the recoverable amount of the asset group or combination of asset groups containing the allocated goodwill is lower than its book value, the corresponding impairment loss is recognized. The amount of impairment loss is offset against the book value of goodwill allocated to the asset group or combination of asset groups, and then proportionally based on the proportion of the book value of other assets in the asset group or combination of asset groups other than goodwill.

Goodwill and intangible assets with indefinite useful life are tested for impairment at least at the end of each year.

Once assets impairment loss is recognized, it will not be reversed in the future period.

29. Long-term deferred expenses

适用 不适用

Long-term deferred expenses are accounted for based on actual expenditures and amortized evenly over the benefit period or the prescribed period. If the long-term deferred expense item cannot

benefit the future accounting period, all the amortized value of the item that has not been amortized shall be transferred to profit or loss for the current period, of which:

Improvement expenditures incurred on leased fixed assets shall be amortized evenly over the remaining useful life of the leased assets if it can be reasonably determined that the ownership of the leased assets will be obtained at the expiration of the lease term. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, it shall be amortized equally over the shorter of the remaining lease term and the remaining useful life of the leased asset.

The decoration costs incurred by the leased fixed assets, if it can be reasonably determined that the ownership of the leased assets will be obtained at the expiration of the lease term, shall be amortized equally between the interval between two decorations and the shorter period of the remaining useful life of the leased assets. If it cannot be reasonably determined that the ownership of the leased asset can be obtained at the expiration of the lease term, the leased asset shall be amortized equally over the shorter of the interval between two decorations, the remaining lease term and the remaining useful life of the leased asset.

30. Contract liabilities

适用 不适用

Contract liabilities is the Company's obligation to transfer goods to customers for the consideration that has been received or receivable from customers. The Company presented the net amount of contract assets offsetting with contract liabilities when they are aroused in the same contract.

31. Employee compensation

(1). Accounting treatment of employee benefits

适用 不适用

In the accounting period in which employees have rendered services, the Company recognized the employee wages, bonus, social security contributions according to regulations such as medical insurance, work injury insurance and maternity insurance as well as housing funds as liability, and charged to profit or loss for the current period or cost of relevant assets. If employee benefits are non-monetary benefits, if they can be measured reliably, they shall be measured at fair value. If the liability is not expected to be settled wholly in twelve months after the balance sheet date, and the amount is significant, the liability is measured at the discounted amount.

(2). Accounting treatment of post-employment benefits

适用 不适用

Post-employment benefit plan includes defined contribution plans and defined benefit plans. Defined contribution plans are post-employment benefit plans under which a corporate pays fixed contributions into an escrow fund and will have no further obligation. Defined benefit plans are post-employment benefit plans other than defined contribution plans.

(1) Defined contribution plans

The Company pays basic pension insurance and unemployment insurance for employees in accordance with the relevant regulations of the current government. In the accounting periods which employees rendered services, the amount of defined contribution plan is recognized as liability and charged to profit or loss for the current period or cost of relevant assets.

(3). Accounting treatment of termination benefits

适用 不适用

Termination benefits is recognized on the earlier of either the Company cannot unilaterally withdraw the termination benefits provided by the labor relationship cancellation plan or the

redundancy proposal, and the Company recognizes the costs or expenses related to the restructuring related to the payment of the termination benefits. Termination benefits expenses are included in profit or loss for the current period. However, if the termination benefits are not expected to be fully paid within twelve months after the end of this reporting period, it is treated as other long-term employee benefits.

Employee internal retirement plans are handled on the same principle as the above dismissal benefits. The Company will include the salary and social insurance contribution of early retired personnel from the date when the employee ceases to provide services to the normal retirement date, and shall be included in profit or loss for the current period (termination benefits) when the conditions for recognizing the estimated liabilities are met. Financial compensation after the official retirement date (such as the normal pension pension) will be treated as post-employment benefits.

(4). Accounting treatment of other long-term employee benefits

适用 不适用

Other long-term employee benefits provided by the Company to the employees satisfied the conditions for classifying as a defined contributions plan; those benefits are accounted for in accordance with the above requirements relating to defined contribution plan, but the movement of net liabilities or assets in re-measurement of defined benefit plan is recorded in profit or loss for the current period or cost of relevant assets

32. Provision of liabilities

适用 不适用

A provision is recognized as a liability when an obligation related to a contingency satisfied all of the following conditions: (1) The obligation is a present obligation of the Company; (2) It is probable that an outflow of economic benefits will be required to settle the obligation; (3) The amount of the obligation can be measured reliably.

Provisions are initially measured at the best estimate of the payment to settle the associated obligations and consider the relevant risk, uncertainty and time value of money. If the impact of time value of money is significant, the best estimate is determined as its present value of future cash outflow. The Company reviews the book value of provisions at the balance sheet date and adjusts the carrying amount to reflect the best estimate.

The best estimates are divided into the following situations: If the required expenditure exists in a continuous range (or interval), and the probability of various results in the range is the same, the best estimate is based on the middle value of the range: namely the average of the lower limit amount is determined. The required expenditure does not exist in a continuous range (or interval), or although there is a continuous range, but the possibility of various results in this range is not the same, if contingencies involve a single item, the best estimate is based on the amount most likely to occur; if contingencies involve multiple items, the best estimate is calculated and determined based on various possible results and related probabilities.

If all or part of the expenses required to pay off the provisions of the Company are expected to be compensated by a third party, when the compensation amount is basically determined to be received, it is separately recognized as an asset, and the recognized compensation amount does not exceed the carrying amount of the provisions.

Carrying amount of the provisions are reviewed on each balance sheet date. If there is solid evidence that the carrying amount cannot reflect the current best estimate, the carrying amount shall be adjusted according to the current best estimate.

33. Share-based payment

适用 不适用

1. Category of share-based payment

The Company's share-based payment is a transaction that grants equity instruments or assumes liabilities determined on the basis of equity instruments in order to obtain services provided by employees (or other parties). Includes Share-based payment settled with equity and share-based payment settled with cash.

2. Determination method of fair value of equity instruments

(1) If there is an active market, it shall be determined according to the quoted price the active market; (2) If there is no active market, it shall be determined by using valuation techniques, including reference to the prices used in recent market transactions conducted by parties who are familiar with the situation and voluntarily trade, reference to the current fair value, discounted cash flow method and option pricing model of other financial instruments that are substantially the same.

3. Basis in determination of best estimate of exercisable equity instruments

On each balance sheet date during the vesting period, the Company makes the best estimate based on the latest information on the number of employees with exercisable rights and other follow-up information, and corrects the number of equity instruments expected to exercise. On the exercise date, the number of equity instruments expected to be exercised should be consistent with the actual exercisable amount.

4. Accounting treatment of share-based payment

(1) Share-based payment settled by equity

If the equity-settled share-based payment is exchanged for employees to provide services, and the right is available immediately after the grant, the relevant cost or expense will be included in the fair value of equity instruments on the grant date, and the capital reserve will be adjusted accordingly. If the exercise right is available only after completing the service within the vesting period or meeting the prescribed performance conditions, on each balance sheet date during the vesting period, based on the best estimate of the number of available rights Equity instruments and the fair value of the equity instruments on its grant date, the services obtained in the current period are included in the relevant costs or expenses, and the capital reserve is adjusted accordingly. After the exercisable date, no adjustment will be made to the recognized costs or expenses and the total owner's equity.

For the equity-settled Share-based payment is exchanged for the services of the other party, if the fair value of the services of the other party can be reliably measured, it is measured according to the fair value of the service of the other party. If the fair value of the other party's services cannot be measured reliably but the equity value of equity instruments can be measured reliably, it is measured in accordance with the fair value of equity instruments on the date of service acquisition, included in the relevant costs or expenses, and the owners' equity is increased accordingly.

(2) Share-based payment settled in cash

Share-based payment settled in cash in exchange for employee services, and the right to exercise immediately after the grant, the Company's fair value of the liabilities assumed are included in the relevant costs or expenses on the grant date, and the liabilities are increased accordingly. Share-based payment settled in cash that can be exchanged for employee services after completing the services within the waiting period or meeting the prescribed performance conditions, based on the best estimate of the right to exercise on each balance sheet date during the vesting period and the fair value of the Company's liabilities, the services obtained in the current period are included in the relevant costs or expenses and corresponding liabilities. On each balance sheet date and settlement date before the settlement of the relevant liabilities, the fair value of the liabilities is remeasured, and the changes are included in profit or loss for the current period.

(3) Modify and terminate share-based payment plan

If the modification increases the fair value of equity instruments granted, the Company will recognize the increase in the cost of services obtained in accordance with the increase in fair value of equity instruments. If the modification increases the number of equity instruments awarded, the Company will recognize the increase in the fair value of equity instruments accordingly as an increase in access to services. If the Company revises the conditions of exercise rights in a manner beneficial to employees, the Company considers the revised conditions of exercise rights when dealing with the conditions of exercise rights.

If the modification reduces the fair value of the equity instruments granted, the Company continues to recognize the services based on amount of fair value of the equity instruments on the

grant date, regardless of the decrease in the fair value of the equity instruments. If the modification reduces the number of granted equity instruments, the Company treats the reduction as a cancellation of the granted equity instruments. If the vesting conditions are modified in a way that is unfavorable to the employees, the modified vesting conditions shall not be considered when dealing with the vesting.

If the share-based payment settled by equity is cancelled, it will be treated as an accelerated exercise on the cancellation date, and the unrecognized amount will be recognized immediately (Amount that should be recognized in the remaining vesting period is immediately included in profit or loss for the current period, and capital reserve is also recognized). Employees or other parties can choose to meet the non-feasible rights conditions but not met within the waiting period, as a cancellation of equity settlement of share-based payment. However, if a new Equity instrument is awarded, and the equity instruments granted on the grant date of the new equity instruments are deemed to replace the equity instruments that were cancelled, then the authorized replacement equity instruments are processed in the same way as the modification of terms and conditions of the original equity instruments.

5. Involving share-based payment transactions between companies within the scope of consolidation of the Company, between the Company and the actual controlling party or other shareholders of the Company, or between the Company and other companies in the group to which the Company belongs, it is accounted in accordance with the relevant provisions of Article 7 of intra-group share-based payment of "Interpretation No. 4 of Accounting Standards for Business Enterprises".

34. Share repurchase

When the Company's shares are repurchased for reasons such as reducing registered capital or rewarding employees, the amount actually paid is recorded as treasury stock, with a corresponding memorandum record maintained. If the repurchased shares are cancelled, the difference between the total par value of the shares (calculated based on the par value per share and the number of shares cancelled) and the amount actually paid for the repurchase is offset against capital surplus; if the capital surplus is insufficient to cover the difference, the remaining amount is offset against retained earnings. If the repurchased shares are awarded to the Company's employees, such award constitutes an equity-settled share-based payment. When the employees exercise their rights and purchase the Company's shares and the consideration is received, the cost of the treasury stock delivered to the employees and the accumulated amount in capital surplus (other capital surplus) during the vesting period are written off, and the difference is adjusted against capital surplus (share premium).

35. Preferred stocks, perpetual bonds, and other financial instruments

适用 不适用

36. Revenue

(1). Accounting policies adopted for revenue recognition and measurement as disclosed by business type

适用 不适用

1. General principles of revenue recognition

Under the new revenue standard, the Company determine the timing of revenue recognition on the basis of transfer of control. The Company recognizes revenue when it satisfies a performance obligation in the contract, i.e. when the customer obtains control of the relevant goods or services.

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time: (1) when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract; (2) when the customer is able to control the goods in progress in the course of performance by the Company under the contract; (3) when the

goods produced by the Company under the contract are irreplaceable and the Company has the right to receive payment for performance completed to date during the whole contract term.

For performance obligations performed within a certain period, the Company recognizes revenue by measuring the progress towards complete of that performance obligation within that certain period. When the progress of performance cannot be reasonably determined, if the costs incurred by the Company are expected to be compensated, the revenue shall be recognized at the amount of costs incurred until the progress of performance can be reasonably determined.

For performance obligation performed at a point of time, the Company recognizes revenue at the point of time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Company considers the following indications: (1) the Company has the current right to receive payment for the goods, which is when the customer has the current payment obligations for the goods; (2) the Company has transferred the legal title of the goods to the customer, which is when the client possesses the legal title of the goods; (3) the Company has transferred the physical possession of goods to the customer, which is when the customer obtains physical possession of the goods; (4) the Company has transferred all of the substantial risks and rewards of ownership of the goods to the customer, which is when the customer obtain all of the substantial risks and rewards of ownership of the goods to the customer; (5) the customer has accepted the goods; (6) other information indicates that the customer has obtained control of the goods.

When a contract contains two or more performance obligations, the Company will allocate the transaction price to each individual performance obligation in accordance with the relative proportion of the stand-alone selling price of the goods promised by each individual performance obligation on the commencement date of the contract. Revenue is recognized on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the Company expects to be entitled to receive due to the transfer of goods to customers. The amount collected by the Company on behalf of a third party and the amount that the Company expects to return to the customer are accounted for as a liability and not included in the transaction price. For contracts that contain variable consideration, the Company estimates the amount of consideration to which it will be entitled using either the expected value method or the most likely amount. The estimated amount of variable consideration is included in the transaction price only to the extent that it is highly probable that such an inclusion will not result in a significant revenue reversal in the future when the uncertainty associated with the variable consideration is subsequently resolved. For contracts that contain significant financing components, the Company determines the transaction price based on the amount payable under the assumption that the customer pays that amount payable in cash when the control of goods or services is transferred to the customer. The difference between the transaction price and the contract consideration shall be amortized within the contract period using effective interest rate. For contracts where the period between payment and transfer of the associated goods or services is less than one year, the Group applies the practical expedient of not adjusting the transaction price for any significant financing component.

2. Specific revenue recognition principle

Based on actual situation, the Company recognizes revenue when the following conditions are met:

(1) Sales of product: Domestic sales revenue is recognized when the control of the product has been transferred to the purchaser, the continued management and control of the product is no longer implemented, the payment has been recovered or the evidence for payment has been obtained and the relevant economic benefits are likely to flow in, and the cost of the product can be reliably measured. Export sale revenue is recognized on the export date shown on the export declaration of the goods after the goods are shipped according to the customer's requirements, the payment has been recovered or the receipt of the payment has been obtained and the relevant economic benefits are likely to flow in, the cost of the product can be reliably measured.

(2) Futures brokerage business: The net transaction fee charged by the Company from the customers (deducting the transaction fee payable by the Company to exchange company) is recognized as the net fee income when the daily payment is settled with the customer.

(2). Different revenue recognition methods and measurement methods involved when similar businesses adopt different operating models

适用 不适用

37. Contract costs

适用 不适用

38. Government grants

适用 不适用

1. Category of government grants

Government grants refer to the Company's obtain of monetary or non-monetary assets from the government without consideration. It is divided into government grants related to assets and government grants related to income.

Government grants related to assets refer to government grants acquired by the Company and used to purchase or construct or form long-term assets, including financial grants for the purchase of fixed assets or intangible assets, and financial discounts for dedicated loans for fixed assets, etc.; Government grants related to income refer to government grants other than government grants related to assets. Government grants should be distinguished between that related to assets and related to income and apply different accounting treatment. If it is difficult to distinguish, the overall classification is classified as government grants related to income

The specific standards adopted by the Company in the classification of government grants are:

(1) The grant objects specified in the Government grants document are used to purchase or construct or form long-term assets, or the expenditures of the subsidies are mainly used to purchase or construct or form long-term assets, they are classified as government grants related to assets.

(2) The government grants obtained according to the government documents that are all or mainly used to compensate the expenses or losses in the future period or the government grants that have occurred, and are classified as government grants related to income.

(3) If the government document does not clearly specify the target of the grant, the Government grants will be divided into Government grants of Related to assets or Government grants of Related to income in the following ways: 1) Government documents specify the specific project targeted by the grant, the expenditure amount is divided by relative ratio of that forming the asset and the expenditure amount included in the expense according to the budget of this particular project. The ratio needs to be reviewed on each balance sheet date and changed if necessary.2) Government documents only use general expressions and do not indicate specific items, it is regarded as government grants related to income.

2. Timing of recognition of government grants

The Company usually recognizes and measures the government grants according to the actual amount received when they are actually received. However, for the end of the period, there is solid evidence that it can meet the relevant conditions stipulated by the financial support policy. It is expected that the financial support funds can be received, and it is measured according to the Amount receivable. Government grants measured according to Amount receivable should also meet the following conditions:

(1) It is based on the financial support item officially released by the local financial department and proactively disclosed in accordance with the "Government Information Disclosure Regulations" and its financial fund administrative methods, and its administrative methods should be inclusive (any enterprise that meets the prescribed conditions can apply), not specifically for specific enterprises;

(2) The Amount of the subsidy receivable has been confirmed by the authority government department, or it can be reasonably calculated according to the relevant regulations of the officially released financial fund management method, and it is expected that there will be no significant uncertainty in its amount;

(3) The relevant grant approval has clearly promised the payment period, and the payment is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the specified period;

(4) According to the specific situation of the Company and the subsidy, other relevant conditions (if any) that should be met.

3. Accounting treatment of government grants

Government grants are monetary assets, measured by the amount received or receivable; non-monetary assets, measured by the fair value; if the fair value of non-monetary assets cannot be reliably obtained, measured by the nominal amount. Government grants measured in nominal amount are directly included in profit or loss for the current period.

The Company adopts the gross method for Government grants, the specific accounting treatment is as follows:

Government grants related to assets are recognized as deferred income, and are included in profit or loss for the current period in a reasonable and systematic way within the useful life of the relevant assets. When related assets are sold, transferred, scrapped or damaged before the end of the useful life, the relevant deferred income balance is transferred to the profit or loss of the asset disposal period.

Government grants related to income, which are used to compensate the related cost or loss of the Company in the future period, are recognized as deferred income, and are included in profit or loss for the current period during the period when the related cost or loss is recognized. The compensation for the related costs or losses incurred by the enterprise is directly included in profit or loss for the current period.

The policy discount loans obtained by the Company are divided into the following two situations and are separately accounted for:

(1) if the government makes the payment of subsidy to the bank offering the loan, the actual amount of money received by the loan is recorded as the book amount, and the borrowing costs are calculated according to the loan principle and the preferential interest rate of the policy.

(2) If the government makes the payment of subsidy directly to the Company, the interest subsidy is reducing the borrowing costs.

If the recognized government grants need to be returned, the returned will be accounted in the current period for in the following situations:

(1) that initially deducted the carrying amount of the asset, is recognized by increasing the carrying amount of the asset;

(2) if there exists of the related deferred income balance, then the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period.

(3) In other cases, it is directly included in profit or loss for the current period.

The distinguishing principles of government grants included in different profit or loss items are: Government grants related to the daily activities of the Company, included in other income or offsetting related costs according to the economic business substance; Government grants not related to the daily activities of the Company, included in non-operating income and expenses.

39. Deferred tax assets / deferred tax liabilities

适用 不适用

1. Recognition and measurement of deferred tax assets and deferred tax liabilities

The Company uses the balance sheet liability method to recognize deferred income tax based on the temporary difference between the carrying amount of assets, liabilities, and the balance sheet date and the tax base. The Company's current income tax and deferred income tax are included in profit or loss for the current period as income tax expenses or credit, but excluding income tax arising from: (1) business combination; (2) transactions or matter recognized directly in owners' equity; (3) according to the "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments" and other regulations, the dividend payment of financial instruments classified as equity instruments can be deducted before corporate income tax according to tax policies and the distributed profits come from transactions or matters previously recognized in owners' equity.

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) This transaction is not a business combination, and neither affects accounting profits nor affects taxable income (or deductible losses) when it occurs. Additionally, the initially recognized assets and liabilities do not generate equal taxable temporary differences and deductible temporary differences;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill, or initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and neither affects accounting profits nor affects taxable income (or deductible losses) at the time of the transaction, and the initially recognized assets and liabilities do not generate equal taxable temporary differences and deductible temporary differences;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The difference between the carrying amount of assets and liabilities and their tax base (If the items that have not been recognized as assets and liabilities can be determined in accordance with the provisions of the tax law, the tax base, the difference between the tax base and the book amount), is calculate and recognized deferred tax assets or deferred tax liabilities according to the applicable tax rate during the period when the assets are expected to be recovered or the liabilities are paid off.

For individual transactions that are not business combinations and do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary differences, the Company recognizes the corresponding deferred income tax liabilities and deferred income tax assets at the time of transaction for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in the transaction.

Deferred tax assets recognized are limited to the amount of taxable income that is likely to be used to offset the deductible temporary differences. On the balance sheet date, if there is solid evidence that it is likely to obtain sufficient taxable income in the future period to offset the deductible temporary difference, the deferred tax assets that have not been recognized in the previous accounting period are recognized. The carrying amount of deferred tax assets is reviewed regularly. If it is likely that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets will be written down. When it is likely to obtain sufficient taxable income, the amount written down will be reversed.

2. When the Company has the legal right to settle on a net basis and intends to settle on a net basis or acquire assets and settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities are presented in net amounts after offset.

When the Company have the legal right to settle the current income tax assets and current income tax liabilities in net, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection department on the same taxpayer or different taxpayers, but in each future period of significant deferred tax assets and liabilities reversal, the taxpayer involved intends to settle the current income tax assets and liabilities in net amount or obtain assets and settle liabilities at the same time and deferred tax liabilities are presented in net amount after offset.

40. Leases

适用 不适用

Leasing refers to a contract in which the lessor transfers the right to use an asset to the lessee for a certain period of time in exchange for consideration.

On the contract commencement date, the Company assesses whether the contract is a lease or contains a lease. If one party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, then the contract is a lease or contains a lease.

If the contract includes multiple separate leases, the lessee and lessor will split the contract and perform accounting for each separate lease separately. If the contract includes both leases and non-leases, the lessee and lessor will split the leases and non-leases.

1. Accounting treatment for leases as a lessee

(1) Right-of-use assets

At the commencement date of lease term, the Company recognizes right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises: the amount of the initial measurement of lease liability; lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive); initial direct costs incurred by the Company; the costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease.

The Company accrues depreciation for the right-of-use assets on straight-line method. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset; otherwise, the Company depreciates the leased asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payment include: fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive); variable lease payment that are based on an index or a rate; amounts expected to be payable under the guaranteed residual value provided by the Company; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option. The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets. Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

After the commencement date of lease term, if the following circumstances occur, the Company re-measures the lease liability in accordance with the lease payments after modification: when the assessment results of the purchase, extension or termination option or the actual exercise condition changes, or the actual exercise of the lease renewal option or the lease termination option is inconsistent with the original assessment result; Changes in the expected payable amount based on guaranteed residual value; Changes in the index or ratio used to determine lease payments. For the lease modification that cause the lease liabilities to be remeasured, the Company adjusts the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the profit or loss for the current period.

As a lessee, the basis for determining and accounting for simplified processing of short-term leases and low-value asset leases

√适用 □不适用

(3) The basis for determining and accounting for simplified processing of short-term leases and low-value asset leases

The right-of-use asset and lease liability are not recognized by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low-value asset lease.

(4) Lease modification

Where a lease is modified and all of the following conditions are met simultaneously, the Company accounts for the lease modification as a separate lease: the modification expands the scope of the lease by adding the right to use one or more underlying assets; and the increased consideration is commensurate with the stand-alone price of the expansion of scope, adjusted for the circumstances of the particular contract.

Where a lease modification is not accounted for as a separate lease, at the effective date of the lease modification, the Company reallocates the consideration of the modified contract, redetermines the lease term, and remeasures the lease liability based on the present value of the modified lease payments discounted at the revised discount rate.

Lease classification criteria and accounting treatment methods for lessors

√适用 □不适用

2. Accounting treatment methods for lessors

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a finance lease.

As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases. If the original lease is a short-term lease and the Company chooses not to recognize the right-of-use asset and lease liability for the original lease, the Company classifies the sublease as an operating lease.

(1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognized as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognized in profit or loss in the period in which they are occurred.

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with this note, "Significant Accounting Policies and Accounting Estimates - Financial Instruments". Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

3. Sale and leaseback transactions

The Company assesses whether the transfer of the asset in a sale and leaseback transaction qualifies as a sale in accordance with the principles set out in “Principal accounting policies and estimates — Revenue” of these notes.

(1) Lessee

Where the transfer of the asset in a sale and leaseback transaction qualifies as a sale, the Company as lessee measures the right-of-use asset arising from the sale and leaseback at the proportion of the previous carrying amount of the asset that relates to the right of use retained through the leaseback, and recognizes a gain or loss only to the extent of the rights transferred to the lessor. After the commencement date of the lease, for sale and leaseback transactions that contain variable lease payments not dependent on an index or a rate, the Company applies a reasonable method to determine the proportion of rights retained through the leaseback and does not recognize any gain or loss relating to the right of use obtained through the leaseback.

Where the transfer of the asset in a sale and leaseback transaction does not qualify as a sale, the Company as lessee continues to recognize the transferred asset and simultaneously recognizes a financial liability equal to the transfer proceeds. The accounting treatment of the financial liability is detailed in “Principal accounting policies and estimates — Financial instruments” of these notes.

(2) Lessor

Where the transfer of the asset in a sale and leaseback transaction qualifies as a sale, the Company as lessor accounts for the asset purchase, and accounts for the asset lease in accordance with the policy for lessors described above. Where the transfer of the asset in a sale and leaseback transaction does not qualify as a sale, the Company as lessor does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds. The accounting treatment of the financial asset is detailed in “Principal accounting policies and estimates — Financial instruments” of these notes.

41. Hedge accounting

1. Hedging includes fair value hedging / cash flow hedging / overseas operating net investment hedging.

2. For hedging instruments that meet the following conditions, hedging accounting methods are used: (1) The hedging relationship consists only of eligible hedging instruments and hedged instruments; (2) At the beginning of hedging, the Company formally designated hedging instrument and hedged items, and prepared written documents on the hedging relationship and the Company's risk management strategy and risk management objectives for hedging; (3) The hedging relationship meets the hedging validity requirement.

When the hedging meets the following conditions at the same time, the Company determines that the hedging relationship meets the requirements for hedging effectiveness: (1) There is an economic relationship between the hedged item and the hedging instrument; (2) Among the changes in value caused by the economic relationship between hedged items and hedging instruments, the impact of credit risk does not dominate; (3) The hedging ratio of the hedging relationship is equal to the ratio of the actual number of hedged items of the Company to the actual number of hedging instruments, but does not reflect the imbalance of the relative weight of the hedged items and hedging instruments. The Company continuously evaluates whether the hedging relationship meets the requirements of hedging effectiveness on the hedging start date and later. The hedging relationship no longer meets the hedging effectiveness requirements due to the hedging ratio, but if the risk management objectives of the designated hedging relationship have not changed, the Company will rebalance the hedging relationship.

3. Accounting treatment of hedging

(a) Fair value hedge

1) Gains or losses from hedging instruments are included in profit or loss for the current period. If hedging instruments are hedged against non-tradable equity instruments (or their components) that

are selected to be measured at fair value and whose changes are included in other comprehensive income, the gains or losses generated by the hedging instruments are included in other comprehensive income.

2) Profit or loss for the current period of the hedged item due to risk exposure is calculated as profit or loss for the current period, while adjusting the carrying amount of the confirmed hedged item not measured at fair value. Hedged items are debt instruments (or their components) that are measured at fair value and whose changes are included in other comprehensive income. The gains or losses resulting from the hedged risk exposure are included in profit or loss for the current period, without adjustment its carrying amount; If the hedged item is a non-tradable equity instrument investment (or its component) measured at fair value and its changes are included in other comprehensive income, the gain or loss resulting from the hedged risk exposure is included in other comprehensive income, not adjusting its carrying amount.

If the hedged item is an unrecognized commitment (or its component), the cumulative change in fair value due to the hedged risk after the hedge relationship is designated is recognized as an asset or liability, and the relevant gains or losses are included profit or loss for each relevant period. When fulfilling the definite commitment to obtain assets or assume liabilities, the initial recognition amount of the asset or liability is adjusted to include the cumulative change in the fair value of the confirmed hedged item.

If the hedged item is a financial instrument (or a component thereof) measured at amortized cost, the adjustment made by the Company to the carrying amount of the hedged item will be amortized at the actual interest rate recalculated on the amortization date and included in profit or loss for the current period. If the hedged item is a debt instrument measured at fair value and its changes are included in other comprehensive income (components thereof), the accumulated recognized hedging gains or losses are amortized in the same manner and included in profit or loss for the current period, but does not adjust the carrying amount of the debt instrument (or its components).

(b) Cash flow hedge

1) The part of the hedging instrument gains or losses that belongs to the effective hedging is included in other comprehensive income as a cash flow hedge reserve, and the invalid part is included in profit or loss for the current period. The amount of cash flow hedge reserve is recognized according to the lower of the absolute value of the following two items: ① Accumulated gains or losses of hedging instruments since hedging; ② The cumulative change in the present value of the expected future cash flow of the hedged item since hedging.

2) The hedged item is an expected transaction, and the expected transaction causes the Company to subsequently recognize a non-financial asset or non-financial liability, or the expected transaction of non-financial assets and non-financial liabilities forms a certain commitment applicable to fair value hedge accounting, the Company transfers out the cash flow hedging reserve amount originally recognized in other comprehensive income and includes it in the initial recognition amount of the asset or liability.

3) Other cash flow hedges, the amount of cash flow hedge reserves originally included in other comprehensive income, are transferred out during the same period when the hedged expected transaction affects profit or loss, and are included in profit or loss for the current period.

(c) Net investment hedges for overseas operations

The portion of the gains or losses formed by hedging instruments that are effective hedges is included in other comprehensive income, and when disposing of overseas operations, they are transferred out and included in profit or loss for the current period. The part of the loss that belongs to the invalid hedge is included in profit or loss for the current period.

42. Other significant accounting policies and accounting estimates

适用 不适用

Significant accounting policies and accounting estimates:

In the process of applying the accounting policy of the Company, due to the inherent uncertainty of the operating activities, the Company needs to make judgments, estimates and assumptions on the carrying amount of the report items that cannot be accurately measured. These judgments, estimates

and assumptions are based on the Company's management's past historical experience and made on the basis of considering other relevant factors. These judgments, estimates and assumptions will affect the reported amount of income, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Company's management, which will cause significant adjustments to the carrying amount of assets or liabilities affected in the future. The Company regularly reviews the afore mentioned judgments, estimates and assumptions on the basis of continuous operation. If the changes in accounting estimates only affect the current period of change, the number of impacts will be recognized in the current period of change. If the changes affect both the current period and the future period, the number of impacts will be confirmed in the current period and future period of change. As of the balance sheet date, the Company needs to make judgments, estimates and assumptions on the financial statement items as follows:

1. Classification of lease

When the Company acts as a lessor, according to the provisions of the Accounting Standards for Business Enterprises No. 21 - Leases, leases are classified as operating leases and financial leases. When determining the classification, management needs to make analysis and judgment on whether all risks and rewards related to the ownership of leased assets have been substantially transferred to the lessee.

2. Impairment of financial instruments

The Company uses the expected credit loss model to assess impairment of receivables and debt investments measured at amortized cost, receivables financing measured at fair value and changes included in other comprehensive income, and other debt investments. The use of the expected credit loss model involves significant management judgments and estimates. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis of historical statistical data and forward-looking information to establish default probability, default loss rate and default risk exposure model. The difference between the actual financial instrument impairment result and the original estimate will affect the carrying amount of the financial instrument and the accrual or reversal of credit impairment losses during the period when the estimate is changed.

3. Provision for decline in value in inventories

According to Inventories accounting policy, the Company measures according to the lower of cost and net realizable value. For inventories whose cost is higher than net realizable value and obsolete and unsalable, provision for decline in value of inventories is recognized. Impairment to net realizable value is based on the assessment of the marketability of Inventories and its net realizable value. Appraisal of Inventories impairment requires management to make judgments and estimates based on factors such as the purpose of holding Inventories and the impact of events after the balance sheet date. The difference between the actual result and the original estimate will affect the carrying amount of Inventories and the accrual of Inventory Provision for decline in value or return during the period when the estimate is changed.

4. Impairment of non-financial non-current assets

On the balance sheet date, the Company judges whether there is any sign of possible impairment of non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, when there are signs of impairment, an impairment test is also conducted. Non-current assets other than financial assets are tested for impairment when there are signs that their book amount is not recoverable.

When the carrying amount of an asset or asset group is higher than the recoverable amount, which is the higher of the fair value minus the disposal cost and the present value of the expected future cash flow, it indicates that an impairment has occurred.

The net value of fair value minus disposal expenses is determined by referring to the sales agreement price or observable market price of similar assets in fair transactions, minus the incremental costs that can be directly attributed to the disposal of the asset. When predicting the present value of future cash flows, it is necessary to make a significant judgment on the output, selling price, related operating costs of the asset (or asset group), and the discount rate used in calculating the present value. When estimating the recoverable amount, the Company will use all relevant information that

can be obtained, including the prediction of production, selling price and related operating costs based on reasonable and supportable assumptions.

The Company assesses whether goodwill is impaired at least annually and requires an estimate of the use value of the asset group to which goodwill is allocated. When estimating the value in use, the Company needs to estimate the future cash flow from the asset group, and at the same time choose an appropriate discount rate to calculate the present value of the future cash flow.

5. Depreciation and amortization

After considering the residual value of the investment properties measured at cost model, fixed assets and Intangible assets, the Company depreciates and amortizes it according to the straight-line method during the service life. The Company regularly reviews the service life to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Company based on the previous experience of similar assets and the expected technical update. If the previous estimates change significantly, the depreciation and amortization expenses will be adjusted in the future.

6. Deferred tax assets

To the extent that there is likely to be enough taxable profits to offset losses, the Company recognizes deferred tax assets for all unutilized tax losses. This requires the Company's management to use a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategies to determine the amount of deferred tax assets that should be recognized.

7. Income tax

In the normal business activities of the Company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether certain items can be paid before taxes requires the approval of the tax authorities. If the final determination result of these tax matters is different from the originally estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final determination period.

8. Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company uses the observable market data available; if the Level 1 input value is not available, a third-party qualified assessment agency is employed for valuation. The Company's management works closely with it to determine the appropriate valuation techniques and input values for related models. Relevant information about the valuation techniques and input values used in the process of determining the fair value of various assets and liabilities are disclosed in this note

43. Changes in significant accounting policies and accounting estimates

Significant changes in accounting policies:

There were no significant changes in the Company's accounting policies during this period.

Explanation of changes in accounting estimates:

There were no significant changes in the Company's accounting estimates during this period.

44. From 2025, the first implementation of new accounting standards or interpretations of standards involving adjustments to the financial statements at the beginning of the year of initial implementation

适用 不适用

45. Others

适用 不适用

VI. Taxation
1. Major tax types and their tax rates

Major tax types and their tax rates

 适用 不适用

Taxes	Tax basis	Tax rate %
Value-added tax	The output VAT is calculated based on the sales revenue of goods and taxable services as stipulated by tax law. After deducting the input VAT that is allowed to be deducted in the current period, the difference is the VAT payable.	Calculated and paid according to tax rates of 3%, 5%, 6%, 9%, and 13%. The export goods implement the tax policy of "exemption, credit and refund", and the tax refund rate is 13%.
Consumption tax	Taxable sales volume	Gasoline: 1.52 yuan/liter Diesel: 1.20 yuan / liter Aviation kerosene: 1.20 yuan / liter Naphtha: 1.52 yuan/liter Solvent oil: 1.52 yuan/liter lubricating oil: 1.52 yuan/liter Fuel oil: 1.20 yuan / liter[note1]
Urban maintenance and construction tax	Turnover tax payable	7%, 5%, etc.
Education surcharge	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%
Enterprise income tax	Subject to taxable profit	[Note2]

[[Note1](#)] From June 30, 2023, according to the provisions of the Announcement on the Implementation of the Consumption Tax Policy for Some Refined Oil Products (Announcement No. 11 of the Ministry of Finance and the State Administration of Taxation) issued by the Ministry of Finance and the State Administration of Taxation, (1) alkylate oil (isooctane) will be subject to consumption tax in accordance with gasoline; (2) petroleum ether, crude white oil, light white oil, and some industrial white oil (No. 5, No. 7, No. 10, No. 15, No. 22, No. 32, No. 46) will be subject to consumption tax in accordance with solvent oil; (3) mixed aromatic hydrocarbons, heavy aromatic hydrocarbons, mixed C8, stable light hydrocarbons, light oil, and light coal tar will be subject to consumption tax in accordance with naphtha; (4) aerospace kerosene will be temporarily exempted from consumption tax with reference to aviation kerosene.

[[Note 2](#)] For the description of the income tax rate for enterprises with different tax rates, please see the table below.

 适用 不适用

Taxpayer Name	Income tax rate (%)
Jiangsu Hengli Chemical Fiber Co., Ltd.	15.00%
Jiangsu Hengke Advanced Materials Co., Ltd.	15.00%
Jiangsu XuanDa Polymer Materials Co., Ltd.	15.00%
Jiangsu Deli Chemical Fiber Co., Ltd.	15.00%
Suzhou Binglin Trading Co., Ltd.	20.00%
Kanghui New Material Technology Co., Ltd.	15.00%
Jiangsu Kanghui New Material Technology Co., Ltd.	15.00%
Kanghui Dalian New Material Technology Co., Ltd.	15.00%
Shenzhen Ganghui Trading Co., Ltd.	20.00%
Hengli Storage and Transportation (Dalian) Co.,	20.00%

Ltd.	
Hengli Energy (Hainan) Co., Ltd.	15.00%
Hengli Petrochemical (Hainan) Co., Ltd.	15.00%
Suzhou Hengli Energy Chemical Import & Export Co., Ltd.	20.00%
Dalian Northeast Asia Petrochemical Products Co., Ltd.	20.00%
Dalian Northeast Asia Energy Co., Ltd.	20.00%
Hengli Energy Import & Export Co., Ltd.	20.00%
Hengli New Energy (Shanghai) Co., Ltd.	20.00%
Dalian Hengli Fine Chemicals Sales Co., Ltd.	20.00%
Hengli Energy Chemical (Sanya) Co., Ltd.	15.00%
Kanghui Nantong New Materials Technology Co., Ltd.	15.00%
Dalian Hengli Petrochemical Sales Co., Ltd.	20.00%
Hengli Fuel Oil (Guangzhou) Co., Ltd.	20.00%
Nantong Hengli Maoyuan Petrochemical Trading Co., Ltd.	20.00%
Hengli Petrochemical Sales (Shenzhen) Co., Ltd.	20.00%
Shanghai Hengli Fuel Oil Co., Ltd.	20.00%
Suzhou Fangtuan.com E-commerce Co., Ltd.	20.00%
Hengli Fuel Oil (Shenzhen) Co., Ltd.	20.00%
Huizhou Hengli Chemical Sales Co., Ltd.	20.00%
HENGLI PETROCHEMICAL CO., LIMITED	16.50%
HENGLI PETROCHEMICAL INTERNATIONAL PTE. LTD.	17.00%
HENGLI SHIPPING INTERNATIONAL PTE. LTD.	17.00%
Other taxpayers besides those mentioned above	25.00%

2. Tax incentives

适用 不适用

1. Consumption tax incentive

According to “Notice on Continuing the Implementation of Part of the Consumption Tax Policy for Naphtha Fuel Oil” (Cai Shui [2011] No. 87) issued by the Ministry of Finance, the People's Bank of China and the State Administration of Taxation, “Notice on Improving the Consumption Tax Rebate Policy for the Production of Vinyl Aromatic Chemical Products from Naphtha Fuel Oil” (Cai Shui [2013] No. 2) issued by Ministry of Finance, People's Bank of China, General Administration of Customs and State Administration of Taxation, “Interim Measures for Consumption Tax Refund (Exemption) for Naphtha and Fuel Oil Used in the Production of Ethylene and Aromatic Chemical Products” (Announcement of the State Administration of Taxation [2012] No. 36) issued by the State Administration of Taxation, and “Announcement on Consumption Tax Refund of Naphtha Fuel Oil Production of Vinyl Aromatic Chemical Products” (Announcement No. 29 [2013] of the State Administration of Taxation and the General Administration of Customs) issued by State Administration of Taxation and General Administration of Customs, production enterprises that implement the fixed-point direct supply plan, sell naphtha and fuel oil within the planned quantity limit, and issue a special invoice for the value-added tax of the Chinese character anti-counterfeiting version with the “DDZG” logo, are exempt from consumption tax. Hengli Petrochemical (Dalian) Refining Co., Ltd. is eligible for tax rebate and enjoys the preferential policy of consumption tax rebate paid for the procurement process. At the same time, the implementation of the fixed-point direct supply plan meets the above conditions and enjoys the preferential policy of exempting consumption tax from the sales process.

According to the “Notice on Continuing to Increase Consumption Tax of Refined Oils” (Cai Shui [2015] No. 11) issued by the Ministry of Finance and the State Administration of Taxation, consumption

tax for diesel, aviation kerosene and fuel oil has been increased from RMB 1.1 per liter to RMB 1.2 per liter, and aviation kerosene continued to suspend the collection of consumption tax. Hengli Petrochemical (Dalian) Refining Co., Ltd. enjoys the preferential policy of suspending the collection of consumption tax for the sale of aviation kerosene.

2. Enterprise income tax incentive to high-tech enterprises

Jiangsu Hengli Chemical Fiber Co., Ltd. obtained the “High-tech Enterprise Certificate” (No.: No.: GR202432004584) issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 19 November 2024. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Hengke Advanced Materials Co. Ltd. obtained the “High-tech Enterprise Certificate” (No.: GR202532001669) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 28 November 2025. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Deli Chemical Fiber Co., Ltd. obtained the “High-tech Enterprise Certificate” (No.: GR202032006951) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 2 December 2020. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Xuanda Polymer Materials Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202332019613) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on December 13, 2023. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Kanghui New Material Technology Co., Ltd. obtained the “High-tech Enterprise Certificate” (No.: GR202432004129) issued by the Liaoning Provincial Department of Science and Technology, the Liaoning Provincial Department of Finance, and the Liaoning Provincial Taxation Bureau of the State Administration of Taxation on 27 November 2024. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Kanghui New Materials Technology Co., Ltd. obtained the “High-tech Enterprise Certificate” (No.: GR202121000541) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on November 19, 2024. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Kanghui Dalian New Materials Technology Co., Ltd. obtained the “High-tech Enterprise Certificate” (No.: GR202321200254) issued by the Liaoning Provincial Department of Science and Technology, the Liaoning Provincial Department of Finance, and the Liaoning Provincial Taxation Bureau of the State Administration of Taxation on 12 December, 2023. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Kanghui Nantong New Materials Technology Co., Ltd. obtained the “High-tech Enterprise Certificate” (No.: GR202532013442) issued by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance and Jiangsu Provincial Taxation Bureau of the State Taxation Administration on 19 December, 2025. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

3. Enterprise income tax incentive to small and low-profit enterprises

17 companies including Suzhou Binglin Trading Co., Ltd. meet the identification standards of small low-profit enterprises, and their taxable income is included in the taxable income at a reduced rate of 25%, and they pay corporate income tax at a rate of 20%.

4. Other corporate income tax incentives

Hengli Oil & Chemical (Hainan) Co., Ltd., Hengli Energy (Hainan) Co., Ltd. and Hengli Energy & Chemical (Sanya) Co., Ltd. are encouraged industry enterprises registered in the Hainan Free Trade Port

with substantive operations. In accordance with the “Notice of the Ministry of Finance and the State Taxation Administration on Continuing the Implementation of the Preferential Enterprise Income Tax Policy for the Hainan Free Trade Port” (Cai Shui [2025] No. 3), enterprise income tax is levied at the reduced rate of 15% for the current year.

3. Others

适用 不适用

VII. Notes to the items of consolidated financial statements

1. Cash and bank balances

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Cash on hand	730,891.88	423,193.13
Cash at bank	20,460,890,794.40	21,376,863,416.33
Other monetary funds	8,990,931,711.77	9,459,354,146.43
Deposit in financial company		
Total	29,452,553,398.05	30,836,640,755.89
Including: Total amount of money deposited abroad	4,027,438,053.59	6,644,152,300.79

Other notes:

For details of funds with limited ownership or use rights such as mortgage, pledge, seizure, freezing, and attachment, see the note “Notes to Consolidated Financial Statements Items - Ownership or using rights of assets subject to restriction” in this section.

For details of cash and bank balances in foreign currency, please refer to the description of “Notes to Consolidated Financial Statements Items — Items in foreign currencies” in this note.

2. Financial assets held for trading

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance	Specified reason and basis
Financial assets measured at fair value and the changes of which are included in the current profit and loss	1,738,501,539.93	428,380,369.27	/
Including:			
Derivative financial assets	298,546,305.67	253,102,045.59	/
Investment in debt instruments	53,878,768.00	105,825,612.00	/
Bank wealth management and structured deposits	1,102,418,873.16		/
Fund trust and asset management products	283,657,593.10	69,452,711.68	/
Financial assets designated to			

be measured at fair value with changes recognized in current profit and loss			
Including:			
Total	1,738,501,539.93	428,380,369.27	/

Other notes:

 适用 不适用

3. Derivative financial assets

 适用 不适用

4. Notes receivable

(1). Notes receivable by category

 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Bank acceptance bills		
Commercial acceptance bills	9,139,698.73	28,601,284.34
Total	9,139,698.73	28,601,284.34

(2). Notes receivable pledged by the Company at the end of the period

 适用 不适用

(3). At the end of the period, the Company has endorsed or discounted notes receivable on the balance sheet date not yet expiry

 适用 不适用

(4). Disclosure by method of provision for bad debt

 适用 不适用

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis	-	-	-	-	-	-	-	-	-	-
Including:										
Provision for bad debts on portfolio basis	9,620,735.51	100.00	481,036.78	5.00	9,139,698.73	30,106,615.10	100.00	1,505,330.76	5.00	28,601,284.34
Including:										
Commercial	9,620,	100.0	481,0	5.00	9,139,	30,10	100.0	1,505,	5.00	28,60

acceptance bills portfolio	735.51	0	36.78		698.73	6,615.10	0	330.76		1,284.34
Total	9,620,735.51	/	481,036.78	/	9,139,698.73	30,106,615.10	/	1,505,330.76	/	28,601,284.34

Provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

Portfolio basis: commercial acceptance bill portfolio

Unit: Yuan Currency: RMB

Item	Closing balance		
	Book balance	Provision for bad debts	Provision ratio (%)
Commercial acceptance bills portfolio	9,620,735.51	481,036.78	5.00
total	9,620,735.51	481,036.78	5.00

Explanation of provision for bad debts on portfolio basis

适用 不适用

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts:

None

Explanation of the significant change in the book balance of notes receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(5). Provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in this period				Closing balance Accrual
		Accrual	Recovery or reversal	Accrual	Recovery or reversal	
Provision for bad debts on individual basis	-	-	-	-	-	-
Provision for bad debts on portfolio basis	1,505,330.76	-1,024,293.98	-	-	-	481,036.78
Total	1,505,330.76	-1,024,293.98	-	-	-	481,036.78

The amount of provision for bad debts recovered or reversed in the current period is important:

适用 不适用

Other notes:

None

(6). Notes receivable actually written off in this period

适用 不适用

The important write-off of notes receivable:

适用 不适用

Notes for write-off of notes receivable:

适用 不适用

Other notes:

适用 不适用

5. Accounts receivable

(1). Disclosure by aging

适用 不适用

Unit: Yuan Currency: RMB

Aging	Closing book balance	Beginning book balance
Within one year (including 1 year)	654,370,764.20	598,992,361.10
Subtotal of within one year	654,370,764.20	598,992,361.10
1 to 2 years	676,293.78	2,482,959.01
2 to 3 years	332,920.15	5.75
3 years or more		
3 to 4 years	0.10	0.15
4 to 5 years	0.07	-
5 years or more	3,333,587.50	3,333,587.50
Total	658,713,565.80	604,808,913.51

(2). Disclosure by method of provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion (%)	Amount	Provision ratio (%)		Amount	Proportion (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis	-	-	-	-	-	-	-	-	-	-
Including:										
B Provision	658,7	100.0	17,21	2.61	641,4	604,8	100.0	25,78	4.26	579,0

for bad debts on portfolio basis	13,56 5.80	0	6,533 .65		97,03 2.15	08,91 3.51	0	0,397. 28		28,51 6.23
Including:										
Aging analysis portfolio	276,6 33,18 5.66	42.00	17,21 6,533 .65	6.22	259,4 16,65 2.01	444,8 20,86 3.63	73.55	25,78 0,397. 28	5.80	419,0 40,46 6.35
High credit rating portfolio	382,0 80,38 0.14	58.00	-	-	382,0 80,38 0.14	159,9 88,04 9.88	26.45	-	-	159,9 88,04 9.88
Total	658,7 13,56 5.80	100.0 0	17,21 6,533 .65	/	641,4 97,03 2.15	604,8 08,91 3.51	100.0 0	25,78 0,397. 28	/	579,0 28,51 6.23

Provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

Portfolio basis: Aging analysis portfolio, High credit rating portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision ratio (%)
Aging analysis portfolio	276,633,185.66	17,216,533.65	6.22
High credit rating portfolio	382,080,380.14	-	-
Total	658,713,565.80	17,216,533.65	2.61

Explanation of provision for bad debts on portfolio basis:

适用 不适用

Portfolio basis: Aging analysis portfolio

Item	Book balance	Provision for bad debts	Provision ratio (%)
Within one year (including one year)	272,290,384.06	13,614,519.19	5.00
1-2 years	676,293.78	135,258.76	20.00
2-3 years	332,920.15	133,168.06	40.00
3-4 years	0.10	0.08	80.00
4-5 years	0.07	0.06	80.00
Over 5 years	3,333,587.50	3,333,587.50	100.00
Subtotal	276,633,185.66	17,216,533.65	6.22

According to the expected credit loss general model to accrual provision for bad debts

适用 不适用

Basis for division into different stages and provision for bad debts ratio

None

Explanation of significant changes in the book balance of accounts receivable for which loss reserves have changed during the current period:

适用 不适用

(3). Provision for bad debts
 适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in this period				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-	-	-	-	-	-
Provision for bad debts on portfolio basis	25,780,397.28	-8,563,863.63	-	-	-	17,216,533.65
Total	25,780,397.28	-8,563,863.63	-	-	-	17,216,533.65

Including significant amount of recovery or reversal of provision for bad debts:

 适用 不适用

Other notes:

None

(4). Accounts receivable written-off during this period
 适用 不适用

The important write-off of accounts receivable:

 适用 不适用

Notes for write-off of accounts receivable:

 适用 不适用

(5). Information on the top five accounts receivable and contract assets by debtor as at the period end.
 适用 不适用

Other notes:

The aggregate amount of the top five accounts receivable by debtor at the end of the reporting period based on the closing book balance was RMB 359,773,050.02, which accounted for 54.62% of the total closing book balance of accounts receivable, and the aggregate closing book balance of the corresponding provision for bad debts for accounts receivable was RMB 0.00.

Other notes:

 适用 不适用

For details of accounts receivable in foreign currency at year end, please refer to the description of "Notes to Consolidated Financial Statements Items — Items in foreign currencies" in this note.

6. Contract assets

(1). Information of contract assets

适用 不适用

(2). The amount and reasons for major changes in the carrying amount during the reporting period

适用 不适用

(3). Disclosure by method of provision for bad debts

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts:

None

Explanation of the significant change in the book balance of notes receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(4). Provision for bad debts for contract assets in this period

适用 不适用

Of which the amount of provision for bad debts recovered or reversed in this period is significant:

适用 不适用

Other notes:

None

(5). Contract assets actually written off in this period

适用 不适用

The important write-off of contract assets:

适用 不适用

Notes for write-off of contract assets:

适用 不适用

Other notes:

适用 不适用

7. Accounts receivable financing
(1). Accounts receivable financing classification

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Bank acceptance bills	4,521,096,517.16	4,132,822,845.08
Letter of credit	2,013,752,289.44	2,495,840,907.17
Letter of guarantee		
Total	6,534,848,806.60	6,628,663,752.25

(2). Pledged receivables financing at the end of period

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Amount pledged at the end of period
Bank acceptance bills	3,794,556,164.33
Total	3,794,556,164.33

(3). Receivables financing that the Company has endorsed or discounted at the end of the period and has not yet expired on the balance sheet date

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Amount derecognized at the end of period	Amount not derecognized at the end of the period
Bank acceptance bills	12,190,413,559.43	
Total	12,190,413,559.43	

(4). Disclosure by classification of provision for bad debts

√适用 □不适用

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis	-	-	-	-	-	-	-	-	-	-
Including:										
Provision for bad debts on portfolio basis	6,534,848,806.60	100.00	-	-	6,534,848,806.60	6,628,663,752.25	100.00	-	-	6,628,663,752.25
Including:										
Low risk	6,534,848,806.60	100.00	-	-	6,534,848,806.60	6,628,663,752.25	100.00	-	-	6,628,663,752.25

group	848,806.60	0			848,806.60	663,752.25	0			,663,752.25
Total	6,534,848,806.60	100.00	-	-	6,534,848,806.60	6,628,663,752.25	100.00	-	/	6,628,663,752.25

Provision for bad debts on individual basis:

适用 不适用

Notes for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

Portfolio basis: Low credit risk portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision rate (%)
Low credit risk portfolio	6,534,848,806.60	-	-
Total	6,534,848,806.60	-	-

Notes for bad debts on portfolio basis

适用 不适用

According to the expected credit loss general model to accrual provision for bad debts

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts

None

Explanation of the significant change in the book balance of receivables financing due to changes in provisions for losses incurred during the current period:

适用 不适用

(5). Provision for bad debts

适用 不适用

Of which the amount of provision for bad debts recovered or reversed in this period is significant:

适用 不适用

Other notes:

None

(6). Receivable financing written-off during this period

适用 不适用

The important write-off of receivables financing

适用 不适用

Notes for write-off of receivables financing:

适用 不适用

(7). Changes in accounts receivable financing and changes in fair value during the period:

适用 不适用

Item	Beginning balance	Change in cost in current period	Changes in Fair value for the year	Closing balance
Bank acceptance bills	4,132,822,845.08	388,273,672.08	-	4,521,096,517.16
Letter of credit	2,495,840,907.17	-482,088,617.73	-	2,013,752,289.44
Total	6,628,663,752.25	-93,814,945.65	-	6,534,848,806.60

Continued:

Item	Cost in beginning of year	Cost at year end	Cumulative fair value change	Accumulated loss allowance recognized in other comprehensive income
Bank acceptance bills	4,132,822,845.08	4,521,096,517.16	-	-
Letter of credit	2,495,840,907.17	2,013,752,289.44	-	-
Total	6,628,663,752.25	6,534,848,806.60	-	-

(8). Other notes

适用 不适用

For details of receivables financing in foreign currency at year end, please refer to the “Notes to Consolidated Financial Statements Items-Items in foreign currencies” in this note.

8. Prepayments

(1). Prepayments by aging

适用 不适用

Unit: Yuan Currency: RMB

Aging	Closing balance		Beginning Balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	1,421,556,773.29	99.92	2,430,641,708.29	99.94
1 to 2 years	872,795.64	0.06	1,232,368.92	0.05
2 to 3 years	75,949.20	0.01	53,119.99	0.00
Over 3 years	197,453.51	0.01	200,462.05	0.01
Total	1,422,702,971.64	100.00	2,432,127,659.25	100.00

Note to significant prepayment was aging over 1 year but not settled:

At the end of the period, there was no significant prepayments with aging over 1 year.

(2). Information on the top five prepayments by recipient as at the end of period

适用 不适用

Other notes:

The aggregate amount of the top five prepayments by recipient at the end of the period was RMB 651,883,194.27, accounting for 45.82% of the total closing balance of prepayments.

Other notes:

适用 不适用

No obvious signs of impairment were found in the prepayments at the end of period, so no provision for bad debts was made.

9. Other receivables
Presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	939,052,382.12	441,295,980.89
Total	939,052,382.12	441,295,980.89

Other notes:

适用 不适用

Interest receivable
(1). Interest receivable by category

适用 不适用

(2). Significant overdue interest

适用 不适用

(3). Disclosure by provision for bad debts method

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Explanation on provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(4). Provision for bad debts based on the general model of expected credit losses

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts

None

Explanation of the significant change in the book balance of interest receivable due to changes in provisions for losses incurred during the current period: 适用 不适用

(5). Provision for bad debts

适用 不适用

Of which the amount of provision for bad debts recovered or reversed in this period is significant:

适用 不适用

Other notes:

None

(6). Interests receivable written off during this period

适用 不适用

The important write-off of Interest receivable

适用 不适用

Notes for write-off:

适用 不适用

Other notes:

适用 不适用

Dividends receivable

(7). Dividends receivable

适用 不适用

(8). Significant dividends receivable aged over 1 year

适用 不适用

(9). Disclosure by provision for bad debts method

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(10). Provision for bad debts based on the general model of expected credit losses

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts:

None

Explanation of the significant change in the book balance of interest receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(11). Provision for bad debts

适用 不适用

Of which the amount of provision for bad debts recovered or reversed in this period is significant:

适用 不适用

Other notes:

None

(12). Dividends receivable actually written off during this period

适用 不适用

The important write-off of dividends receivable

适用 不适用

Notes for write-off of dividends receivable:

适用 不适用

Other notes:

适用 不适用

Other receivables

(13). Disclosure by aging

适用 不适用

Unit: Yuan Currency: RMB

Aging	Book balance at year end	Book balance in beginning of year
Within one year (including one year)	977,920,553.59	242,427,180.77
Subtotal of within one year	977,920,553.59	242,427,180.77
1 to 2 years	8,743,030.55	85,728,844.26
2 to 3 years	433,733.98	3,661,669.31
3 years or more		
3 to 4 years	222,330.31	2,745,144.91
4 to 5 years	1,688,996.37	139,314,257.57
Over 5 years	643,434.95	617,660.15
Total	989,652,079.75	474,494,756.97

(14). Disclosure by nature

适用 不适用

Unit: Yuan Currency: RMB

Nature	Book balance at year end	Book balance in beginning of year
Current accounts	712,596.02	-

Deposits and security deposits	612,081,682.85	139,546,752.32
Petty cash	489,974.46	635,042.32
Tax refund receivable	47,668,521.42	147,415,292.09
Others	328,699,305.00	186,897,670.24
Total	989,652,079.75	474,494,756.97

(15). Information of provision for bad debts accrual

√适用 □不适用

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within next 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
Balance of 1 January 2025		33,198,776.08		33,198,776.08
Balance of 1 January 2025				
Movement in this period				
--Transfer to second stage				
--Transfer to third stage				
--Reverse to second stage				
--Reverse to first stage				
Provision for the year		17,400,921.55		17,400,921.55
Reversal in the year				
Transfer in the year				
Write-off in the year				
Other movement				
Balance of 31 December 2025		50,599,697.63		50,599,697.63

Basis for dividing each stage and proportion of provision for bad debts:

The basis for dividing each stage is detailed in the note "Impairment of Financial Instruments" in "Significant accounting policies and accounting estimates - financial instruments".

Note on the significant changes in other receivables book balance that have changed the loss provision in the current period:

□适用 √不适用

Basis for accruing provision for bad debts for the current period and assessing whether the credit risk of financial instruments has increased significantly:

√适用 □不适用

The basis, input values, assumptions and other information used to determine the provision for bad debts amount and the assessment of whether the credit risk of financial instruments have increased significantly since initial confirmation are detailed in the note "Credit Risk" in "Risks related to financial instruments - various risks arising from financial instruments".

(16). Provision for bad debts
 适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in this period				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-	-	-	-	-	-
Provision for bad debts on portfolio basis	33,198,776.08	17,400,921.55	-	-	-	50,599,697.63
Total	33,198,776.08	17,400,921.55	-	-	-	50,599,697.63

Of which the amount of provision for bad debts reversed or recovered in this period is significant:

 适用 不适用

Other notes:

None

(17). Other receivables actually written off during this period
 适用 不适用

The important write-off of other receivables:

 适用 不适用

Notes for write-off of other receivables:

 适用 不适用

(18). Other receivables due from the top five debtors
 适用 不适用

Unit: Yuan Currency: RMB

Company Name	Closing balance	Proportion of other receivables at the end of the period (%)	Nature	Aging	Provision for bad debts closing balance
Employee Stock Ownership Plan	265,825,026.67	26.86	Other	Within 1 year	13,291,251.33
ADMIS SINGAPORE PTE. LTD.	249,506,115.40	25.21	Security deposit and deposit	Within 1 year	12,475,305.77
STANDARD CHARTERED SINGAP	140,576,000.00	14.20	Security deposit and deposit	Within 1 year	7,028,800.00

Nanhua Futures Co., Ltd.	103,957,386.23	10.50	Security deposit and deposit	Within 1 year	5,197,869.31
NANHUA SINGAPORE PTE. LTD.	50,661,567.02	5.12	Security deposit and deposit	Within 1 year	2,533,078.35
Total	810,526,095.32	81.89	/	/	40,526,304.77

(19). Other receivables reported due to centralized management of funds
 适用 不适用

Other notes:

 适用 不适用

For details of other receivables in foreign currency at year end, please refer to the “Notes to Consolidated Financial Statements Items — Items in foreign currencies” in this note.

10. Inventories
(1). Inventories by category
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for decline in value of inventories/ Provision for impairment of contract performance cost	Book value	Book balance	Provision for decline in value of inventories/ Provision for impairment of contract performance cost	Book value
Raw materials	15,481,408,974.68	393,194,470.62	15,088,214,504.06	16,087,805,277.58	424,312,687.98	15,663,492,589.60
Work-in-progress						
Finished goods	5,868,864,269.83	33,142,039.72	5,835,722,230.11	6,048,191,756.86	170,079,374.92	5,878,112,381.94
Reusable materials	14,013,232.34	-	14,013,232.34	47,963,877.74	-	47,963,877.74
Consumptive biological assets						
Contract performance cost						
Semi-finished goods	2,476,601,499.33	117,500,875.61	2,359,100,623.72	3,131,356,299.01	528,963,521.04	2,602,392,777.97
Subcontracting processing materials	401,809,060.10	-	401,809,060.10	59,499,665.08	-	59,499,665.08

Construction in progress	13,129,251.78	-	13,129,251.78	-	-	-
Total	24,255,826,288.06	543,837,385.95	23,711,988,902.11	25,374,816,876.27	1,123,355,583.94	24,251,461,292.33

[Note] There were no restricted inventories at the end of the period.

(2). Data resources identified as inventory

适用 不适用

(3). Provision for decline in value of inventories and provision for impairment of contract performance cost

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increased amount in this period		Amount reduced in this period		Closing balance
		Accrual	Other	Transfer back or write-off	Other	
Raw materials	424,312,687.98	931,450,916.86	-	962,569,134.22	-	393,194,470.62
Work-in-progress						
Finished goods	170,079,374.92	134,727,786.20	-	271,665,121.40	-	33,142,039.72
Reusable materials						
Consumptive biological assets						
Contract performance cost						
Semi-finished goods	528,963,521.04	262,567,648.41	-	674,030,293.84	-	117,500,875.61
Issued goods						
Total	1,123,355,583.94	1,328,746,351.47	-	1,908,264,549.46	-	543,837,385.95

Reasons for reversal of provision for decline in value of inventories in the current period

适用 不适用

Category	Specific basis for determining net realizable value	Reasons for reversal of provision for decline in value of inventories and impairment of contract performance cost
Raw materials	The estimated selling price of the product produced minus the	The products produced have been sold in the current period

	estimated cost to completion, estimated selling expenses and related custom duty	
Finished goods	Estimated selling price minus estimated selling expenses and related custom duty	Sold in current period
Semi-finished goods	The estimated selling price of the product produced minus the estimated cost to completion, estimated selling expenses and related custom duty	The products produced have been sold in the current period

Provision for Inventory Impairment on portfolio basis

适用 不适用

Standards for provision of Inventory Impairment on portfolio basis

适用 不适用

(4). Capitalization of borrowing costs amount in closing balance of inventories and its calculation standard and basis

适用 不适用

(5). Contract performance cost amortization

适用 不适用

Other notes:

适用 不适用

11. Assets held for sale

适用 不适用

12. Non-current assets due within one year

适用 不适用

Debt investments due within one year

适用 不适用

Other debt investments due within one year

适用 不适用

Notes for non-current assets due within one year:

None

13. Other current assets

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
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Costs of obtaining a contract		
Receivables of returned goods		
VAT carry forward	4,705,309,056.04	5,836,821,035.13
VAT input tax pending for verification	19,557.52	361,062.62
Prepaid enterprise income tax	13,114,520.34	824,555,914.01
Receivable settlement guarantee	10,001,609.54	10,049,607.61
Receivable of monetary security deposits	1,889,172,934.38	880,983,876.84
Receivable of pledged security deposits	101,722,384.00	90,585,040.00
Treasury bond reverse repurchase		
Others		
Total	6,719,340,061.82	7,643,356,536.21

Other notes:

None

14. Debt Investment

(1). Information of debt investment

适用 不适用

Changes in the provision for impairment of debt investment in the current period

适用 不适用

(2). Important debt investment at the end of period

适用 不适用

(3). Information of provision for impairment

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts:

None

Note on the significant changes in debt investment book balance that have changed the loss provision in the current period:

适用 不适用

Basis for accruing provision for bad debts for the current period and assessing whether the credit risk of financial instruments has increased significantly:

适用 不适用

(4). Debt investment written-off during this period

适用 不适用

The important write-off of debt investment:

适用 不适用

Notes for write-off of debt investment:

适用 不适用

Other notes:

适用 不适用

15. Other debt investment

(1). Information of other debt investment

适用 不适用

Changes in impairment provisions for other debt investment during the period

适用 不适用

(2). Important other debt investments at the end of period

适用 不适用

(3). Information of provision for impairment

适用 不适用

Basis for division of each stage and the proportion of impairment provision:

None

Note on the significant changes in other investment book balance that have changed the loss provision in the current period:

适用 不适用

Basis for accruing provision for bad debts for the current period and assessing whether the credit risk of financial instruments has increased significantly

适用 不适用

(4). Other debt investment actually written off during this period

适用 不适用

The important write-off of other investment:

适用 不适用

Notes for write-off of other debt investment:

适用 不适用

Other notes:

适用 不适用

16. Long-term receivables

(1). Information of long-term receivables

适用 不适用

(2). Disclosure of provision for bad debts

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Explanation on provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(3). Provision for bad debts made under the general expected credit loss model

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts

None

Note on the significant changes in debt investment book balance that have changed the loss provision in the current period

适用 不适用

Basis for accruing provision for bad debts for the current period and assessing whether the credit risk of financial instruments has increased significantly

适用 不适用

(4). Provision for bad debts

适用 不适用

Of which the amount of provision for bad debts recovered or reversed in this period is significant:

适用 不适用

Other notes:

None

(5). Long-term receivables actually written off during this period

适用 不适用

The important write-off of Long-term receivables

适用 不适用

Notes for write-off of Long-term receivables:

适用 不适用

Other notes:

适用 不适用

17. Long-term equity investment

(1). Long-term equity investment

适用 不适用

Unit: Yuan Currency: RMB

Invest	Begin	Movement in the period	Closin	Closin
--------	-------	------------------------	--------	--------

ee	ning balan ce (book value)	Additi onal invest ment	Decr ease in inves tmen t	Invest incom e/loss recog nized under the equity metho d	Adjus tmen t of other comp rehe nsive inco me	Chan ges of other equit y	Annou nced distrib ution of cash divide nd or profit	Provis ion for impair ment	Other s	g balan ce (book value)	g balan ce of provis ion for impai rment
I. Joint ventures											
Subtot al											
II. Associates											
Wuxi Xishan g Bank Co., Ltd.	737,5 85,48 2.90	-	-	51,49 7,078. 53	-	-	-	-	-	789,0 82,56 1.43	-
Chenju (Suzho u) Scienc e and Techn ology Innova tion Develo pment Co., Ltd.	8,282, 521.7 5	-	-	-741,4 27.69	-	-	-	-	-	7,541, 094.0 6	-
Subtot al	745,8 68,00 4.65	-	-	50,75 5,650. 84	-	-	-	-	-	796,6 23,65 5.49	-
Total	745,8 68,00 4.65	-	-	50,75 5,650. 84	-	-	-	-	-	796,6 23,65 5.49	-

(2). Impairment testing of long-term equity investments

适用 不适用

Other notes:

At the end of the period, there was no obvious sign of impairment of long-term equity investment, so no Provision for impairment.

18. Other equity instruments investment

(1). Information of other equity instruments investment

适用 不适用

(2). Description of the circumstances of derecognition in this period
 适用 不适用

Other notes:

 适用 不适用

19. Other non-current financial assets
 适用 不适用

Other notes:

 适用 不适用

20. Investment properties

Investment properties measurement model

(1). Investment properties measured at cost model

Unit: Yuan Currency: RMB

Item	Housing and buildings	Land use rights	Total
I. Book value			
1.Beginning balance	247,575,131.00	34,797,725.56	282,372,856.56
2.Increase	45,605,937.37	-	45,605,937.37
(1)Purchase	-	-	-
(2) Transfer of inventory, fixed assets and construction in progress			
(3)Addition by business combination			
(4) Transfer of fixed assets	45,605,937.37	-	45,605,937.37
3.Decrease			
(1)Disposal			
(2)Other decrease			
4.Closing balance	293,181,068.37	34,797,725.56	327,978,793.93
II. Accumulated depreciation and amortization			
1.Beginning balance	66,531,717.43	8,209,292.96	74,741,010.39
2.Increase	16,829,454.27	695,954.71	17,525,408.98
(1)Amortization for the year	11,326,726.56	695,954.71	12,022,681.27
(2)Transfer from fixed assets	5,502,727.71	-	5,502,727.71
3.Decrease			
(1)Disposal			
(2)Other decrease			
4.Closing balance	83,361,171.70	8,905,247.67	92,266,419.37
III. Provision for impairment			
1.Beginning balance			
2.Increase			
(1) Provision			
3.Decrease			
(1)Disposal			

(2)Other decrease			
4.Closing balance			
IV. Book value			
1. Closing book value	209,819,896.67	25,892,477.89	235,712,374.56
2. Beginning book value	181,043,413.57	26,588,432.60	207,631,846.17

(2). Information of investment properties without property certificate

适用 不适用

(3). Impairment test of investment real estate using cost measurement model

适用 不适用

Other notes:

适用 不适用

21. Fixed assets
Presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Fixed assets	148,630,305,580.41	147,008,441,268.04
Fixed assets for disposal	-	
Total	148,630,305,580.41	147,008,441,268.04

Other notes:

适用 不适用

Fixed assets
(1). Fixed assets

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Houses and buildings	Special equipment	Transportation tools	General equipment	Ships	Total
I. Book value:						
1.Beginning balance	43,527,294,464.78	160,594,059,189.42	522,515,612.51	1,021,711,606.10	559,634,194.27	206,225,215,067.08
2.Increase	4,210,234,112.94	8,379,339,206.66	6,921,059.17	116,950,989.97	372,068,170.71	13,085,513,539.45
(1) Purchase	-	4,587,188.82	6,921,059.17	40,271,274.57	372,068,170.71	423,847,693.27
(2) Transfer from construction in progress	4,210,234,112.94	8,374,752,017.84	-	76,679,715.40	-	12,661,665,846.18
(3) Addition by business combination						
(4) Others						
3.Decrease	49,376,921.71	32,439,695.92	20,597,320.44	10,644,472.42	-	113,058,410.49
(1) Disposal or scrap	1,716,434.58	17,547,022.33	20,500,894.24	10,069,553.70	-	49,833,904.85
(2) Others	47,660,487.13	14,892,673.59	96,426.20	574,918.72	-	63,224,505.64
4.Closing balance	47,688,151,656.01	168,940,958,700.16	508,839,351.24	1,128,018,123.65	931,702,364.98	219,197,670,196.04
II. Accumulated depreciation						
1.Beginning balance	10,061,560,062.75	47,846,749,903.19	414,245,095.18	725,023,110.13	169,195,627.79	59,216,773,799.04
2.Increase	1,904,636,016.12	9,358,845,404.88	35,854,997.17	74,769,748.03	20,613,750.33	11,394,719,916.53
(1) Provision	1,904,636,016.12	9,358,845,404.88	35,734,989.69	74,769,748.03	20,613,750.33	11,394,599,909.05
2)Business combination	-	-	120,007.48	-	-	120,007.48
3.Decrease	6,180,208.42	13,365,015.45	18,153,850.16	6,430,025.91	-	44,129,099.94
(1) Disposal or scrap	677,480.72	13,365,015.45	18,153,850.16	5,962,371.75	-	38,158,718.08
(2) Others	5,502,727.70	-	-	467,654.16	-	5,970,381.86

4.Closing balance	11,960,015,870.45	57,192,230,292.62	431,946,242.19	793,362,832.25	189,809,378.12	70,567,364,615.63
III. Provision for impairment						
1.Beginning balance						
2.Increase						
(1) Provision						
3.Decrease						
(1) Disposal or scrap						
4.Closing balance						
IV. Book value						
1. Closing book value	35,728,135,785.56	111,748,728,407.54	76,893,109.05	334,655,291.40	741,892,986.86	148,630,305,580.41
2. Beginning book value	33,465,734,402.03	112,747,309,286.23	108,270,517.33	296,688,495.97	390,438,566.48	147,008,441,268.04

(2). Information of fixed assets with temporary idle
 适用 不适用

(3). Fixed assets held under operating lease rent-out
 适用 不适用

(4). Fixed assets without property certificate
 适用 不适用

Unit: Yuan Currency: RMB

Item	Book value	Reasons for not completing the certificate of title
Houses and buildings	6,178,823,956.00	Still being processed

(5). Impairment test of fixed assets
 适用 不适用

Other notes:

 适用 不适用

Fixed asset disposal
 适用 不适用

22. Construction in progress
Presented by item
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Construction in progress	28,521,160,284.95	37,725,460,975.09
Construction materials	635,617,363.88	668,370,300.18
Total	29,156,777,648.83	38,393,831,275.27

Other notes:

 适用 不适用

Construction in progress
(1). Information of construction in progress
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Book balance	Book balance	Provision for impairment	Book balance
Annual output of 1.6 million tonnes	7,332,934,171.04	-	7,332,934,171.04	11,587,165,209.77		11,587,165,209.77

of high-performance resin and new material projects						
Project with an annual output of 800,000 tonnes of functional polyester film and functional plastics	1,978,874,415.12	-	1,978,874,415.12	2,552,165,674.92		2,552,165,674.92
Annual production of 600,000 tonnes of functional polyester film, functional film and 3 billion square meters of lithium battery diaphragm project	7,010,673,411.59	-	7,010,673,411.59	7,547,919,837.74		7,547,919,837.74
New Material Industrial Park Phase II Project	6,848,736,921.78	-	6,848,736,921.78	6,347,735,625.44		6,347,735,625.44
Other sundry projects	5,349,941,365.42	-	5,349,941,365.42	9,690,474,627.22		9,690,474,627.22
Total	28,521,160,284.95	-	28,521,160,284.95	37,725,460,975.09	-	37,725,460,975.09

(2). Changes in significant construction in progress

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Budget	Beginning balance	Increase	Transfer to fixed assets	Other decrease	Closing balance	Proportion of cumulative input to budget (%)	Progress %	Cumulative amount of interest capitalization	Including: interest capitalized in the year	Capitalization rate for the year (%)	Source of fund
Annual output of 1.6 million tonnes of high-performance resin and new material projects	19.988 billion	11,587,165,209.77	813,085,378.09	5,067,316,416.82	-	7,332,934,171.04	112.91	Trial production, partial transfer to fixed assets	1,061,250,918.50	349,645,345.01	3.66	Self-financing and loans
Project with an annual output of 800,000 tonnes of functional polyester film and functional plastics	11.125 billion	2,552,165,674.92	199,393,609.37	772,684,869.17	-	1,978,874,415.12	46.48	Trial production, partial transfer to fixed assets	333,115,389.70	88,322,207.74	3.09	Self-financing and loans
Annual production of 600,000 tonnes of functional polyester film, functional film and 3 billion square meters of lithium battery diaphragm project	12.494 billion	7,547,919,837.74	707,546,726.37	1,244,793,152.52	-	7,010,673,411.59	66.08	Trial production, partial transfer to fixed assets	293,159,436.24	146,135,568.93	3.07	Self-financing and loans
New Material Industrial Park Phase II Project	7.868 billion	6,347,735,625.44	501,001,296.34	-	-	6,848,736,921.78	87.05	Partial trial production	291,352,649.40	109,821,685.43	3.55	Self-financing and loans
Total	51.475 billion	28,034,986,347.87	2,221,027,010.1	7,084,794,438.51	-	23,171,218,919.53			1,978,878,393.84	693,924,807.11		/

(3). Provision for impairment of construction in progress
 适用 不适用

(4). Impairment test of construction in progress
 适用 不适用

Other notes:

 适用 不适用

Construction materials
(5). Information of construction materials
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Book balance	Provision for impairment	Book balance	Provision for impairment
Special materials	635,504,661.58	-	635,504,661.58	668,109,411.93		668,109,411.93
Special equipment	112,702.30	-	112,702.30	260,888.25		260,888.25
Total	635,617,363.88	-	635,617,363.88	668,370,300.18	-	668,370,300.18

Other notes:

At the end of the period, there were no obvious indication of impairment of construction in progress, so no provision for impairment was provided.

23. Productive biological assets
(1). Productive biological assets using cost measurement model
 适用 不适用

(2). Impairment test of productive biological assets using the cost-based measurement model
 适用 不适用

(3). Productive biological assets measured using the fair value model
 适用 不适用

Other notes:

 适用 不适用

24. Oil and gas assets
(1). Information of oil and gas asset
 适用 不适用

(2). Impairment testing of oil and gas assets
 适用 不适用

Other notes:

None

25. Right-of-use assets
(1). Information of right-of-use assets
 适用 不适用

Unit: Yuan Currency: RMB

Item	Houses and buildings	Ships	Others	Total
I. Book Value				
1. Beginning balance	180,271,137.41	399,397,566.24	7,106,282.50	586,774,986.15
2. Increase	117,920,933.13	-	-	117,920,933.13
(1) Leases	85,969,753.98	-	-	85,969,753.98
(2) Others	31,951,179.15	-	-	31,951,179.15
3. Decrease	90,341,816.24	399,397,566.24	-	489,739,382.48
(1) Disposal	73,084,461.67	-	-	73,084,461.67
(2) Other	17,257,354.57	399,397,566.24	-	416,654,920.81
4. Closing balance	207,850,254.30	-	7,106,282.50	214,956,536.80
II. Accumulated depreciation				
1. Beginning balance	141,545,030.71	8,648,160.67	532,971.18	150,726,162.56
2. Increase	47,809,525.22	11,846,178.65	177,657.06	59,833,360.93
(1) Provision	39,468,574.69	11,846,178.65	177,657.06	51,492,410.40
(2) Other	8,340,950.53	-	-	8,340,950.53
3. Decrease	70,213,110.73	20,494,339.32	-	90,707,450.05
(1) Disposal	70,213,110.73	-	-	70,213,110.73
(2) Other	-	20,494,339.32	-	20,494,339.32
4. Closing balance	119,141,445.20	-	710,628.24	119,852,073.44
III. Provision for impairment				
1. Beginning balance	-	-	-	-
2. Increase	-	-	-	-
(1) Provision	-	-	-	-
3. Decrease	-	-	-	-
(1) Disposal	-	-	-	-
4. Closing balance	-	-	-	-
IV. Book Value				

1. Closing book value	88,708,809.10	-	6,395,654.26	95,104,463.36
2. Beginning book value	38,726,106.70	390,749,405.57	6,573,311.32	436,048,823.59

(2). Impairment test of right-of-use assets
 适用 不适用

Other notes:

None

26. Intangible assets
(1). Information of intangible assets
 适用 不适用

Unit: Yuan Currency: RMB

Item	Land use rights	Patent rights	Software usage rights	Total
I. Book value				
1.Beginning balance	9,532,141,340.31	1,631,388,380.00	186,242,223.44	11,349,771,943.75
2.Increase	-	120,065,331.88	260,702.95	120,326,034.83
(1) Purchase	-	8,864,432.57	260,702.95	9,125,135.52
(2) In-house research and development				
(3) Addition by business combination				
(4) Transfer from construction in progress	-	111,200,899.31	-	111,200,899.31
(5) Other				
3.Decrease	-	12,998,520.00	20,269.20	13,018,789.20
(1) Disposal				
(2) Other	-	12,998,520.00	20,269.20	13,018,789.20
4. Closing balance	9,532,141,340.31	1,738,455,191.88	186,482,657.19	11,457,079,189.38
II. Accumulated amortization				
1. Beginning balance	1,351,598,092.60	686,410,238.95	164,592,754.92	2,202,601,086.47
2. Increase	189,063,956.98	137,558,931.75	17,019,215.97	343,642,104.70
(1) Provision	189,063,956.98	137,558,931.75	17,019,215.97	343,642,104.70
(2) Other				
3.Decrease	-	-	18,908.08	18,908.08
(1) Disposal				
(2) Other	-	-	18,908.08	18,908.08
4.Closing balance	1,540,662,049.58	823,969,170.70	181,593,062.81	2,546,224,283.09

III. Provision for impairment				
1. Beginning balance				
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
4. Closing balance				
IV. Book Value				
1. Closing book value	7,991,479,290.73	914,486,021.18	4,889,594.38	8,910,854,906.29
2. Beginning book value	8,180,543,247.71	944,978,141.05	21,649,468.52	9,147,170,857.28

At the end of the period, the intangible assets formed through the Company's internal research and development accounted for 0% of the balance of intangible assets.

(2). Data resources recognized as intangible assets

适用 不适用

(3). Land use rights pending for ownership certificates

适用 不适用

Unit: Yuan Currency: RMB

Item	Book value	Reasons for not completing the property ownership certificate
Land use rights	26,540,342.00	Still being processed

(4). Impairment test of intangible assets

适用 不适用

Other notes:

适用 不适用

27. Goodwill

(1). Goodwill book value

适用 不适用

Unit: Yuan Currency: RMB

Investee or matters formed the goodwill	Beginning balance	Increase		Decrease		Closing balance
		Formation by business combination	Others	Formation by business combination	other	
Hengli Futures Co., Ltd.	77,323,123.69	-	-	-	Hengli Futures Co., Ltd.	77,323,123.69
Total	77,323,123	-	-	-	Total	77,323,123

	.69					3.69
--	-----	--	--	--	--	------

(2). Provision for impairment of goodwill
 适用 不适用

(3). Information about goodwill's assets group or assets group portfolio
 适用 不适用

Item	Determination method of assets group or assets group portfolio	Operating segment and basis	Whether consistent with previous year
Hengli Futures Co., Ltd.	Hengli Futures Co., Ltd. is mainly engaged in futures brokerage business, and there is an active market which can bring independent cash flow and can be identified as a separate assets group.	Headquarters and other business divisions	Yes

Changes in asset groups or asset group portfolio

 适用 不适用

Other notes:

 适用 不适用

(4). Determination method and basis of recoverable amount

1) Important assumptions and basis

① Assumption of relatively stable macroeconomic environment: The value of any asset is directly related to its macroeconomic environment. In this evaluation, it is assumed that the social industrial policy, tax policy and macro environment remain relatively stable, and there are no major changes in interest rates and exchange rates, so as to ensure that the evaluation conclusion has a reasonable period of use.

② Continuing operation assumption; it is assumed that the operating business of the assets group portfolio business entity is legal and can maintain its continuous operation status in the future.

③ Assuming that the current and future operators of the assets group portfolio business entity are responsible, and their company management has the ability to assume their duties, steadily promote the Company's development plan, and maintain a good business situation.

④ Assuming that there are no significant changes in interest rates, exchange rates, tax benchmarks, tax rates, and policy-related fees.

⑤ Assuming that the enterprise's business scope, business model, and business scale do not undergo significant changes based on its existing management methods and management level.

The recoverable amount is determined by the net amount of fair value less disposal expenses:

 适用 不适用

Unit: Yuan Currency: RMB

Item	Book value	Recoverable	Impairment	Determinati	Key	Basis for
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		amount	amount	on methods of fair value and disposal expenses	parameter	determining key parameters
Hengli Futures Co., Ltd.	849,182,717.57	909,097,390.03	-	Note 1	Note 1	Note 1
Total	849,182,717.57	909,097,390.03		/	/	/

Note 1:

The recoverable amount of the asset group of Hengli Futures Co., Ltd. is determined based on the fair value estimated using the market method. Due to the difficulty in collecting complete data related to transaction cases and the inability to understand whether there are non-fair value factors involved, this valuation is not suitable for using the transaction case comparison method. There are mature listed companies in the futures industry in China that can be selected for analysis and comparison, so the listed company comparison method can be used.

Specifically, the listed company comparison method generally first selects listed companies that are in the same industry as the assets group portfolio and that are actively traded as comparable companies, and then calculate the market value of the comparable companies based on the trading stock prices. Secondly, select one or several value ratio parameters of comparable companies (usually including profitability, assets, revenue and other specific parameters) as "analysis parameters", Then calculate the Ratio relationship between the Market price value of comparable companies and the selected analysis parameters - called the ratio multiplier (Multiples). The ratio multiplier needs to be adjusted before being applied to the corresponding analysis parameters of the Assets group portfolio to reflect the difference between the comparable company and the assets group portfolio. Apply the above-mentioned adjusted ratio multiplier to the corresponding analysis parameters of the assets group portfolio to obtain the fair value of the evaluation object. Expressed in the formula as follows:

Fair value of assets group portfolio = Analysis Parameters × Modified Ratio Multiplier

Including: Adjusted ratio multiplier = ratio multiplier of comparable companies × comprehensive correction factor

The recoverable amount is determined based on the present value of the expected future cash flow

适用 不适用

The reasons for the significant inconsistencies between the aforementioned information and the information used in previous years' impairment tests or external information

适用 不适用

The reasons for the significant discrepancy between the information used in the Company's previous year's impairment test and the actual situation in the current year

适用 不适用

(5). Performance commitments and corresponding goodwill impairment

There is a performance commitment when forming goodwill, and the reporting period or the previous reporting period is within the performance commitment period

适用 不适用

Other notes:

适用 不适用

Calculation process of goodwill impairment loss

Item	Hengli Futures Co., Ltd.
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Carrying amount of goodwill ①	77,323,123.69
Balance of provision for impairment of goodwill ②	-
Carrying amount of goodwill ③ = ① - ②	77,323,123.69
Value of goodwill attributable to minority interests not recognized ④	-
Goodwill that not include the value attributable to minority interests not recognized ⑤ = ④ + ③	77,323,123.69
Goodwill that not include the value attributable to minority interests not recognized apportioned to each assets group ⑥	77,323,123.69
Carrying amount of the assets group ⑦	771,859,593.88
Carrying amount of the Assets group that contains the overall Goodwill ⑧ = ⑥ + ⑦	849,182,717.57
Recoverable amount of assets group or assets group portfolio ⑨	909,097,390.03
Impairment loss of goodwill (⑩ is larger than zero) ⑩ = ⑧ - ⑨	-
Impairment loss of goodwill attributable to the Company	-

28. Long-term deferred expenses

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Amortization	Other Decrease	Closing balance
Catalyst	1,899,390,889.76	860,620,012.42	654,285,989.43	115,605,411.43	1,990,119,501.32
Renovation costs	66,892,455.79	874,231.29	12,143,456.24	-	55,623,230.84
Others	14,267,403.67	8,460,224.23	9,935,446.75	-	12,792,181.15
Total	1,980,550,749.22	869,954,467.94	676,364,892.42	115,605,411.43	2,058,534,913.31

Other notes:

None

29. Deferred tax assets / deferred tax liabilities

(1). Deferred tax assets before offsetting

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance		Beginning balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deductible temporary differences
Provision for impairment of assets				
Unrealized profit of internal transactions	401,725,149.45	71,348,232.98	831,361,049.72	125,997,598.80
Deductible tax loss				
Provision for bad debts	51,248,928.20	9,362,386.95	35,029,871.50	6,705,240.88
Provision for decline in value of inventories	516,146,895.71	128,111,170.50	1,107,228,099.81	275,947,973.40
Changes in fair value included in current profit or loss (decrease)	84,605,185.20	21,151,296.30	5,203,402.51	1,300,850.63
Non-deducted tax losses	985,788,322.27	213,360,220.38		

Government grants	510,693,188.19	106,471,134.21	281,681,962.55	57,109,253.01
Lease liabilities	51,903,528.08	12,254,096.32	407,135,045.06	101,017,661.43
Total	2,602,111,197.10	562,058,537.64	2,667,639,431.15	568,078,578.15

(2). Deferred tax liabilities before offsetting
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary differences	Taxable temporary difference
Increase in value by assets appraisal of business combination not under common contract				
Changes in fair value of other debt investments				
Changes in fair value of other equity instrument investments				
Changes in fair value included in current profit or loss (increase)	392,358.94	98,089.74	1,654,500.28	248,175.05
Initial investment cost of long-term equity investment calculated by equity method is less than the share of the owner's equity of the investee	79,415,493.16	11,912,323.97	79,415,493.16	11,912,323.97
Fixed assets accelerated depreciation	153,179,836.48	24,984,200.86	165,910,541.75	27,064,991.63
Lease liabilities	50,777,358.66	12,021,624.91	404,253,070.25	100,339,401.64
Total	283,765,047.24	49,016,239.48	651,233,605.44	139,564,892.29

(3). Net amount of deferred tax assets or liabilities after offsetting
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance		Beginning balance	
	Closing offset amount of deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offsetting	Beginning offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets or liabilities after offsetting
Deferred tax assets	12,021,624.91	550,036,912.73	100,339,401.64	467,739,176.52
Deferred tax liabilities	12,021,624.91	36,994,614.57	100,339,401.64	39,225,490.65

(4). Details of unrecognized deferred tax assets

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning Balance
Deductible temporary differences		
Deductible tax loss		
Provision for bad debts	17,083,184.98	25,454,632.62
Provision for decline in value of inventories	27,690,490.24	16,127,484.13
Changes in fair value included in current profit or loss (decrease)	256,275.00	
Non-deducted tax losses	982,655,710.91	714,682,845.15
Provisions		
Lease contracts	481,530.49	747,326.06
Unrealized profit of internal transactions	29,407,240.29	29,407,240.29
Total	1,057,574,431.91	786,419,528.25

(5). Deductible tax loss of unrecognized deferred income tax assets will expire in the following year

√适用 □不适用

Unit: Yuan Currency: RMB

Year	Amount at year end	Amount in beginning of year	Note
2025	-	9,201,812.42	
2026	28,770,550.22	10,231,942.99	
2027	293,440,103.32	210,668,163.70	
2028	207,643,288.70	210,935,993.75	
2029	62,106,094.59	208,785,316.17	
2030	167,393,846.68		
2034		64,859,616.12	
2035	223,441,959.92		
Total	982,795,843.43	714,682,845.15	/

Other notes:

□适用 √不适用

30. Other non-current assets

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Contract acquisition costs						

Contract performance costs						
Cost of returned goods						
Contract assets						
Prepayment for long-term asset purchase	576,691,162.56	-	576,691,162.56	1,347,308,592.31		1,347,308,592.31
Unrealized gains and losses on sale and leaseback						
Futures membership Investment	1,400,000.00	-	1,400,000.00	1,400,000.00		1,400,000.00
Total	578,091,162.56	-	578,091,162.56	1,348,708,592.31		1,348,708,592.31

Other notes:

None

31. Ownership or using rights of assets subject to restriction
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance				Beginning balance			
	Book Balance	Book value	Type of restriction	Restricted situation	Book Balance	Book value	Type of restriction	Restricted situation
Notes Receivable								
Inventories								
Including: Data resources								
Fixed assets	10,016,757,404.70	4,548,571,126.70	Pledge	Pledge to secure sale and leaseback contracts	6,318,766,725.98	2,977,144,519.87	Pledge	Pledge to secure sale and leaseback contracts
Intangible assets	4,864,751,414.69	4,124,766,879.82	Pledge	Pledge to obtain financing credit from financial institutions	5,252,851,010.28	4,499,663,682.99	Pledge	Pledge to obtain financing credit from financial institutions
Including: Data resources								
Cash and bank balances	6,319,762,888.81	6,319,762,888.81	Pledge	Pledge to obtain financing credit from	6,282,648,692.94	6,282,648,692.94	Pledge	Pledge to obtain financing credit from

				financial institution				financial institution
Cash and bank balances	2,534,520.97	2,534,520.97	Pledge	Security deposits for trading in futures and financial derivatives	3,792,584.10	3,792,584.10	Pledge	Security deposits for trading in futures and financial derivatives
Receivables Financing	3,794,556.164.33	3,794,556.164.33	Pledge	Pledge to obtain financing credit from financial institutions	3,468,255.192.24	3,468,255.192.24	Pledge	Pledge to obtain financing credit from financial institutions
Fixed assets	103,421,966.133.41	70,191,753,437.74	Pledge	Pledge to obtain financing credit from financial institutions	115,049,120,119.69	81,952,932,651.52	Pledge	Pledge to obtain financing credit from financial institutions
Construction in progress	15,536,710,988.28	15,536,710,988.28	Pledge	Pledge to obtain financing credit from financial institutions	20,938,182,875.02	20,938,182,875.02	Pledge	Pledge to obtain financing credit from financial institutions
Total	143,957,039,515.19	104,518,656,006.65	/	/	157,313,617,200.25	120,122,620,198.68	/	/

Other notes:

None

32. short-term loans

(1). Short-term loan by category

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Pledged Loans	160,000,000.00	2,276,660,116.86
Mortgage loans	1,254,003,831.39	1,381,182,194.47
Guaranteed loans	14,510,770,358.25	12,890,594,208.74
Credit Loan	21,428,599,463.37	20,667,393,324.99
Discount of commercial acceptance bills	33,773,015,178.86	41,826,118,999.78
Total	71,126,388,831.87	79,041,948,844.84

Note to short-term loans by category:

None

(2). Overdue and unpaid short-term loans

适用 不适用

Information of important overdue and unpaid short-term loans:

适用 不适用

Other notes:

适用 不适用

33. Financial liabilities held for trading

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Closing balance	Specified reasons and basis
Financial liabilities held for trading	88,092,248.88	282,239,615.36	/
Including:			
Derivative financial liabilities	88,092,248.88	282,239,615.36	/
Designated as financial liabilities at fair value through profit or loss	415,695,007.98	672,922,880.87	
Including:			
Deposit precious metals	415,695,007.98	672,922,880.87	Risk management
Total	503,787,256.86	955,162,496.23	/

Other notes:

适用 不适用

34. Derivative financial liabilities

适用 不适用

35. Notes Payable

(1). Notes payable presented by item

适用 不适用

Unit: Yuan Currency: RMB

Category	Closing balance	Beginning balance
Commercial acceptance bills	1,557,097,640.33	2,370,456,766.77
Bank acceptance bills	625,152,092.60	469,121,994.86
Letter of credit	1,707,278,726.49	8,607,727,516.70
Total	3,889,528,459.42	11,447,306,278.33

The total amount of overdue and unpaid notes payable at the end of this period was 0 Yuan.

36. Accounts payable

(1). Accounts payable presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Within one year	7,644,621,640.38	6,644,449,495.74
1-2 years	2,139,390,103.50	1,951,836,469.35
2-3 years	806,234,615.05	626,020,068.08
Over 3 years	313,838,359.76	267,351,588.96

Total	10,904,084,718.69	9,489,657,622.13
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(2). Important accounts payable aging over 1 year
 适用 不适用

Other notes:

 适用 不适用

37. Advance from customers
(1). Advance from customers presented by item
 适用 不适用

(2). Significant advance from customers with aging over one year
 适用 不适用

(3). Amount and reason for significant changes in the book value during the reporting period
 适用 不适用

Other notes:

 适用 不适用

38. Contract liabilities
(1). Information of contract liabilities
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Within 1 year	10,236,913,545.70	7,178,669,804.98
1-2 years	21,409,071.61	42,840,296.14
2-3 years	11,464,567.18	4,566,596.63
Over 3 years	10,692,108.58	10,964,770.53
Total	10,280,479,293.07	7,237,041,468.28

(2). Significant contract liabilities with aging over one year
 适用 不适用

(3). Amount and reasons for significant changes in the book value during the reporting period
 适用 不适用

Other notes:

 适用 不适用

39. Employee benefits payable
(1). Employee benefits payable presented by item
 适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	489,128,803.31	5,038,370,994.59	5,063,369,852.75	464,129,945.15
II. Post-employment benefits -defined contribution plans	4,329,917.71	362,071,452.77	365,540,981.55	860,388.93
III. Termination benefits				
IV. Others benefits due within one year				
Total	493,458,721.02	5,400,442,447.36	5,428,910,834.30	464,990,334.08

(2). Short-term employee benefits presented by item

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
I. Salaries, bonus and allowances	486,603,895.13	4,573,364,207.38	4,596,401,292.13	463,566,810.38
II. Staff welfare	248,328.92	90,104,662.76	90,342,339.75	10,651.93
III. Social insurances	838,035.01	213,321,041.03	213,955,458.61	203,617.43
Including: Medical insurance	748,073.38	176,325,820.29	176,874,372.21	199,521.46
Work injury insurance	28,283.45	26,406,405.55	26,430,593.03	4,095.97
Maternity insurance	61,678.18	10,568,217.07	10,629,895.25	-
Other		20,598.12	20,598.12	-
IV. Housing fund	1,236,740.00	121,330,842.30	122,270,928.30	296,654.00
V. Union funds and staff education	93,726.06	39,749,277.49	39,790,792.14	52,211.41
VI. Vocation leave	-			
VII. Short-term profit sharing plan	-			
VIII. Compensation for termination of labor relations	108,078.19	500,963.63	609,041.82	
IX. Others				
Total	489,128,803.31	5,038,370,994.59	5,063,369,852.75	464,129,945.15

(3). Defined contribution plans presented by item

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
1.Basic pension insurance	4,233,025.70	351,061,989.10	354,444,694.37	850,320.43
2.Unemployment insurance	96,892.01	11,009,463.67	11,096,287.18	10,068.50
3.Corporate annuity plan				
Total	4,329,917.71	362,071,452.77	365,540,981.55	860,388.93

Other notes:

 适用 不适用

The Company participates in the pension insurance and unemployment insurance plans established by government agencies in accordance with the regulations. Apart from this, the Company no longer undertakes further payment obligations, and the corresponding expenditures are included in the current profit or loss or the cost of related assets when incurred.

40. Taxes payable

 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Value-added tax	498,253,292.17	121,635,953.21
Consumption tax	527,461,478.00	256,162,322.48
Business tax		
Enterprise income tax	692,996,711.98	403,409,814.06
Individual income Tax		
Urban maintenance and construction tax	69,293,501.67	23,855,165.40
Property tax	47,586,701.02	49,180,907.09
Stamp duty	113,447,683.75	114,648,791.54
Land use tax	18,462,570.00	19,518,965.89
Education surcharge	29,795,508.98	10,232,828.41
Local education surcharges	19,863,672.68	6,821,885.63
Withholding individual income Tax	11,997,506.44	12,476,235.24
Withholding value-added tax		
Environmental protection tax	4,545,595.44	4,579,593.54
Other	928,630.44	
Total	2,034,632,852.57	1,022,522,462.49

Other notes:

None

41. Other payables

(1). Presented by item

 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	399,011,597.06	375,249,175.51
Total	399,011,597.06	375,249,175.51

Other notes:

 适用 不适用

(2). Interest payable

Presented by category:

 适用 不适用

Important overdue interest:

适用 不适用

Other notes:

适用 不适用

(3). Dividends Payable

Presented by category:

适用 不适用

(4). Other payables

Other payables by nature

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Security deposits	157,680,584.01	168,031,729.28
Current accounts	215,716,547.09	182,546,194.70
Others	25,614,465.96	24,671,251.53
Total	399,011,597.06	375,249,175.51

Other significant payables aged over 1 year or overdue

适用 不适用

Other notes:

适用 不适用

For details of other foreign currency payables, please refer to the "Notes on Consolidated Financial Statement Items - Items in foreign currencies".

42. Liabilities held for sale

适用 不适用

43. Non-current liabilities due within one year

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Long-term loans due within one year	17,794,997,445.64	13,847,490,632.39
Bonds payable due within one year	8,919,444.47	
Long-term payables due within one year	1,301,677,116.42	978,337,334.48
Lease liabilities due within one year	30,720,731.14	55,665,568.78
Total	19,136,314,737.67	14,881,493,535.65

Other notes:

1. Long-term loans due within one year

(1) Details

Category	Closing balance	Beginning balance
Pledged loans	284,786,289.53	
Credit loan	6,850,897,726.83	3,331,466,844.22
Guaranteed loan	1,511,432,444.48	2,225,667,823.61
Mortgage loan	9,147,880,984.80	8,290,355,964.56
Subtotal	17,794,997,445.64	13,847,490,632.39

2. Bonds payable due within one year

Bond name	Face value (Yuan)	Coupon rate (%)	Issuance date	Term	Issuance amount	Beginning balance
25 Hengli Petrochemical MTN001	100	2.47	2025/4/9	36.00	500,000,000.00	

Continued:

Bond name	Bonds issued in this period	Accrued interest for the current period	Amortization of excess discount	Current repayment	Closing balance	Default or not
25 Hengli Petrochemical MTN001	-	8,919,444.47	-	-	8,919,444.47	No

3. Long-term payables due within one year

Item	Closing balance	Beginning balance
Finance lease payables	1,364,109,428.66	1,078,890,476.94
Less: Unrecognized financing costs	62,432,312.24	100,553,142.46
Subtotal	1,301,677,116.42	978,337,334.48

4. Other current liabilities

Information of other current liabilities

 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Short-term bonds payable	2,616,518,962.63	2,016,752,688.15
Payables of returned goods		
Output VAT pending for transfer	1,295,665,241.36	917,896,215.55
Notes receivable not derecognized		
Payable of monetary security deposits	4,513,709,530.18	3,340,676,297.58
Payable of pledged security deposits	101,722,384.00	90,585,040.00
Futures risk reserve	24,532,879.06	20,831,493.78
Payable of Futures Investor Protection Fund	126,058.09	98,966.88
Total	8,552,275,055.32	6,386,840,701.94

Changes in short-term bonds payable:

 适用 不适用

Unit: Yuan Currency: RMB

Bond name	Face value (Yuan)	Coupon rate (%)	Issuance date	Term	Issuance amount	Beginning balance	Bonds issued in this period	Accrued interest for the current period	Amortization of excess discount	Current repayment	Closing balance	Default or not
2024CP001	100	2.20	2024/7/15	12 months	1,000,000,000.00	1,009,611,635.20		11,877,358.46	511,006.34	1,022,000,000.00	-	No
2024CP002	100	2.15	2024/8/20	12 months	1,000,000,000.00	1,007,141,052.95		13,755,376.37	603,570.68	1,021,500,000.00	-	No
2025CP001	100	1.85	2025/6/25	12 months	1,000,000,000.00	-	999,056,603.78	9,506,944.46	484,800.83	-	1,009,048,349.07	No
2025CP002	100	1.84	2025/8/19	12 months	1,000,000,000.00	-	999,056,603.78	6,611,111.43	327,568.15	-	1,005,995,283.36	No
2025CP003	100	1.79	2025/10/24	12 months	600,000,000.00	-	599,433,962.27	1,939,166.67	102,201.26	-	601,475,330.20	No
Total	/	/	/	/	4,600,000,000.00	2,016,752,688.15	2,597,547,169.83	43,689,957.39	2,029,147.26	2,043,500,000.00	2,616,518,962.63	/

Other notes:

 适用 不适用

45. Long-term loans**(1). Long-term loans by category**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Pledged Loans		
Mortgage loans	50,631,314,813.28	59,412,435,099.73
Guaranteed loans	2,196,850,025.24	2,903,020,169.24
Credit loans	7,986,174,910.90	9,973,650,609.36
Total	60,814,339,749.42	72,289,105,878.33

Note to long-term loans by category:

None

Other notes:

√适用 □不适用

For details of long-term loans in foreign currencies, please refer to the description of “Notes on Consolidated Financial Statement Items — Items in foreign currencies”

46. Bonds payable
(1). Bonds payable
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Bond face value	500,000,000.00	
Less: Interest rate adjustment	1,074,423.45	
Total	498,925,576.55	

(2). Specific information of bonds payable: (Excluding preferred stocks, perpetual bonds and other financial instruments classified as financial liabilities)
 适用 不适用

Unit: Yuan Currency: RMB

Bond name	Face value (Yuan)	Coupon rate (%)	Issuance date	Term	Issuance amount	Beginning balance	Bonds issued in this period	Accrued interest for the current period	Amortization of excess discount	Current repayment	Closing balance	Default or not
25 Hengli Petrochemical MTN001	100.00	2.47	2025/4/9	3 years	500,000,000.00		498,584,905.66	-	340,670.89	-	498,925,576.55	No
Total	/	/	/	/	500,000,000.00		498,584,905.66	-	340,670.89	-	498,925,576.55	No

(3). Note to convertible corporate bonds
 适用 不适用

Accounting treatment and judgment basis for equity conversion

适用 不适用

(4). Notes on other financial instruments classified as financial liabilities

Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period

适用 不适用

Table of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

适用 不适用

Explanation of the basis for the classification of other financial instruments into financial liabilities

适用 不适用

Other notes:

适用 不适用

47. Lease liabilities

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
1-2 years	22,692,973.30	39,710,593.60
2-3 years	21,579,878.36	31,881,655.32
Over 3 years	19,330,554.87	233,203,689.94
Total	63,603,406.53	304,795,938.86

Other notes:

None

48. Long-term payables

Presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Long-term payables	1,456,319,918.43	2,301,784,112.38
Special payable	-	
Total	1,456,319,918.43	2,301,784,112.38

Other notes:

适用 不适用

Long-term payables

(1). Long-term payables by nature

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Finance lease payables	2,937,904,546.30	3,528,892,120.62
Less: Unrecognized financing costs	-179,907,511.45	-248,770,673.76
Less: Long-term payables due within one year	-1,301,677,116.42	-978,337,334.48
Subtotal	1,456,319,918.43	2,301,784,112.38

Other notes:

None

Special payables

(1). Special payables by nature

适用 不适用

49. Long-term employee benefits payable
 适用 不适用

50. Provision for liabilities
 适用 不适用

51. Deferred income

Deferred income situation

 适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance	Reason of formation
Government grants	3,851,089,558.89	1,286,942,398.62	283,365,264.57	4,854,666,692.94	Asset-related
Total	3,851,089,558.89	1,286,942,398.62	283,365,264.57	4,854,666,692.94	Asset-related

Other notes:

 适用 不适用

For details on government grants included in deferred income, please refer to the "Government Grants" section of this note.

52. Other non-current liabilities
 适用 不适用

53. Share capital
 适用 不适用

Unit: Yuan Currency: RMB

	Beginning balance	Increase or decrease (+, -)					Closing balance
		Issuance New shares	Bonus shares	Capital reserve converted to shares	Others	Subtotal	
Total shares	7,039,099,786.00						7,039,099,786.00

Other notes:

None

54. Other equity instruments
(1). Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period
 适用 不适用

(2). Table of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period
 适用 不适用

Changes of other equity instruments in the current period, reasons for the changes, and basis for relevant accounting treatment:

适用 不适用

Other notes:

适用 不适用

55. Capital reserve

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
Capital premium (Capital premium)	18,609,470,542.25	-	-	18,609,470,542.25
Other capital reserve	235,700,058.28	34,575,569.00	-	270,275,627.28
Total	18,845,170,600.53	34,575,569.00	-	18,879,746,169.53

Other note, including the increase and decrease in the current period, and the reason for the change:

In this period, due to the recognition of share payment expenses in the employee stock ownership plan, the Company increased the capital reserve by RMB 34,575,569.00.

56. Treasury Stock

适用 不适用

57. Other comprehensive income

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Movement in the period						Closing balance
		Amount before tax	Less: transferred to profit or loss in current year	Less: included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently								
Including: changes in amount on remeasurement of defined benefit plan								
Other comprehensive income not reclassified to profit or loss under equity method								
Changes in fair value of other equity instrument								

investments								
Changes in the fair value of the enterprise's own credit risk								
II. Other comprehensive income that will be reclassified into profit or loss subsequently	-26,381,521.04	-95,007,123.12	-	-	-	-95,007,123.12	-	-121,388,644.16
Including: other comprehensive income that will be transferred to profit or loss under equity method								
Changes in fair value of other debt investments								
Reclassification of financial assets recognized in other comprehensive income								
Provision for credit loss of other debt investments								
Cash flows hedge reserve	-104,980,754.98	-24,697,269.24	-	-	-	-24,697,269.24	-	-129,678,024.22
Translation difference of foreign currency financial	78,599,233.94	-70,309,853.88	-	-	-	-70,309,853.88	-	8,289,380.06

statements								
Total other comprehensive income	-26,381,521.04	-95,007,123.12	-	-	-	-95,007,123.12	-	-121,388,644.16

Other notes, including the adjustment of the initial recognition amount of the hedged item for the effective part of the cash flow hedging profit or loss:

None

58. Special reserve

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
Safety production fee	279,243,445.05	321,641,988.48	230,933,579.16	369,951,854.37
Total	279,243,445.05	321,641,988.48	230,933,579.16	369,951,854.37

Other notes, including the increase and decrease in the current period, and the reason for the change:
None

59. Surplus Reserve

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
Statutory surplus reserve	1,087,391,116.57	16,523,063.72		1,103,914,180.29
Discretionary surplus reserve				
Reserve funds				
Enterprise expansion fund				
Others				
Total	1,087,391,116.57	16,523,063.72		1,103,914,180.29

Note, including the increase and decrease in the current period, and the reason for the change:

The Company appropriates the statutory surplus reserve at 10% of its net profit in accordance with the "Company Law" and the Company's articles of association. If the accumulated amount of the statutory surplus reserve reaches more than 50% of the Company's registered capital, the appropriation will cease.

60. Undistributed profit

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Closing balance of prior year	36,174,653,818.01	33,094,662,821.91
Add: adjustments on beginning balance of undistributed profits		
Beginning balance after adjustment	36,174,653,818.01	33,094,662,821.91
Add: Net profit attributable to parent company for the current year	7,074,582,387.53	7,043,568,223.60
Less: Appropriation of statutory surplus reserve	16,523,063.72	92,072,345.20
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Appropriation for dividends to ordinary shares	3,730,722,886.58	3,871,504,882.30
Dividend to ordinary shares converted to share capital		

Closing balance of undistributed profits	39,501,990,255.24	36,174,653,818.01
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Adjustment of undistributed profits at the beginning of the period:

1. Due to the retroactive adjustment of the “Accounting Standards for Business Enterprises” and its related new regulations, the Undistributed profits at the beginning of the period was affected RMB0.
2. Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected RMB 0.
3. Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected RMB 0.
4. Changes in the scope of consolidation under common control, affecting the undistributed profit at the beginning of the period RMB 0.
5. Total impact of other adjustments on undistributed profit at the beginning of the period RMB 0.

61. Operating income and operating cost

(1). Operating income and operating cost

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary operations	198,669,738,877.18	172,622,066,025.71	234,097,350,737.63	211,487,603,931.55
Other operations	2,316,296,596.98	1,946,401,300.37	2,175,925,740.29	1,495,727,973.39
Total	200,986,035,474.16	174,568,467,326.08	236,273,276,477.92	212,983,331,904.94

(2). Information of operating income and operating cost

适用 不适用

Unit: Yuan Currency: RMB

Contract Classification	Current Issue		total	
	Operating income	Operating costs		Operating income
By Industry				
Petrochemical Industry	191,482,690,166.15	166,059,079,126.25	218,027,864,307.20	195,625,658,783.81
Other Industries	9,503,345,308.01	8,509,388,199.83	18,245,412,170.72	17,357,673,121.13
By Product				
Refining products	94,281,404,402.25	74,563,030,924.89	108,139,408,676.87	93,941,172,984.95
PTA	57,225,569,029.93	54,459,535,953.88	68,122,134,694.21	65,810,037,790.76
Polyester products	39,975,716,733.97	37,036,512,247.48	41,766,320,936.12	35,874,448,008.10
Other	9,503,345,308.01	8,509,388,199.83	18,245,412,170.72	17,357,673,121.13
By Region				
Domestic	183,153,945,836.63	156,986,422,277.91	207,537,749,134.93	184,398,751,268.99
Overseas	17,832,089,637	17,582,045,048.1	28,735,527,342.9	28,584,580,635.9

	.53	7	9	5
Total	200,986,035,47 4.16	174,568,467,326. 08	236,273,276,477. 92	212,983,331,904. 94

Other notes:

适用 不适用

(3). Note on performance obligations

适用 不适用

(4). Description of apportionment to remaining performance obligations

适用 不适用

(5). Major contract changes or major transaction price adjustments

适用 不适用

Other notes:

1. Relevant revenue and cost of trial sales

Product name	Current year	Prior year
Revenue of trial sales	12,356,672,555.11	22,383,557,507.03
Cost of trial sales	12,256,603,159.42	21,825,706,097.04

[Note] The trial operation sales in this period are the external sales of products before the fixed assets reach the intended usable state.

62. Taxes and surcharges

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Consumption tax	6,926,928,973.83	4,756,923,453.81
Business tax		
Urban maintenance and construction tax	768,049,261.35	570,171,674.81
Education surcharge	329,519,694.37	244,378,641.96
Resource tax		
Property tax	211,522,324.90	192,096,809.48
Land use tax	88,589,077.41	86,443,597.02
Vehicle and vessel use tax		
Stamp duty	403,321,865.88	388,784,433.34
Local education surcharge	219,679,796.11	162,919,094.73
Environmental protection tax	20,086,130.67	20,909,186.35
Security for the disabled		
Others	1,057,055.10	980,963.38
Total	8,968,754,179.62	6,423,607,854.88

Other notes:

Please refer to the explanation of "Taxation" for details of the payment standard.

63. Selling expenses

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Logistics transportation fee		
Staff salaries	176,129,449.71	190,501,931.91
Travel expenses	5,674,727.99	5,137,633.52
Warehousing related costs	73,988,450.31	100,572,952.97
Business entertainment expenses	3,928,704.11	3,123,871.01
Office expenses	24,746,658.25	16,611,459.32
Other expenses	6,605,267.62	10,483,667.54
Total	291,073,257.99	326,431,516.27

Other notes:

None

64. Administrative expenses

 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Staff salaries	1,034,212,570.19	924,003,824.29
Depreciation and amortization	645,137,588.78	679,339,976.89
Office expenses	703,295,031.49	493,133,816.19
Travel expenses	43,954,323.21	47,817,950.56
Business entertainment expenses	22,215,972.56	22,256,670.64
Other expenses	47,450,697.63	38,123,022.58
Total	2,496,266,183.86	2,204,675,261.15

Other notes:

None

65. Research and development expenses

 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Staff salaries	530,504,447.26	527,568,467.52
Direct materials	694,141,998.71	816,211,871.79
Fuel and power	181,513,606.12	174,869,258.49
Depreciation and amortization	194,502,969.33	149,429,684.00
Others	25,031,848.22	34,804,952.10
Total	1,625,694,869.64	1,702,884,233.90

Other notes:

None

66. Financial expenses

 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Interest expenses	5,037,577,601.19	5,856,857,050.44
Including: interest expenses on lease liabilities	9,208,654.72	11,109,653.15
Less: interest capitalized	-975,708,838.93	-1,512,622,465.05
Less: interest income	-336,460,433.17	-373,603,744.54

Less: fiscal interest discount	-1,082,089.46	
Net exchange gain or loss	509,142,432.50	1,043,224,117.17
Handling fees and others	149,923,293.87	219,779,150.23
Total	4,383,391,966.00	5,233,634,108.25

Other notes:

None

67. Other income

 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Government grants received in current period	1,641,689,107.87	1,775,850,371.26
Amortization of deferred income	283,365,264.57	282,467,509.33
Receive Tax Withholding Fee	2,705,080.14	2,118,968.08
Tax reduction and exemption	173,466,249.85	292,990,052.71
Total	2,101,225,702.43	2,353,426,901.38

Other notes:

None

68. Investment income

 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Income from long-term equity investment by equity method	50,755,650.84	99,867,650.80
Gain from disposal of long-term equity investment		
Investment income of financial assets held for trading during the holding period		
Investment income of other equity investment instruments during the holding period		
Interest income from debts investment during the holding period		
Interest income from other debt investments during the holding period		
Gain from disposal of financial assets held for trading	52,133,956.07	-38,855,981.17
Gain from disposal of other equity instruments investment		
Gains from disposal of debts investment		
Gain from disposal of other debt investments		
Gains from debt restructuring		
Gains from disposal of receivables financing		-198,209,515.26
Others	-136,401,130.93	
Total	-33,511,524.02	-137,197,845.63

Other notes:

None

69. Gain from net exposure of hedging
 适用 不适用

70. Gains from changes in fair value
 适用 不适用

Unit: Yuan Currency: RMB

Sources of gains or losses from changes in fair value	Amount incurred in this period	Previous period amount
Trading financial assets	192,727,171.28	418,144,676.68
Among them: gains from changes in the fair value of derivative financial instruments	191,919,932.56	418,141,728.90
Gains from changes in fair value of non-derivative financial instruments	807,238.72	2,947.78
Trading financial liabilities	-372,317,783.36	-93,141,461.39
total	-179,590,612.08	325,003,215.29

Other notes:

None

71. Credit impairment loss
 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Bad debts of notes receivable	1,024,293.98	-1,505,330.76
Bad debts of accounts receivable	8,563,863.63	-5,696,587.35
Bad debts of other receivables	-17,400,921.55	-11,415,075.75
Impairment loss of debts investment		
Impairment loss of other debt investments		
Bad debt of long-term receivables		
Impairment losses related to financial guarantees		
Total	-7,812,763.94	-18,616,993.86

Other notes:

None

72. Asset impairment loss
 适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
I. Bad debt loss		
II. Impairment loss on decline in value of inventories and contract performance cost	-1,328,746,351.47	-1,501,661,777.85

III. Impairment loss of long-term equity investment		
IV. Impairment loss of investment properties		
V. Impairment loss of fixed assets		
VI. Impairment loss of construction materials		
VII. Impairment loss of construction in progress		
VIII. Impairment loss of productive biological assets		
IX. Impairment loss of oil and gas assets		
X. Impairment loss of intangible assets		
XI. Impairment loss of goodwill		
XII. Others		
Total	-1,328,746,351.47	-1,501,661,777.85

Other notes:

None

73. Gains from disposal of assets

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Gains from disposal of non-current assets not classified as held for sale	2,351,895.17	2,538,670.78
Including: Fixed assets	-4,002.77	2,538,670.78
Right-of-use assets	363,177.59	
Intangible assets	1,992,720.35	
Total	2,351,895.17	2,538,670.78

Other notes:

None

74. Non-operating income

Information of non-operating income

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year	Amount included in non-recurring gains and losses
Total gains on disposal of non-current assets	482,477.73	27,005.69	482,477.73
Including: gain from disposal of fixed assets	482,477.73	27,005.69	482,477.73
Gain from disposal of intangible assets			

Gains on barter trade of non-monetary assets			
Accept donation			
Government grants			
Indemnity income	26,285,175.34	14,994,043.26	26,285,175.34
Carbon emissions trading revenue	85,762,385.03	253,267,862.17	85,762,385.03
Initial investment cost of the long-term equity investment calculated by the equity method is less than the share of the owner's equity of the investee			
Others	9,900,828.91	10,303,941.67	9,900,828.91
Total	122,430,867.01	278,592,852.79	122,430,867.01

Other notes:

适用 不适用

75. Non-operating expenses

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year	Amount included in non-recurring gains and losses
Total losses on disposal of non-current assets	4,338,390.98	653,526.36	4,338,390.98
Including: Loss on disposal of fixed assets	4,338,390.98	653,526.36	4,338,390.98
Loss on disposal of intangible assets			
Losses on barter trade of non-monetary assets			
External donation	395,000.00	2,921,000.00	395,000.00
Fines payment	1,000,004.14		1,000,004.14
Compensation, liquidated damages	792,036.63	948,492.64	792,036.63
Tax late fee	2,793,017.73	1,345,113.94	2,793,017.73
Provision for litigation losses			
Others	289,320.87	2,442,570.72	289,320.87
Total	9,607,770.35	8,310,703.66	9,607,770.35

Other notes:

None

76. Income tax expense

(1). Income tax expense

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Current income tax	2,430,766,473.24	1,960,677,756.92
Deferred income tax	-84,528,612.29	-193,898,977.21
Total	2,346,237,860.95	1,766,778,779.71

(2). Reconciliation between income tax expenses and accounting profit

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year
Profits before tax	9,420,392,275.05
Expected income tax expenses at applicable tax rates	2,355,098,068.84
Effect of different tax rates applied by subsidiaries	-93,789,191.82
Adjustment for income tax in previous years	58,526,635.90
Effect of non-taxable income	-39,939,521.91
Effect of non-deductible costs, expenses and losses	112,461,333.07
Effect of using the deductible temporary differences or deductible losses for which no deferred tax asset was recognized in previous period	-90,326,002.80
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this year	78,822,177.68
The impact of additional deduction of research and development expenses	-38,114,817.94
Effect of tax rates adjustment	3,499,179.93
Income tax expenses	2,346,237,860.95

Other notes:

适用 不适用

77. Other comprehensive income

适用 不适用

For details of other comprehensive income, please refer to the description of "Notes on Consolidated Financial Statements - Other Comprehensive Income".

78. Notes to cash flow statement

(1). Cash related to operating activities

Cash received from other operating activities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Recover of bank security deposits	2,635,632,769.79	1,282,883,169.63
Interest income received	336,460,433.18	369,421,880.33
Revenue from labor services and rental services received	142,376,663.33	205,405,055.62
Government grants income received	2,929,713,595.96	1,954,315,555.12
Security deposit received	25,262,575.80	41,714,258.66
Receive the emissions trading revenue	91,186,257.55	258,862,613.90
Receive the customer's futures transaction reserve fund	275,701,562.49	659,061,922.84
Net amount received from others payments and current accounts	302,822,903.42	98,772,195.08
Total	6,739,156,761.52	4,870,436,651.18

Note to cash received from other operating activities:

None

Cash paid for other operating activities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Payment of security deposit to banks	2,471,644,122.36	2,635,632,769.79
Expenses paid in cash	934,752,240.85	998,891,219.96
Payment of security deposits	32,004,240.72	20,938,591.43
Net amount paid for others payments and current accounts	212,415,269.92	262,365,979.67
Total	3,650,815,873.85	3,917,828,560.85

Note to Cash paid for other operating activities:

None

(2). Cash related to investing activities

Cash received from major investing activities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Receipts of the redemption of financial products	38,151,966,926.42	300,000,000.00
Receipts of margin deposit for futures contract	273,998,044.21	193,958,609.62
Withdrawal of treasury bond reverse repurchase investment	-	1,116,078,000.00
Receipts of other investments such as bond funds	6,191,625,185.19	2,793,553,429.06
Total	44,617,590,155.82	4,403,590,038.68

Note to Cash received from other investing activities:

None

Cash paid for major investing activities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Payment of investment in financial products	39,207,631,043.49	300,000,000.00
Payment of treasury bond reverse repurchase investment	-	941,578,000.00
Payment of other investments such as bond funds	6,128,222,917.37	2,808,926,742.63
Total	45,335,853,960.86	4,050,504,742.63

Note to Cash paid for major investing activities:

None

Other cash received related to investing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Withdraw the bank guarantee	89,200,271.13	637,616,325.62
Margin received for commodity futures contracts	45,514,158.38	157,428,226.25
Net other receipts and current accounts	9,143,305.69	4,046,095.37
Total	143,857,735.20	799,090,647.24

Note to cash received related to investing activities:

None

Other cash paid related to investing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Margin paid for commodity futures contracts	2,186,193.00	89,200,271.13
Bank guarantee deposit paid	640,572,760.28	9,290,460.48
Other payments and net current accounts	667,428,293.60	195,623,771.96
Total	1,310,187,246.88	294,114,503.57

Note to other cash paid related to investing activities:

None

(3). Cash related to financing activities

Cash received for other financing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Recover of bank security deposits	3,584,113,820.12	3,525,382,532.56
Other cash received related to financing activities	-	417,368,743.21
Received short-term bond issuance funds	3,096,132,075.49	1,998,113,207.54
Recover security deposits of financing leases		
Received financing lease payments	500,000,000.00	1,200,000,000.00

Net amount of cash received from the sale of treasury shares		
Total	7,180,245,895.61	7,140,864,483.31

Note to Cash received for other financing activities:

None

Cash paid for other financing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Payment of security deposit to banks	3,270,108,173.18	3,584,113,820.12
Payment related to leases	1,578,453,077.15	656,283,317.52
Cash paid for other financing activities	12,645,873.80	9,940.50
Total	4,861,207,124.13	4,240,407,078.14

Note to Cash paid for other financing activities:

None

Changes in liabilities arising from financing activities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase		Decrease		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Bank loans	165,178,545,355.56	107,156,933,779.47	4,619,885,210.11	127,044,569,149.56	175,069,168.65	149,735,726,026.93
Other payables - dividends payable		-	3,730,722,886.58	3,730,722,886.58	-	-
Bonds payable (including those within one year)	2,016,752,688.15	3,096,132,075.49	61,557,222.56	2,043,500,000.00	6,578,002.55	3,124,363,983.65
Lease liabilities (including those within one year) [Note]	360,461,507.63	-	232,745,390.98	405,310,924.77	93,571,836.17	94,324,137.67
Long-term payables (including those within one year)	3,280,121,446.86	500,000,000.00	322,689,430.23	976,759,993.81	368,053,848.43	2,757,997,034.85
Trading financial liabilities	415,695,007.98	-	970,620,532.63	12,645,873.80	418,507,170.58	955,162,496.23
Total	171,251,576,006.18	110,753,065,854.96	9,938,220,673.09	134,213,508,828.52	1,061,780,026.38	156,667,573,679.33

[Note] The VAT related to the payment of rental is RMB 106,973,068.68.

(4). Notes on presenting cash flow on a net basis
 适用 不适用

(5). Significant activities and financial impacts that do not involve current cash receipts and payments but affect the financial status of the enterprise or may affect the cash flow of the enterprise in the future
 适用 不适用

Item	Current year	Prior year
Bill endorsement transfer for payment of goods	2,630,574,851.61	2,845,044,201.90

79. Supplement to cash flow statement
(1). Supplement to cash flow statement
 适用 不适用

Unit: Yuan Currency: RMB

Supplement information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	7,074,154,414.10	7,053,006,882.53
Add: Provision for impairment of assets	1,328,746,351.47	1,501,661,777.85
Credit impairment loss	7,812,763.94	18,616,993.86
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	11,369,934,109.98	10,028,260,408.64
Amortization of right-of-use assets	51,492,410.40	45,959,092.39
Amortization of intangible assets	298,525,849.13	284,623,661.29
Amortization of long-term deferred expenses	676,364,892.42	679,573,574.35
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in "-")	-2,351,895.17	-2,538,670.78
Loss on retirement of fixed assets (Gain as in "-")	3,855,913.25	626,520.67
Losses on changes in fair value (Gain as in "-")	179,590,612.08	-325,003,215.29
Financial expenses (Gain as in "-")	3,556,513,080.53	4,504,905,602.14
Investment losses (Gain as in "-")	33,511,524.02	-61,011,669.63
Decrease in deferred tax assets (Increase as in "-")	-82,297,736.21	-191,413,999.54
Increase in deferred tax liabilities (Decrease as in "-")	-2,230,876.08	-2,484,977.67
Decrease in inventories (Increase as in "-")	-789,273,961.25	5,514,431,575.73
Decrease in operating receivables (Increase as in "-")	2,614,692,444.28	-4,501,019,325.87
Increase in operating payables	4,796,724,351.74	-2,059,778,395.17

(Decrease as in “-”)		
Others	6,024,294.80	244,149,420.43
Net cash flows from operating activities	31,121,788,543.43	22,732,565,255.93
2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital		
Convertible bonds mature within one year		
Fixed assets acquired under finance leases		
Right-of-use assets formed by leasing	85,969,753.98	404,519,495.86
3. Net increase / (decrease) in cash and cash equivalents:		
Cash and bank balance as at end of year	23,117,469,543.17	24,546,461,064.45
Less: cash and bank balance at beginning of year	24,546,461,064.45	15,025,322,771.34
Add: cash equivalents at end of year		
Less: cash equivalents at beginning of year		
Net increase in cash and cash equivalents	-1,428,991,521.28	9,521,138,293.11

(2). Net cash paid for acquisition of subsidiaries during the year
 适用 不适用

(3). Net cash received from disposal of subsidiaries during the year
 适用 不适用

(4). Details of cash and cash equivalents
 适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
I. Cash	23,117,469,543.17	24,546,461,064.45
Including: Cash on hand	730,891.88	423,193.13
Cash at bank readily available for payment	19,872,279,949.03	21,321,198,101.26
Other monetary fund readily available for payment	3,244,458,702.26	3,224,839,770.06
Cash at central bank available on demand		
Deposits with banks and other financial institutions		
Interbank lending		
II. Cash equivalents		
Including: bonds investment mature within 3 months		
III. Cash and cash equivalents as at closing balance	23,117,469,543.17	24,546,461,064.45
Including: Restricted cash and cash		

equivalents held by the Company or subsidiaries of the Group		
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(5). Situation where the using rights of cash and bank balances subject to restriction is still listed as cash and cash equivalents

适用 不适用

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

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year	Reason of restriction
Loan guarantee deposit	3,115,706,229.47	3,584,113,820.12	Not available for immediate use
Bank acceptance deposit	1,022,152,014.37	662,215,665.31	Not available for immediate use
Letter of credit deposit	1,604,014,719.70	2,034,422,105.51	Not available for immediate use
Bond guarantee	1,737,102.00	1,897,102.00	Not available for immediate use
Forward foreign exchange margin			Not available for immediate use
Futures trading restricted margin	2,534,520.97	3,792,584.10	Not available for immediate use
Restricted time deposit certificate	575,824,400.27		Not available for immediate use
Other restricted bank deposits	328,423.00		Not available for immediate use
Unexpired interest receivable	12,786,445.10	3,738,414.40	Not actually received
Total	6,335,083,854.88	6,290,179,691.44	/

(7). Supplier 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 these arrangements is to provide cash flow assistance to suppliers, rather than to improve the Company's working capital. Under these arrangements, the Company's payment timing remains unchanged, but the Company makes unconditional payments to financial institutions upon maturity as agreed. Economically, there is no substantial change to the Company's cash flows, while legally, the Company's liabilities to suppliers are replaced with liabilities to financial institutions. Accordingly, the Company derecognizes the notes payable under such arrangements and recognizes an equivalent amount of short-term borrowings from financial institutions.

In the supplier financing arrangements, the Company does not change its payment timing (which remains the same as the maturity date of the notes payable). In accordance with the principle of substance over form and to enable financial statement users to better understand the financial statements, the Company treats funds obtained in advance by suppliers under supplier financing arrangements as being transferred to suppliers by financial institutions acting as the Company's agents, and accordingly recognizes cash inflows from financing activities and cash outflows from operating activities.

2) Presentation of financial liabilities from supplier financing arrangements in the balance sheet

Item	End of period	Beginning of period
Short-term loans	3,733,187,404.22	3,675,398,445.32

3) Payment due dates for financial liabilities under supplier financing arrangements

Item	End of period		Beginning of period	
	Liabilities under supplier financing arrangements	Comparable accounts payable not subject to supplier financing arrangements	Liabilities under supplier financing arrangements	Comparable accounts payable not subject to supplier financing arrangements
Notes Payable	6-12 months from receipt of invoice	6-12 months from receipt of invoice	6-12 months from receipt of invoice	6-12 months from receipt of invoice
Short-term loans	6-12 months from receipt of invoice	6-12 months from receipt of invoice	6-12 months from receipt of invoice	6-12 months from receipt of invoice

4) Non-cash changes in carrying amounts of financial liabilities from supplier financing arrangements

during the current period

The increase or decrease in the Company's financial liabilities under supplier financing arrangements during the current period did not include the impact of business combinations and exchange rate changes.

Other notes:

适用 不适用

(8). Notes to items in the statement of changes in owner's equity

Explain the "other" items and the adjustment amount for the adjustment of the balance at the end of the previous year:

适用 不适用

(9). Items in foreign currencies
(1). Items in foreign currencies

适用 不适用

Unit: Yuan

Item	Closing balance in foreign currency	Conversion rate	Converted into RMB at year end balance
Cash And Bank Balances			-
Including: Us Dollar	598,141,723.41	7.0288	4,204,218,545.50
Euro	15,441.08	8.2355	127,165.01
Singapore Dollar	345.60	5.4586	1,886.49
Japanese Yen	3,650.00	0.0448	163.52
Franc	34,410.11	8.8510	304,563.88
British Pounds	72.21	9.4346	681.27
Korean Won	1,600.00	0.0049	7.84
Accounts Receivable	-	-	-

Including: Us Dollar	57,361,970.93	7.0288	403,185,821.27
Euro	130,340.01	8.2355	1,073,415.15
Receivables Financing	-	-	-
Of Which: Us Dollar	286,359,345.84	7.0288	2,012,762,570.04
Other Receivables	-	-	-
Including: Us Dollar	87,644,944.15	7.0288	616,038,783.44
Korean Won	7,398,000.00	0.0049	36,250.20
Short-Term Loans	-	-	-
Including: Us Dollar	151,386,112.31	7.0288	1,064,062,706.20
Notes Payable	-	-	-
Of Which: Us Dollar	224,946,084.33	7.0288	1,581,101,037.54
Euro	1,710,000.00	8.2355	14,082,705.00
Japanese Yen	60,200,000.00	0.0448	2,696,960.00
Accounts Payable	-	-	-
Including: Us Dollar	405,351,725.44	7.0288	2,849,136,207.77
Euro	23,401,963.05	8.2355	192,726,866.70
Japanese Yen	1,524,845,792.00	0.0448	68,313,091.48
Franc	1,144.00	8.8510	10,125.54
Other Payables	-	-	-
Including: Us Dollar	2,179,483.97	7.0288	15,319,156.93
Non-Current Assets Due Within One Year	-	-	-
Including: Us Dollar	101,780,271.06	7.0288	715,393,169.23
Euro	3,810,977.41	8.2355	31,385,304.46
Long-Term Loans	-	-	-
Including Us Dollar	650,000,000.00	7.0288	4,568,720,000.00
Euro	24,385,711.11	8.2355	200,828,523.85

Other notes:

None

(2). Explanation of overseas operating entities, including for important overseas operating entities, the main overseas business location, bookkeeping functional currency and selection basis should be disclosed, and the reasons for changes in bookkeeping functional currency should also be disclosed.

适用 不适用

Name	Place of business	Reporting currency	Selection basis
HENGLI PETROCHEMICAL CO., LIMITED	China Hong Kong	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar
HENGLI PETROCHEMICAL INTERNATIONAL PTE. LTD.	Singapore	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar

Name	Place of business	Reporting currency	Selection basis
HENGLI SHIPPING INTERNATIONAL PTE. LTD.	Singapore	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar

(10). lease
(1). As lessee

适用 不适用

Variable lease payments not included in the measurement of lease liabilities

适用 不适用

Simplify the processing of short-term leases or rental fees for low-value assets

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year
Short-term leases	13,870,431.92

After-sale leaseback transaction and judgment basis

适用 不适用

In the after-sale leaseback transaction business of the Company, the leased property belongs to the Company at the end of the lease term and does not meet the criteria for sale. The Company uses after-sale leaseback transactions for financing, which is not a common business practice for companies.

Total cash outflows related to leasing 1,593,571,847.94 (Unit: Yuan Currency: RMB)

(2). As lessor

Operating lease as lessor

适用 不适用

Unit: Yuan Currency: RMB

Item	Rental income	Including: Income related to variable lease payments not included in lease receipts
Houses and buildings	25,910,162.82	
total	25,910,162.82	

Financial leasing as a lessor

适用 不适用

Adjustment table of undiscounted lease receipts and net lease investment

适用 不适用

Undiscounted lease receipts in the next five years

适用 不适用

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Beginning balance
First year	21,010,815.85	19,991,621.12
Second year	19,753,188.99	3,483,281.16
Third year	11,463,302.75	725,461.53
The fourth year		
Fifth year		
Total undiscounted lease receipts after five years		

(3). **Confirm the profit or loss of financial leasing sales as a manufacturer or distributor**

适用 不适用

Other notes:

None

(11). Data resources

适用 不适用

(12). Others

适用 不适用

VIII. Research and development expenditures

1. Listed by nature of expenses

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Staff salaries	530,504,447.26	527,568,467.52
Direct materials	694,141,998.71	816,211,871.79
Fuel and power	181,513,606.12	174,869,258.49
Depreciation and amortization	194,502,969.33	149,429,684.00
Others	25,031,848.22	34,804,952.10
Total	1,625,694,869.64	1,702,884,233.90
Including: Expensed R&D expenditure	1,625,694,869.64	1,702,884,233.90
Capitalized R&D expenditure		

Other notes:

None

2. Expenditure of research and development projects meet capitalized condition

适用 不适用

Important capitalized research and development projects

适用 不适用

Provision for impairment of development expenditure

适用 不适用

Other notes:

None

3. Important outsourcing projects in research

适用 不适用

IX. Changes in scope of consolidation

1. Business combination not under common control

适用 不适用

2. Business combination under common control

适用 不适用

3. Reverse acquisition

适用 不适用

4. Disposal of subsidiaries

Whether there are transactions or events that result in the loss of control over subsidiaries in the current period

适用 不适用

Other notes:

适用 不适用

Whether there are situations that the investment in a subsidiary is disposed of through multiple transactions and control is lost in the current period

适用 不适用

Other notes:

适用 不适用

5. Changes in the scope of consolidation for other reason

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related situations:

适用 不适用

1. Increase in scope of consolidation

Company name	Mode of acquisition of equity	Equity acquisition date	Contribution amount	Contribution ratio
Hengli (Dalian) Construction Engineering Service Co., Ltd.	New	2025/08/21	5 million yuan	100%
Shanghai Hengyao Shenghui Industrial Co., Ltd.	New	2025/09/05	20 million yuan	100%

2. Decrease in scope of consolidation for other reasons

Company name	Disposal method	Disposal date of equity	Net assets on disposal date	Net profit from the beginning of the period to date of disposal
Hengli Petrochemical (Dalian) Chemical Co., Ltd.	Mergers and acquisitions between subsidiaries	2025/12/18	661,305.44	161,336.70

6. Others

适用 不适用

X. Interests in other entities
1. Interest in subsidiaries
(1). Group structure

√适用 □不适用

Unit: ten-thousand-yuan Currency: RMB

Name of subsidiary	Place of businesses	Registered capital	Place of registration	Nature of business	Shareholding (%)		Shareholding (%)
					Direct	Indirect	
Jiangsu Hengli Chemical Fiber Co., Ltd.	China	220,800	No. 1 Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang City, Jiangsu Province	manufacturing	99.99	0.01	Business combinations not under common control
Sichuan Hengli New Materials Co., Ltd.	China	23,600	No. 10, Section 2, Lingang Avenue, Southern Sichuan Port Area, Sichuan Free Trade Zone	manufacturing		100	Established by investment
Suzhou Susheng Thermal Power Co., Ltd.	China	26,700	Tanqiu Village, Shengze Town, Wujiang	manufacturing		100	Business combination under common control
Jiangsu Deli Chemical Fiber Co., Ltd.	China	75,073.87	No. 599, Huanghe South Road, Sucheng Economic Development Zone, Suqian City	manufacturing		100	Business combinations not under common control
Hengli Futures Co., Ltd.	China	75,000	7th Floor, No. 308 Jinkang Road, China (Shanghai) Pilot Free Trade Zone, Units 01-2, 02, 03, and 04	financial industry		100	Business combinations not under common control
Hengli Hengxin Industry & Trade (Shanghai) Co., Ltd.	China	15,000	Unit 02, 9th Floor (Nominal Floor, Actual Floor: 8th Floor), No. 759 Yanggao South Road, China (Shanghai) Pilot Free Trade Zone	Wholesale		100	Established by investment

Shanghai Hengyao Shenghui Industrial Co., Ltd.	China	2,000	Room 901-5199, Building 4, No. 2377 Shenkun Road, Minhang District, Shanghai	Wholesale and retail trade		100	Established by investment
Jiangsu Xuanda Polymer Materials Co., Ltd.	China	205,000	Textile New Material Industrial Park, Wujie Town, Tongzhou District, Nantong City	manufacturing		100	Established by investment
Nantong Teng'an Logistics Co., Ltd.	China	50	No. 1 Kaisha Road, Binjiang New Area, Tongzhou District, Nantong City	Transportation industry		100	Established by investment
Jiangsu Hengke New Material Co., Ltd.	China	278,000	Hengli Textile New Material Industrial Park, Tongzhou Binjiang New Area (Wujie Town), Nantong City	manufacturing		100	Business combination under common control
Hengli New Material (Suqian) Co., Ltd.	China	3,250	No. 88 Gangcheng Road, Yangbei Street, Sucheng District, Suqian City	manufacturing		100	Established by investment
Suzhou Binglin Trading Co., Ltd.	China	500	Room 202, Building 8, No. 1 Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District, Suzhou City	Wholesale and retail trade		100	Established by investment
Suzhou Hengli Chemical Fiber New Materials Co., Ltd.	China	10,000	Room 203, Building 8, No. 1 Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province	Wholesale		100	Established by investment
Hengli Investment (Dalian) Co.,	China	627,000	Former Xingang Primary School, Xingang Village,	Industrial investment	100		Business combination under

Ltd.			Changxing Island Economic Zone, Dalian, Liaoning Province				common control
Hengli Petrochemical (Huizhou) Co., Ltd.	China	227,740	No. 26, Middle Petrochemical Avenue, Xiayong, Daya Bay, Huizhou (Building 2 (R&D))	manufacturing		100	Established by investment
Dalian Hengli Concrete Co., Ltd.	China	2,000	Xingang Village (formerly Xingang Primary School), Changxing Island Economic Zone, Dalian, Liaoning Province	manufacturing		100	Business combination under common control
Hengli Petrochemical (Dalian) Co., Ltd.	China	589,000	Former Xingang Primary School, Xingang Village, Changxing Island Economic Zone, Dalian, Liaoning Province	manufacturing		100	Established by investment
Suzhou Hengli Jiuli Sales Co., Ltd.	China	1,000	Xiangcheng District, Suzhou City, Jiangsu Province	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
Suzhou Hengli Huirun Import & Export Co., Ltd.	China	1,000	Xiangcheng District, Suzhou City, Jiangsu Province	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
HENGLI PETROCHEMICAL CO. LIMITED	Hong Kong, China	HK\$10 million	Flat 1906,19/F,Harbour Center,25 Harbor Road,Wanchai,Hong Kong	Wholesale and retail trade		100	Established by investment
Hengli Shipping (Dalian) Co., Ltd.	China	2,000	Xingang Village (formerly Xingang Primary School), Changxing Island Economic Zone, Dalian, Liaoning	Transportation industry		100	Business combinations not under common control

			Province				
Shenzhen Ganghui Trading Co., Ltd.	China	50	Unit 6101-03, Block A, Kingkey 100 Building, No. 5016 Shennan East Road, Guiyuan Street, Luohu District, Shenzhen	Wholesale and retail trade		100	Business combination under common control
Hengli Storage & Transportation (Dalian) Co., Ltd.	China	1,000	No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Transportation industry		100	Established by investment
Kanghui New Materials Technology Co., Ltd.	China	167,796.5802	Yingkou Xianrendao Energy and Chemical Industrial Park	Manufacturing	66.33	33.67	Business combination under common control
Kanghui International Trade (Jiangsu) Co., Ltd.	China	5,000	Room 201, Building 8, No. 1 Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District	Wholesale and retail trade		100	Established by investment
Jiangsu Kanghui New Material Technology Co., Ltd.	China	250,000	No. 666, Xinli Road, Lili Town, Wujiang District	Manufacturing		100	Established by investment
Kanghui Dalian New Materials Technology Co., Ltd.	China	110,000	Comprehensive Building, No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing		100	Established by investment
Kanghui Nantong New Materials Technology Co., Ltd.	China	250,000	Hengli Textile New Material Industrial Park, Wujie Town, Tongzhou District, Nantong City	Rubber and plastic products industry		100	Merger of Controlling Shareholders
Hengli Petrochemical I (Dalian) New	China	751,600	Comprehensive Building, No. 298 Changsong Road, Changxing	Electricity and heat production and supply		100	Established by investment

Materials Technology Co., Ltd.			Island Economic Zone, Dalian, Liaoning Province	industry			
Hengli Petrochemical Utilities (Dalian) Co., Ltd.	China	30,000	Comprehensive Building, No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Water transport industry		100	Established by investment
Dalian Hengzhong Special Materials Co., Ltd.	China	6,400	No. 11 Qinghai Street, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing - Chemical Raw Materials and Chemical Products Manufacturing		85	Established by investment
Dalian Northeast Asia Petrochemical Products Co., Ltd.	China	3,000	Unit 1, 27th Floor, No. 52 Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
Dalian Northeast Asia Energy Co., Ltd.	China	3,000	Room 3, 27th Floor, No. 52 Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
Hengli Chemical (Dalian) Co., Ltd.	China	50,000	Comprehensive Building, No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and Retail Trade > Wholesale Trade > Wholesale of Mineral Products, Building Materials and Chemical Products > Wholesale of Other Chemical Products		100	Established by investment

				(F5169)			
Hengli Petrochemical (Dalian) Refining & Chemical Co., Ltd.	China	1,759,633	No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing	100		Business combination under common control
Hengli Aviation Fuel Co., Ltd.	China	1,000	No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail trade		100	Established by investment
Hengli Petrochemical Products Sales (Dalian) Co., Ltd.	China	10,000	OSBL Project - Engineering Office Building, No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail trade		100	Established by investment
Suzhou Hengli Chemical Polymer Co., Ltd.	China	10,360	East side of Dongda Bridge, Lili Town, Wujiang District, Suzhou City	Wholesale and retail trade		100	Established by investment
Shenzhen Shengang Trading Co., Ltd.	China	1,000	Unit 6101-03B, Block A, Kingkey 100 Tower, No. 5016 Shennan East Road, Guiyuan Street, Luohu District, Shenzhen	Wholesale and retail trade		100	Business combination under common control
Hengli Energy (Suzhou) Co., Ltd.	China	10,000	Room 2301, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail trade		100	Established by investment
Hengli Oil & Chemical (Suzhou) Co., Ltd.	China	10,000	Room 2302, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area,	Wholesale and retail trade		100	Established by investment

			China (Jiangsu) Pilot Free Trade Zone				
Nantong Hengli Import & Export Co., Ltd.	China	1,000	Henggangsha, Wujie Town, Tongzhou District, Nantong City, Jiangsu Province	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
HENGLI PETROCHEMICAL INTERNATIONAL PTE. LTD.	Singapore	US\$30,356,844	9 STRAITS VIEW #20-10 MARINA ONE WEST TOWER SINGAPORE (018937)	Wholesale and retail trade		100	Established by investment
Shanghai Jinmintai Trading Co., Ltd.	China	1,000	Room 204A, Building 4, No. 2377 Shenkun Road, Minhang District, Shanghai	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
Suzhou Hengli Chemical Import & Export Co., Ltd.	China	\$110 million	Room 409, 4th Floor, MAX Science and Technology Park, No. 998 Pangnan Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province	Wholesale and retail trade		100	Established by investment
HENGLI SHIPPING INTERNATIONAL PTE.LTD.	Singapore	\$500,000	9 STRAITS VIEW #20-10 MARINA ONE WEST TOWER SINGAPORE (018937)	Transportation industry		100	Established by investment
Hengli Energy (Hainan) Co., Ltd.	China	\$150 million	Room 801, Building A, Sunshine Financial Plaza, Jiyang District, Sanya City, Hainan Province	Wholesale		100	Established by investment
Hengli Oil & Chemical (Hainan) Co., Ltd.	China	\$100 million	Room 205-1328, No. 181 Xingyang Avenue, Jiangdong New District, Haikou	Wholesale		100	Established by investment

			City, Hainan Province				
Suzhou Hengli Energy & Chemical Import & Export Co., Ltd.	China	\$50 million	Room 301, Building 5, No. 1518 Linhu Avenue, Lili Town, Wujiang District, Suzhou City	Wholesale		100	Established by investment
Hengli Petrochemical Sales Co., Ltd.	China	5,000	Room 1688, Building 2, No. 215 Lianhe North Road, Fengxian District, Shanghai	Wholesale and retail trade		100	Established by investment
Henglitongshang New Materials Co., Ltd.	China	5,000	Serviced apartments, Building 14, Suzhou Bayview Garden, No. 777 Fengqing Street, East Taihu Lake Ecological Tourism Resort (Taihu New City), Wujiang District, Suzhou City	Wholesale and retail trade		100	Established by investment
Hengli South China Petrochemical Sales Co., Ltd.	China	20,000	Room 3202, Luohu Business Center, No. 2028 Shennan East Road, Chengdong Community, Dongmen Subdistrict, Luohu District, Shenzhen	Wholesale and retail trade		100	Established by investment
Hengli North China Petrochemical Sales Co., Ltd.	China	5,000	Window No. 1 on the west side of the approval hall of the R&D building in Xianrendao Economic Development Zone, Yingkou City, Liaoning Province	Wholesale and retail trade		100	Established by investment
Guangdong Petrochemical	China	20,000	Units 1401-14002-140	Wholesale and retail		100	Business combination

I (Shenzhen) Co., Ltd.			03, Main Tower, Maritime Center, No. 59 Linhai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	trade			ons not under common control
Hengli Oil Products Sales (Suzhou) Co., Ltd.	China	10,000	Room 2303, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail trade		100	Established by investment
Hengli Chemical Sales (Suzhou) Co., Ltd.	China	10,000	Room 2304, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail trade		100	Established by investment
Hengli Northern Energy Sales Co., Ltd.	China	10,000	Room 3, 21st Floor, No. 52 Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale and retail trade		100	Established by investment
Hengli East China Petrochemical Sales Co., Ltd.	China	5,000	Room 1902-03, No. 3099 Chang'an Road, East Taihu Lake Ecological Tourism Resort (Taihu New City), Wujiang District, Suzhou City	Wholesale and retail trade		100	Established by investment
Suzhou Fangtuanwang E-commerce Co., Ltd.	China	500	No. 1 Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District	Wholesale and retail trade	100		Established by investment
Hengli Energy Import &	China	5,000	Room 2608, Building 88,	Wholesale		100	Established by

Export Co., Ltd.			Suzhou Center Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone				investment
Hengli Energy & Chemical (Shanghai) Trading Co., Ltd.	China	10,000	Room 702-7, No. 719 Shengui Road, Minhang District, Shanghai	Wholesale		100	Established by investment
Hengli Hengyuan Supply Chain (Shanghai) Co., Ltd.	China	5,000	Room 101, 1st Floor, Building 1, No. 99 Shuanghui Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	Wholesale		100	Established by investment
Hengli New Energy (Shanghai) Co., Ltd.	China	5,000	Room 502, No. 99 Huangpu Road, Hongkou District, Shanghai	Wholesale		100	Established by investment
Hengliyuan Technology (Suzhou) Co., Ltd.	China	1,000	Room 2507, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale		100	Established by investment
Suzhou Hengli Jinshang Energy Technology Co., Ltd.	China	1,000	Room 2506, Building 88, Suzhou Center Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale		100	Established by investment
Dalian Hengli Fine Chemical Sales Co., Ltd.	China	5,000	Room 5, 21st Floor, No. 52 Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale		100	Established by investment
Hengli Energy & Chemical (Sanya) Co.,	China	5,000	Room 805, Building A, Yahua Xiangxie,	Wholesale		100	Established by investment

Ltd.			Sanya Bay Road, Tianya District, Sanya City, Hainan Province				t
Hengli Petrochemical Sales (Haikou) Co., Ltd.	China	5,000	NY15, Maker Service Center, No. 118 Xingyang Avenue, Jiangdong New District, Haikou City, Hainan Province	Wholesale		100	Established by investment
Dalian Hengli Petrochemical Sales Co., Ltd.	China	1,000	Room 4, 21st Floor, No. 52 Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale		100	Established by investment
Dalian Hengli Gold Merchants Sales Co., Ltd.	China	1,000	No. 547, Pincui Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale		100	Established by investment
Dalian Hengli New Energy Sales Co., Ltd.	China	1,000	No. 551, Pincui Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale		100	Established by investment
Hengli Energy & Chemical (Shenzhen) Co., Ltd.	China	500	Room 3201, Luohu Business Center, No. 2028 Shennan East Road, Chengdong Community, Dongmen Subdistrict, Luohu District, Shenzhen	Wholesale		100	Established by investment
Nantong Hengli Maoyuan Petrochemical Trading Co., Ltd.	China	1,000	Room 101, Building 5, Kaisha Village, Wujie Town, Tongzhou District, Nantong City, Jiangsu Province	Wholesale		100	Established by investment
Suzhou Hengli New	China	5,000	Room 501-04, Building A, No.	Wholesale and Retail		100	Established by

Energy Sales Co., Ltd.			4088 Kaiping Road, East Taihu Lake Ecological Tourism Resort (Taihu New City), Wujiang District, Suzhou City, Jiangsu Province	Trade - Wholesale of Petroleum and Petroleum Products			investment
Suzhou Hengli Fine Chemical Sales Co., Ltd.	China	1,000	Room 501-3, Building A, No. 4088 Kaiping Road, East Taihu Lake Ecological Tourism Resort (Taihu New City), Wujiang District, Suzhou City	Wholesale and Retail Trade - Wholesale Industry		100	Established by investment
Hengli Petrochemical Sales (Shenzhen) Co., Ltd.	China	500	Units 1406-14057 & 14058, Main Tower, Maritime Center, No. 59 Linhai Avenue, Nanshan Subdistrict, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen	Wholesale and Retail Trade > Wholesale Trade > Wholesale of Mineral Products, Building Materials and Chemical Products > Wholesale of Other Chemical Products		100	Established by investment
Hengli (Zhoushan) Energy & Chemical Co., Ltd.	China	1,000	Room 402-76, Warehouse No. 1, Block B, No. 86, Dacheng Fourth Road, Dinghai District High-tech Industrial Park, Zhoushan City, China (Zhejiang) Pilot Free Trade Zone	Wholesale and Retail Trade > Wholesale Trade		100	Established by investment
Luzhou Hengli Energy Sales Co., Ltd.	China	10,000	No. 1, 2nd Floor, Building 19, Yingtian Intelligent Terminal	Wholesale and Retail Trade > Wholesale >		100	Established by investment

			Industrial Park, Luzhou Comprehensive Bonded Zone	Wholesale of Machinery, Hardware and Electronic Products > Wholesale of Automobile s and Parts (F5172)			
Hengli Fuel Oil (Hainan) Co., Ltd.	China	1,000	Room G003, Building 2, Bonded Port Area, Xinying Bay Zone, Yangpu Economic Development Zone, Hainan Province	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Establishe d by investmen t
Shanghai Hengli Fuel Oil Co., Ltd.	China	1,000	Room A-522, No. 188 Yesheng Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Establishe d by investmen t
Hengli Fuel Oil (Guangzhou) Co., Ltd.	China	1,000	Room 508, Office Building, No. 18, Xiaohu South Third Road, Nansha District, Guangzhou	Wholesale and Retail Trade > Wholesale Trade > Wholesale of Mineral Products, Building Materials and Chemical Products > Wholesale of Petroleum and Related Products (F5162)		100	Establishe d by investmen t
Hengli Fuel Oil (Shenzhen) Co., Ltd.	China	5,000	No. 15 Mingzhu Road, Donghai CommUnity, Yantian Street, Yantian District,	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Establishe d by investmen t

			Shenzhen, 1409, Vanke Shenzhen Yantian Supply Chain Smart Warehouse, Yantian Comprehensive Bonded Zone				
Hengli Petrochemical Trading Co., Ltd.	China	5,000	Room 2602, Building 88, Suzhou Center Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail trade (F)	100		Established by investment
Huizhou Hengli Jinshang Trading Co., Ltd.	China	5,000	No. 26, Middle Petrochemical Avenue, Xiayong, Daya Bay, Huizhou (Building 2 (R&D))	Wholesale and Retail Trade > Wholesale Trade > Wholesale of Mineral Products, Building Materials and Chemical Products > Wholesale of Petroleum and Related Products (F5162)		100	Established by investment
Huizhou Hengli Chemical Sales Co., Ltd.	China	5,000	No. 26, Middle Petrochemical Avenue, Xiayong, Daya Bay, Huizhou (Building 2 (R&D))	Wholesale and Retail Trade > Wholesale Trade > Wholesale of Mineral Products, Building Materials and Chemical Products > Wholesale of Other Chemical Products		100	Established by investment

				(F5169)			
Hengli International Trading Co., Ltd.	China	5,000	Room 501-2606, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and Retail Trade > Wholesale > Trade Brokerage and Agency (F518)	100		Established by investment
Hengli Petrochemical Trading (Suqian) Co., Ltd.	China	1,000	Room 412, Building 42, No. 430 Fumin Avenue, Suqian Economic and Technological Development Zone - FHY024	Wholesale and Retail Trade > Wholesale Trade (F51)		100	Established by investment
Suqian Hengli Chemical Import & Export Co., Ltd.	China	1,000	No. 88 Yangfan Avenue, Yangbei Street, Sucheng District, Suqian City, Jiangsu Province	Wholesale and Retail Trade > Wholesale Trade (F51)	100		Established by investment
Hengli Dagong (Dalian) Materials Research Institute Co., Ltd.	China	1,000	Room 2702, 27th Floor, Block B, Victoria Plaza, No. 52 Gangxing Road, Renmin Road Subdistrict, Gangxing Community, Zhongshan District, Dalian City, Liaoning Province	Scientific research and technical services > Science and technology promotion and application services (M75)	60		Established by investment
Hengli (Dalian) Construction Engineering Service Co., Ltd.	China	500	Comprehensive Building, No. 298 Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Business Services > Scientific Research and Technical Services	100		Established by investment

Reason of difference between shareholding ratio and voting right ratio in the subsidiary:

There were no subsidiaries with a shareholding ratio different from the voting right ratio.

The basis for holding half or less of the voting rights but still controlling the investee, and holding more than half of the voting rights but not controlling the investee:

There were no subsidiaries in the current period that the parent company had half or less of the voting

rights and was included in the scope of the consolidated financial statements.

Basis of control in structured entity included in the scope of the consolidation:

There was no important structured entity included in the scope of the consolidation in this period.

Basis for determining whether a company is an agent or a principal:

None

Other notes:

In this period, there was no equity investment in which the parent company had more than half of the voting rights but failed to exercise control.

(2). Significant non-wholly-owned subsidiaries

适用 不适用

(3). Key financial information of important non-wholly owned subsidiaries

适用 不适用

(4). Significant restrictions on the use of corporate group assets and the settlement of corporate group debts

适用 不适用

There were no significant restrictions on the use of the Company's assets and repayment of the Company's debts during the period.

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

适用 不适用

There was no financial or other support provided to structured entities included in the consolidated financial statements during the period.

Other notes:

适用 不适用

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

适用 不适用

3. Interests in joint ventures or associates

适用 不适用

(1). Significant joint ventures or associates

适用 不适用

(2). Significant financial information of significant joint ventures

适用 不适用

(3). Significant financial information of significant joint associates
 适用 不适用

(4). Summarized financial information of immaterial joint ventures and associates
 适用 不适用

Unit: Yuan Currency: RMB

	Closing balance/current period amount	Beginning balance/previous period amount
Joint ventures:		
Total book value of investments		
Proportionate Share of:		
--Net profit		
--Other comprehensive income		
--Total comprehensive income		
Associated enterprises:		
Total book value of investments	796,623,655.49	745,826,920.43
Proportionate Share of:		
--Net profit	50,755,650.84	99,826,566.58
--Other comprehensive income		
--Total comprehensive income	50,755,650.84	99,826,566.58

Other notes:

None

(5). Significant restrictions on the ability of joint ventures or associates to transfer funds to the Company
 适用 不适用

(6). Excess losses incurred by joint ventures or associates
 适用 不适用

(7). Unrecognized commitments related to investments in joint ventures
 适用 不适用

(8). Contingent liabilities related to investments in joint ventures or associates
 适用 不适用

4. Significant joint ventures
 适用 不适用

5. Interests in structured entities not included in the scope of consolidated financial statements

Explanation on structured entities not included in the scope of consolidated financial statements:

 适用 不适用

On 31 December 2025, the structured entities related to the Company but not included in the scope of this financial statement are mainly engaged in asset management business, manage client assets and provide clients with investment management services for securities, futures and other financial products. The total assets of such structured entities on 31 December 2025 were RMB 380,671,700.

6. Others

适用 不适用

XI. Government grants

1. Government grants recognized based on the receivable amount at the end of the reporting period

适用 不适用

Reasons for not receiving the expected amount of government grant at the expected time

适用 不适用

2. Liability items involving government grants

适用 不适用

Unit: Yuan Currency: RMB

Financial statement items	Beginning balance	Increased grants amount in this period	Amount included in non-operating income in this period	Transferred to other income in this period	Other changes in this period	Closing balance	Related to assets/revenues
Deferred income	3,851,089,558.89	1,286,942,398.62	-	283,365,264.57	-	4,854,666,692.94	Asset-related

3. Government grants included in the current profit or loss

适用 不适用

Unit: Yuan Currency: RMB

Type	Current year	Prior year
Related to assets	283,365,264.57	282,467,509.33
Related to revenues	1,642,771,197.33	1,775,850,371.26
Total	1,926,136,461.90	2,058,317,880.59

Other notes:

None

XII. Risks associated with financial instruments

1. Risks of financial instruments

适用 不适用

The Company faces risks of various financial instruments in its daily activities, mainly including credit risk, market risk and liquidity risk. The Company's main financial instruments include cash and bank balances, equity investment, debt investment, loans, accounts receivable, accounts payable, etc. For details of each financial instrument, please refer to the relevant items in "Notes to Consolidated Financial Statements Items - Items in Foreign Currencies" in this Note. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are as follows:

The board of directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update risk management policies and systems. The Company's risk management is carried out by the risk management committee in accordance with the policies approved by the board of directors. The Risk Management Committee identifies, evaluates and avoids related risks through close cooperation with the Company's other business departments. The Company's internal audit department conducts regular audits on 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 investments and business portfolios, and reduces risk concentrated on a single industry, a specific region, or a specific counterparty by formulating appropriate risk management policies.

1. Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market price, including foreign exchange rate risk, interest rate risk and other price risk.

(1). Foreign exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates. The Company's main operations are located in China, Hong Kong, Singapore, domestic business is settled in RMB, export business is mainly settled in US dollar, and overseas operating companies are settled in US dollar, so the Company's determined foreign currency assets and liabilities and future foreign currency transactions (Foreign currency assets and liabilities and foreign currency transactions are mainly denominated in US dollar.) were exposed to foreign exchange rate risk. Related foreign currency assets and foreign currency liabilities include: Cash and bank balances, Accounts receivable, Receivable financing, Other receivables, Accounts payable, Notes payable, Other payables, Short-term loans, and Non-current liabilities due within one year. Amount of financial assets and foreign currency financial liabilities dominated in foreign currency and converted into RMB can be found in "Notes to Consolidated Financial Statements Items - Items in Foreign Currencies" in this note.

The Company pays close attention to the impact of exchange rate changes on the Company's exchange rate risk, and matches foreign currency income with foreign currency expenditure as much as possible to reduce foreign exchange risk. In addition, the Company also signed forward foreign exchange contracts to prevent the exchange risk of the Company's revenue settled in US dollars. At the end of the current period, the foreign exchange risks faced by the Company mainly originated from financial assets and liabilities denominated in US dollar. Amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB is shown in "Notes to Consolidated Financial Statements Items - Items in Foreign Currencies" in this note.

If all the other variables remain unchanged, the impact of a 5% appreciation or depreciation of the RMB against the US dollar on the Company's net profit is as follows:

Exchange rate changes	Impact on net profit (ten-thousand-yuan)	
	Current year	Prior year

Exchange rate changes	Impact on net profit (ten-thousand-yuan)	
	Current year	Prior year
Up 5%	29,903.30	31,136.13
Down 5%	-29,903.30	-31,136.13

The management believes that 5% reasonably reflects the reasonable range of possible changes in the RMB against the US dollar.

(2). Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The risks faced by the Company in changing market interest rates are mainly related to the Company's borrowings with floating interest rates. The Company's interest rate risk mainly arises from long-term interest-bearing debts such as long-term bank loans and bonds payable. Floating interest rate financial liabilities expose the Company to cash flow interest rate risk, while fixed interest rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the relative ratio of fixed rate and floating rate contracts according to the market environment at that time, and maintains an appropriate combination of fixed and variable rate instruments through regular review and monitoring.

When other variables remain unchanged, if the borrowing rate calculated at floating interest rates increases or decreases by 50 basis points, the impact on the Company's net profit is as follows:

Interest rate changes	Impact on net profit (ten-thousand-yuan)	
	Current year	Prior year
Up 50 basis points	-32,739.72	-34,585.58
Down 50 basis points	32,739.72	34,585.58

Management believes that 50 basis points reasonably reflects a reasonable range of possible changes in interest rates over the next year.

(3). Other price risks

The Company does not hold equity investments in other listed companies, and there is no other price risk.

2. Credit risk

Credit risk refers to the risk that the counterparty of a transaction fails to perform its contractual obligations, resulting in financial losses to the Company. The Company's credit risk mainly arises from Cash at bank and Receivables.

The Company's cash at bank is mainly deposited in state-owned banks and other large and medium-sized listed banks. The Company does not expect cash at bank to have significant credit risk.

For Receivables, the Company sets relevant policies to control credit risk exposure in accordance with the concentration of customer management credit risk. The Company evaluates the debtor's credit qualifications based on the debtor's financial status, external ratings, possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions, and sets the corresponding arrearage amount and credit period. The Company will regularly monitor the credit history of the debtor. For debtors with poor credit records, the Company will use written reminders, shorten the credit period or cancel the credit period to ensure that the Company's overall credit risk is within control. Since the Company's Receivables customers are widely dispersed in different regions and industries, there is no significant concentration of credit risk in the Company.

The Company does not provide any other guarantees that may subject the Company to credit risk. The largest credit risk exposure undertaken by the Company is the carrying amount of each financial asset in the balance sheet.

(1). Judgment basis for significant increase in credit risk

The Company assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition. When determining whether the credit risk has increased significantly since the initial recognition, the Company considers that it can obtain reasonable and evidence-based information without unnecessary extra cost or effort, including qualitative and quantitative analysis based on the Company's historical data, external credit risk rating and forward-looking information. When one or more of the following quantitative and qualitative standards are met, the Company believes that credit risk has increased significantly:

- 1) The contract payment has been overdue for more than 30 days.
- 2) According to the results of external public credit ratings, the debtor's credit rating dropped significantly.
- 3) There are serious problems in the debtor's production or operation, and the actual or expected results of the operation have dropped significantly.
- 4) Significantly adverse changes have occurred in the debtor's regulatory, economic or technological environment.
- 5) It is expected that the debtor's business, financial or economic conditions that will meet its debt-servicing capacity will undergo significant adverse changes.
- 6) Other objective evidence shows that financial assets have significantly increased credit risk.

(2). Basis of credit impairment

When evaluating whether the debtor has suffered credit impairment, the Company mainly considers the following factors:

- 1) The issuer or debtor has significant financial difficulties.
- 2) The debtor violates the contract, such as interest payment or principal default or overdue, etc.
- 3) Due to economic or contractual considerations related to the debtor's financial difficulties, the creditor gives the debtor a concession that would not be made under any other circumstances.
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring.
- 5) The issuer or debtor's financial difficulties caused the active market for the financial asset to disappear.
- 6) Purchase or source a financial asset at a substantial discount, the discount reflects the fact that credit losses have occurred.

(3). Parameters of measurement of expected credit loss

The parameters of expected credit loss measurement are based on whether there has been a significant increase in credit risk and whether credit impairment has occurred. The Company measures the loss provision for different assets with 12 months or the expected lifetime of the entire credit period. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis of historical statistical data and forward-looking information to establish default probability, default loss rate and default risk exposure model. The relevant definitions are as follows:

- 1) The probability of default refers to the possibility that the debtor will not be able to meet its repayment obligations in the next 12 months or throughout the remaining duration.
- 2) The default risk exposure refers to the amount that the Company should be reimbursed when a default occurs in the next 12 months or throughout the remaining duration.
- 3) The default loss rate refers to the Company's expectation of the degree of loss in default exposure. Depending on the type of counterparty, the method and priority of recourse, and the availability of collateral or other credit support, the rate of default loss varies.

The Company determines the expected credit loss by predicting the default probability, default loss rate and default risk exposure of individual exposures or asset portfolios in the coming months. During the reporting period, there have been no major changes in the expected credit loss estimation techniques or key assumptions.

(4). Forward-looking information included in the expected credit loss model

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company has identified

relevant information that affects the credit risk and expected credit losses of each asset portfolio, such as GDP growth rate and other macroeconomic conditions, and industry development stages such as industry cycle stage. The Company predicts the impact of this information on the probability of default and the rate of default loss on basis of considering changes in the Company's future sales strategy or credit policy.

3. Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise performs its obligation to settle cash or other financial assets. Liquidity risk is centrally controlled by the Company's financial department. The finance department monitors cash balances, securities that can be cashed at any time, and rolling forecasts of cash flows over the next 12 months to ensure that the Company has sufficient funds to repay debts under all reasonable forecasts, meet the Company's operating needs, and reduce the impact of cash flow fluctuations.

The financial liabilities and off-balance sheet guarantee items held by the Company are analyzed according to the maturity period of the undiscounted remaining contractual cash flow (Unit: ten-thousand-yuan):

Item	Closing balance				Total
	Within one year	One to two years	Two to three years	More than three years	
Bank borrowing	9,024,280.33	1,596,451.04	1,177,919.48	4,049,238.58	15,847,889.43
Financial liabilities held for trading	95,516.25	-	-	-	95,516.25
Notes payable	388,952.85	-	-	-	388,952.85
Accounts payable	1,090,408.47	-	-	-	1,090,408.47
Other payables	39,901.16	-	-	-	39,901.16
Lease liabilities	3,289.80	2,432.11	2,254.28	2,202.48	10,178.67
Long-term payables	136,410.94	39,933.96	34,774.52	82,671.03	293,790.45
Bonds payable	265,655.94	1,235.00	50,339.63	-	317,230.57
Total financial liabilities and contingent liabilities	11,044,415.74	1,640,052.11	1,265,287.91	4,134,112.09	18,083,867.85

Continued:

Item	Beginning balance				Total
	Within one year	One to two years	Two to three years	Over three years	
Bank borrowing	12,262,818.17	1,778,225.80	1,280,639.86	4,886,652.92	20,208,336.75
Financial liabilities held for trading	50,378.73	-	-	-	50,378.73
Notes payable	1,144,730.63	-	-	-	1,144,730.63
Accounts payable	948,965.76	-	-	-	948,965.76

Item	Beginning balance				Total
	Within one year	One to two years	Two to three years	Over three years	
Other payables	37,524.92	-	-	-	37,524.92
Lease liabilities	6,870.57	5,066.80	4,155.67	26,298.67	42,391.71
Long-term payables	107,889.05	128,280.54	31,269.12	85,450.50	352,889.21
Bonds payable	204,350.00	-	-	-	204,350.00
Total financial liabilities and contingent liabilities	14,763,527.83	1,911,573.14	1,316,064.65	4,998,402.09	22,989,567.71

The financial liability amounts disclosed in the table above represent undiscounted contractual cash flows and may therefore differ from the carrying amount in the balance sheet.

4. Capital management

The goal of the Company's capital management policy is to ensure that the Company can continue to operate, so as to provide returns for shareholders and benefit other stakeholders, while maintaining the optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors the capital structure on the basis of the asset-liability ratio (i.e. total liabilities divided by total assets). As of 31 December 2025, the Company's asset-liability ratio was 74.53% (31 December 2024: 76.78%).

2. Hedging

(1). The Company carries out hedging business for risk management

适用 不适用

Other notes:

适用 不适用

(2). The Company carries out eligible hedging business and applies hedging accounting

适用 不适用

Other notes:

适用 不适用

(3). The Company conducts hedging business for risk management, and expects to achieve risk management objectives but has not applied hedging accounting

适用 不适用

Other notes:

适用 不适用

3. Transfer of financial assets

(1). Classification of Transfer Methods

适用 不适用

(2). Financial assets derecognized due to transfer

适用 不适用

(3). Transfer of financial assets that continue to be involved

适用 不适用

Other notes:

适用 不适用

XIII. Disclosure of fair value

1. Fair value of assets and liabilities measured at fair value at the end of the period

适用 不适用

Unit: Yuan Currency: RMB

Item	Fair value at year end			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading	298,546,305.67	1,439,955,234.26	-	1,738,501,539.93
1. Financial assets at fair value through profit or loss	298,546,305.67	1,439,955,234.26	-	1,738,501,539.93
(1) Debt instruments investment	-	53,878,768.00	-	53,878,768.00
(2) Equity instruments investment	-	283,657,593.10	-	283,657,593.10
(3) Derivative financial assets	298,546,305.67	-	-	298,546,305.67
(4) Bank wealth management products and structured deposits	-	1,102,418,873.16	-	1,102,418,873.16
2. Financial assets designated at fair value through profit or loss				
(1) Debt instruments				

investment				
(2) Equity instruments investment				
(II) Other debt investments				
(III) Other equity instruments investment				
(IV) Investment properties				
1.Land use rights for rental				
2.Leased buildings				
3.Land use rights that are held and ready to be transferred after appreciation				
(V) Biological assets				
1.Consumptive biological assets				
2.Productive biological assets				
(VI) Receivables financing			6,534,848,806.60	6,534,848,806.60
Total assets measured at fair value on recurring basis	298,546,305.67	1,439,955,234.26	6,534,848,806.60	8,273,350,346.53
(VI) Financial liabilities held for trading	955,162,496.23			955,162,496.23
1.Financial liabilities at fair value through profit or loss	282,239,615.36			282,239,615.36
Including: Issued trading bonds	-			-
Derivative financial liabilities	282,239,615.36			282,239,615.36
Others	-			-
2.Designated as financial liabilities at fair value through profit or loss	672,922,880.87			672,922,880.87
Total liabilities measured at fair	955,162,496.23			955,162,496.23

value on recurring basis				
II. Non-recurring fair value measurement				
(I) Assets held-for-sale				
Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

2. The basis for determining the market value of the continuous and non-continuous Level 1 fair value measurement

适用 不适用

For futures contracts with an active market price, the fair value is determined based on the quotation on the balance sheet date.

3. Continuous and non-continuous Level 2 fair value measurement using valuation techniques and qualitative and quantitative information on important parameters

适用 不适用

For debt instrument investments, wealth management products, structured deposits, fund trusts, and asset management products held by the Company, valuation techniques are used to determine their fair value. The valuation model used is the discounted cash flow model/market quotes or dealer quotes for similar instruments.

4. Continuous and non-continuous Level 3 fair value measurement using valuation techniques and qualitative and quantitative information on important parameters

适用 不适用

For receivables financing that is not traded in an active market, the carrying amount is similar to the fair value, and the carrying amount is used as the fair value.

5. Continuous third-level fair value measurement items, reconciliation information between book value at the beginning and end of the period and sensitivity analysis of unobservable parameters

适用 不适用

6. Continuing fair value measurement items, conversions between levels during the current period, reasons for the conversions and policies for determining the timing of the conversions

适用 不适用

7. Valuation technology changes during the period and reasons for the changes

适用 不适用

8. Fair value of financial assets and financial liabilities not measured at fair value

适用 不适用

The Company's financial assets and financial liabilities measured at amortized cost mainly include: Cash and bank balances, Notes receivables, Accounts receivable, Other receivables, Short-term loans, Notes payable, Accounts payable, Other payables, Non-current liabilities due within one year, Long term loans, etc. The difference between the carrying amount of the financial assets and financial liabilities that the Company does not measure at fair value and their fair value are immaterial.

9. Others

适用 不适用

XIV. Related party and related party transactions

1. Information of parent company

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Parent Company Name	Place of Registration	Nature of business	Registered capital	Shareholding ratio of parent company to the Company (%)	Parent company's voting right ratio (%)
Hengli Group Co., Ltd	Wujiang, Jiangsu	Industrial Investment	200,200.00	29.84	29.84

Description of the parent company of the Company

The Company's ultimate controlling party is the couple of Chen Jianhua and Fan Hongwei. Chen Jianhua and Fan Hongwei directly held 11.24% shares of the Company and through Hengli Group Co., Ltd. and other 5 companies to hold 64.21% of shares of the Company, and totally held 75.45% of shares of the Company.

The ultimate controlling party of this enterprise is Chen Jianhua and Fan Hongwei's family

Other notes:

None

2. The Company's subsidiaries

For the details of the subsidiaries of the Company, please refer to the notes

适用 不适用

For details of the Company's subsidiaries, please refer to "Interests in Other Entities — Interests in Subsidiaries"

3. The Company's joint ventures and associates

For the details of the subsidiaries of the Company, please refer to the notes

适用 不适用

For details of the Company's significant joint ventures and associated entities, please refer to the note "Interests in Other Entities — Interests in Joint Arrangements or Associates".

The situation of other joint ventures or associates that had related party transactions with the Company in the current period, or had balances with the Company in the previous period is as follows
 适用 不适用

Other notes:

适用 不适用

4. Other related parties

适用 不适用

Other related party names	Other related parties and their relationship with this company
Guangdong Songfa Ceramics Co., Ltd.	Companies controlled by our parent company
Suzhou Wujiang Tongli Lake Tourism Resort Co., Ltd.	Companies controlled by our parent company
Suzhou Hengli Real Estate Co., Ltd.	Companies controlled by our parent company
Hengli Industrial Investment (Suzhou) Co., Ltd.	Companies controlled by our parent company
Suzhou Gufeng Asset Management Co., Ltd.	Companies controlled by our parent company
Hengli Cloud Commerce Technology Co., Ltd.	Companies controlled by our parent company
Wujiang Huajun Textile Co., Ltd.	Companies controlled by our parent company
Jiangsu Boyada Textile Co., Ltd.	Companies controlled by our parent company
Jiangsu Deshun Textile Co., Ltd.	Companies controlled by our parent company
Jiangsu Dehua Textile Co., Ltd.	Companies controlled by our parent company
Hengli (Suzhou) Textile Sales Co., Ltd.	Companies controlled by our parent company
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Companies controlled by our parent company
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Companies controlled by our parent company
Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Companies controlled by our parent company
Suqian Bailong Landscape Technology Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Real Estate (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Dalian Victoria Property Services Co., Ltd.	Companies controlled by the actual controller of this company
Dalian Kangjia Property Service Co., Ltd.	Companies controlled by the actual controller of this company
Suzhou Tonglihong Brewing Co., Ltd.	Companies controlled by the actual controller of this company
Suzhou Tonglihong E-commerce Co., Ltd.	Companies controlled by the actual controller of this company
Suzhou Hengli Intelligent Technology Co., Ltd.	Companies controlled by the actual controller of this company

Suzhou Hengli System Integration Co., Ltd.	Companies controlled by the actual controller of this company
Nantong Deji Concrete Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Import & Export Co., Ltd.	Companies controlled by our parent company
Jiangsu Wuzhou Bay Hengli International Hotel Co., Ltd.	Companies controlled by our parent company
Hengli Engine (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Precision Casting (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Green Building Materials (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Shipbuilding (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Equipment Manufacturing (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Integrated Services (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli International Hotel (Suqian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Marine Engineering (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Hengli Heavy Industry Group Co., Ltd.	Companies controlled by the actual controller of this company
Dalian Hengli Hotel Co., Ltd.	Companies controlled by the actual controller of this company
Shenzhen Lizheng Design & Planning Co., Ltd.	Companies controlled by close family members of the Company's actual controller
Hengli Marine Outfitting (Dalian) Co., Ltd.	Companies controlled by the actual controller of this company
Beijing Silk Road Winery Co., Ltd.	Other enterprises directly or indirectly controlled by the Company's actual controller and their close family members
Suzhou Hengli Youke Apartment Management Co., Ltd.	Companies controlled by our parent company
Chaozhou Songfa Ceramics Co., Ltd.	Companies controlled by the actual controller of this company
Suzhou Kangjia Property Management Co., Ltd.	Companies controlled by close family members of the Company's actual controller
Shanghai Ruicheng Yida Supply Chain Technology Co., Ltd.	Companies controlled by the actual controller of this company
Dalian Licheng Real Estate Co., Ltd.	Companies controlled by the actual controller of this company
Jiangsu Changshun Textile Co., Ltd.	Companies controlled by the actual controller of this company
Suzhou Hengli Intelligent Technology Co., Ltd. Dalian Branch	Companies controlled by the actual controller of this company
Xinhai No. 4 (Tianjin) Ship Leasing Co., Ltd.	Note 1

Note 1: Hengli Shipping (Dalian) Co., Ltd. (a subsidiary of the Company) leases vessels from Xinhai No.4 (Tianjin) Ship Leasing Co., Ltd., which were originally purchased by Xinhai No.4 from Hengli Shipbuilding (Dalian) Co., Ltd. (a related party of the Company). In accordance with the principle of

substance over form, the relevant leasing fees paid to Xinhai No. 4 (Tianjin) Ship Leasing Co., Ltd. were disclosed as related-party transactions.

Other notes:
None

5. Related party transactions

(1). Related transactions involving the purchase and sale of goods and the provision and receipt of labor services

Purchase of goods/acceptance of labor services
 适用 不适用

Unit: Yuan Currency: RMB

Related party	Nature of transaction	Current year	Approved transaction amount (if applicable)	Whether the transaction limit is exceeded (if applicable)	Prior year
Jiangsu Boyada Textile Co., Ltd.	Others	166,226.44	300,000.00	No	109,077.17
Suzhou Wujiang Tongli Lake Tourism Resort Co., Ltd.	Others	30,939.59	150,000.00	No	70,462.44
Jiangsu Deshun Textile Co., Ltd.	Others	613,216.32	1,500,000.00	No	1,234,813.29
Jiangsu Deshun Textile Co., Ltd.	Steam	841,772.19	2,500,000.00	No	1,174,868.79
Jiangsu Dehua Textile Co., Ltd.	Others	4,521,363.96	8,200,000.00	No	3,778,487.80
Suqian Bailong Landscape Technology Co., Ltd.	Fixed assets, etc.			No	876,828.00
Dalian Kangjia Property Service Co., Ltd.	Others	6,626,506.62	10,000,000.00	No	6,688,447.20
Suzhou Tonglihong Brewing Co., Ltd.	Others	15,350.00	150,000.00	No	7,350.00
Suzhou Hengli Intelligent Technology Co., Ltd.	Others	52,895,508.43	51,200,000.00	Yes	43,745,283.01
Suzhou Hengli Intelligent Technology	Others	3,773,584.91	3,800,000.00	No	

Co., Ltd. Dalian Branch					
Suzhou Hengli System Integration Co., Ltd.	Fixed assets, etc.	12,281,362.13	20,000,000.00	No	4,477,878.61
Suzhou Hengli System Integration Co., Ltd.	Others	54,685.85	5,000,000.00	No	
Nantong Deji Concrete Co., Ltd.	Concrete mortar	7,047,612.43	40,000,000.00	No	15,909,480.30
Nantong Deji Concrete Co., Ltd.	Others	3,140,681.79	6,600,000.00	No	61,389.38
Suzhou Tonglihong E-commerce Co., Ltd.	Others	974,207.87	4,750,000.00	No	2,246,986.02
Guangdong Songfa Ceramics Co., Ltd.	Others	-		No	141,631.86
Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Fixed assets, etc.	223,008.85	4,770,000.00	No	
Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Others	2,327,154.86	20,000,000.00	No	9,220,527.00
Suzhou Gufeng Asset Management Co., Ltd.	Others	1,996,857.80	3,010,000.00	No	2,124,701.82
Hengli Import & Export Co., Ltd.	Others	229,712.14	780,000.00	No	426,523.62
Jiangsu Wuzhou Bay Hengli International Hotel Co., Ltd.	Others	548,976.25	2,000,000.00	No	1,112,178.84
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Fixed assets, etc.		2,250,000.00	No	63,343.68
Sichuan Hengli Intelligent	Others	962,474.85	30,000,000.00	No	1,555,124.52

Textile Technology Co., Ltd.					
Dalian Victoria Property Services Co., Ltd.	Others	5,953,998.27	7,520,000.00	No	6,042,827.51
Hengli (Suzhou) Textile Sales Co., Ltd.	Others	2,668.58	30,000.00	No	
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Others	3,064,038.68	3,500,000.00	No	1,067,516.88
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Fixed assets, etc.	223,008.85	350,000.00	No	
Hengli International Hotel (Suqian) Co., Ltd.	Others	149,495.14	320,000.00	No	184,891.87
Hengli Marine Engineering (Dalian) Co., Ltd.	Others		2,000,000.00	No	1,203,539.82
Hengli Green Building Materials (Dalian) Co., Ltd.	Engineering materials, etc.	685,593.36	200,000,000.00	No	
Hengli Equipment Manufacturing (Dalian) Co., Ltd.	Engineering materials, etc.		190,000,000.00	No	187,477,955.65
Hengli Shipbuilding (Dalian) Co., Ltd.	Others	554,877.83	51,000,000.00	No	115,325.63
Dalian Hengli Hotel Co., Ltd.	Others	2,690,616.52	3,350,000.00	No	1,656,174.49
Shenzhen Lizheng Design & Planning Co., Ltd.	Others	174,257.43	300,000.00	No	941,747.58
Beijing Silk Road Winery	Others	36,714,477.88	38,835,200.00	No	23,258,814.16

Co., Ltd.					
Suzhou Hengli Youke Apartment Management Co., Ltd.	Others	22,037.75	70,000.00	No	
Chaozhou Songfa Ceramics Co., Ltd.	Others	32,867.26	70,000.00	No	

Sales of goods/provision of services

 适用 不适用

Unit: Yuan Currency: RMB

Related parties	Nature of transaction	Current year	Prior year
Jiangsu Boyada Textile Co., Ltd.	Polyester yarn	47,405,172.17	93,384,231.34
Jiangsu Boyada Textile Co., Ltd.	Steam	3,519,218.73	8,874,488.37
Jiangsu Boyada Textile Co., Ltd.	Others	112,579.54	189,157.96
Jiangsu Boyada Textile Co., Ltd.	Refined oil	262,229.74	559,994.35
Wujiang Huajun Textile Co., Ltd.	Steam	45,943.56	33,077.72
Wujiang Huajun Textile Co., Ltd.	Others	2,376.79	19,293.37
Wujiang Huajun Textile Co., Ltd.	Polyester yarn	3,595,455.03	2,116,044.05
Jiangsu Deshun Textile Co., Ltd.	Polyester yarn	67,240,546.72	101,620,017.68
Jiangsu Deshun Textile Co., Ltd.	Others	36,974.84	123,275.86
Jiangsu Deshun Textile Co., Ltd.	Refined oil	110,059.91	
Jiangsu Dehua Textile Co., Ltd.	Polyester yarn	59,287,368.79	53,556,371.61
Jiangsu Dehua Textile Co., Ltd.	Others	48,351.87	56,581.27
Jiangsu Dehua Textile Co., Ltd.	Refined oil	95,600.00	
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Polyester yarn	232,930,149.95	384,477,341.36
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Refined oil	123,451.32	
Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Refined oil	354,575.40	
Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Polyester yarn	203,642,315.33	343,475,556.86

Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Others	53,590.97	189,205.79
Nantong Deji Concrete Co., Ltd.	Others	817.92	11,634.61
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Polyester yarn	167,780,163.75	267,295,424.19
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Refined oil	65,958.41	
Hengli Cloud Commerce Technology Co., Ltd.	Others	633.00	2,183.37
Hengli Heavy Industry Group Co., Ltd.	Others		546,125.30
Hengli Engine (Dalian) Co., Ltd.	Refined oil and others	5,925,019.82	1,797,913.41
Hengli Engine (Dalian) Co., Ltd.	Concrete	5,161,410.18	
Hengli Precision Casting (Dalian) Co., Ltd.	Refined oil and others		243,454.78
Hengli Precision Casting (Dalian) Co., Ltd.	Concrete	18,708.74	
Hengli Green Building Materials (Dalian) Co., Ltd.	Refined oil and others	3,555,188.91	1,604,265.31
Hengli Green Building Materials (Dalian) Co., Ltd.	Steam	2,251,054.07	2,810,759.03
Hengli Shipbuilding (Dalian) Co., Ltd.	Refined oil and others	369,956,478.54	45,103,375.05
Hengli Shipbuilding (Dalian) Co., Ltd.	Concrete	441,819,581.04	72,456,924.73
Hengli Shipbuilding (Dalian) Co., Ltd.	Engineering materials, etc.		269,330.95
Hengli Shipbuilding (Dalian) Co., Ltd.	Steam	2,331,865.83	
Hengli Shipbuilding (Dalian) Co., Ltd.	Chemicals	1,593,392.26	
Hengli Equipment Manufacturing (Dalian) Co., Ltd.	Refined oil and others		1,681,158.23
Hengli Integrated Services (Dalian) Co., Ltd.	Concrete	17,203.88	
Hengli Marine Engineering (Dalian) Co., Ltd.	Refined oil and others	825,688.10	6,810,984.43
Hengli Marine Engineering (Dalian) Co., Ltd.	Concrete	224,548.53	
Hengli Marine Outfitting (Dalian) Co., Ltd.	Others		1,035,269.42
Hengli Marine Outfitting	Concrete	3,000,400.48	

(Dalian) Co., Ltd.			
Suzhou Gufeng Asset Management Co., Ltd.	Others	973.45	1,173.50
Suzhou Hengli Real Estate Co., Ltd.	Others	46,932.47	55,295.10
Jiangsu Wuzhou Bay Hengli International Hotel Co., Ltd.	Others	77,488.00	
Suzhou Kangjia Property Management Co., Ltd.	Others	23,538.93	
Shanghai Ruicheng Yida Supply Chain Technology Co., Ltd.	Refined oil and others	381,395,732.32	
Shanghai Ruicheng Yida Supply Chain Technology Co., Ltd.	Chemicals	227,200,116.13	
Dalian Licheng Real Estate Co., Ltd.	Concrete	36,543.69	

Note to purchase and sale of goods, acceptance and provision of labor services
适用 不适用

(2). Related entrusted management/contracting and entrusted management/contracting

The Company's entrusted management/contracting situation table:
适用 不适用

Note to custodian/contracting situation with related party
适用 不适用

The Company's entrusted management/outsourcing situation
适用 不适用

Note to entrusted management/outsourcing with related party
适用 不适用

(3). Rental with related party

The Company as the lessor:
适用 不适用

Unit: Yuan Currency: RMB			
Tenant	Category of lease assets	Rental income included in current period	Rental income recognized in prior year
Hengli (Suzhou) Textile Sales Co., Ltd.	Property and real estate		1,207,904.60
Hengli Real Estate (Dalian) Co., Ltd.	Property and real estate	1,284,730.60	2,092,450.74
Hengli Heavy Industry Group Co., Ltd.	Property and real estate	10,158,898.62	9,498,623.85
Hengli	Property and real	4,355,532.32	2,177,766.17

Shipbuilding (Dalian) Co., Ltd.	estate		
Guangdong Songfa Ceramics Co., Ltd.	Property and real estate	110,526.24	
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Property and real estate	1,592,920.35	
Dalian Hengli Hotel Co., Ltd.	Property and real estate	498,220.20	332,146.79

The Company as the lessee:

 适用 不适用

Unit: Yuan Currency: RMB

Lessor's name	Category of lease assets	Current year					Prior year				
		Rental charge of short-term leases and low-value asset leases under simplified method (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rent paid	Interest expense of lease liabilities	Increase of Right-of-use assets	Rental charge of short-term leases and low-value asset leases under simplified method (if applicable)	Variable lease payments not included in the measurement of lease liabilities (if applicable)	Rent paid	Interest expense of lease liabilities	Increase of Right-of-use assets
Jiangsu Deshun Textile Co., Ltd.	Property and real estate	910,554.54		910,554.54			217,654.07		217,654.07		
Jiangsu Boyada Textile Co., Ltd.	Property and real estate	916,580.28		916,580.28			1,126,670.77		1,126,670.77		
Hengli Industrial Investment (Suzhou) Co., Ltd.	Property and real estate			11,640,738.68	1,420,583.44				11,640,738.68	287,943.83	
Hengli Real Estate (Dalian) Co.,	Property and real estate						183,853.21		183,853.21		

Ltd.											
Suzhou Tonglihong E-commerce Co., Ltd.	Property and real estate	11,009.17		11,009.17				11,009.17		11,009.17	
Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	Property and real estate	11,009.17		11,009.17				11,009.17		11,009.17	
Jiangsu Wuzhou Bay Hengli International Hotel Co., Ltd.	Property and real estate	27,522.94		27,522.94							
Chen Jianhua	Property and real estate	1,904,761.90		1,904,761.90							
Xinhai No. 4 (Tianjin) Ship Leasing Co., Ltd.	Ships			28,966,554.19	6,430,539.82	-399,397,566.24			92,339,468.41	6,675,792.04	399,397,566.24

Note to rental with related party

适用 不适用

(4). Guarantee with related parties

The Company as the guarantor

 适用 不适用

The Company as the guaranteed party

 适用 不适用

Unit: Yuan Currency: RMB

Guarantor	Guaranteed Amount	Start date of guarantee	Guarantee expiry date	Whether the guarantee has been fulfilled
Chen Jianhua, Fan Hongwei [Note 1]	CNY4,677,165,990.79	2023/5/24	2038/5/21	No
Chen Jianhua and Fan Hongwei	CNY2,107,020,169.24	2021/8/20	2031/8/20	No
Chen Jianhua, Fan Hongwei [Note 2]	CNY203,921,863.62	2021/12/14	2026/12/14	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd. [Note 3]	CNY11,638,590,000.00	2023/6/29	2033/6/15	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd., Jiangsu Boyada Textile Co., Ltd., Jiangsu Deshun Textile Co., Ltd., Jiangsu Dehua Textile Co., Ltd., Wujiang Chemical Fiber Weaving Factory Co., Ltd. [Note 4]	USD750,000,000.00	2018/5/3	2033/5/2	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd., Jiangsu Boyada Textile Co., Ltd., Jiangsu Deshun Textile Co., Ltd., Jiangsu Dehua Textile Co., Ltd., Wujiang Chemical Fiber Weaving Factory Co., Ltd. [Note 5]	CNY20,600,000,000.00	2018/5/3	2033/5/2	No
Chen Jianhua, Fan Hongwei, Jiangsu Boyada Textile Co., Ltd., Jiangsu Deshun Textile Co., Ltd., Jiangsu Dehua Textile Co., Ltd., Wujiang Chemical Fiber Weaving Factory Co., Ltd. [Note 6]	CNY5,694,500,000.00	2019/12/19	2034/12/19	No
Hengli Group Co., Ltd. [Note 7]	CNY3,072,949,641.18	2022/2/26	2029/6/17	No
Hengli Group Co., Ltd. [Note 8]	CNY200,000,000.00	2020/4/21	2028/2/19	No
Hengli Group Co., Ltd.	CNY16,176,534,190.82	2024/7/31	2028/6/5	No
Hengli Group Co., Ltd. [Note 9]	CNY1,717,845,421.47	2024/7/31	2028/6/5	No

Guarantee with related parties

适用 不适用

[Note 1]: The Company also provides mortgage guarantees in the form of buildings, land use rights, machinery and equipment and construction in progress.

[Note 2]: The Company also provides mortgage guarantee with the right to use the sea area.

[Note 3]: The Company also provides mortgage guarantees in the form of buildings, land use rights, machinery and equipment and construction in progress.

[Note 4]: The Company also provides mortgage guarantees in the form of buildings, land use rights, machinery and equipment and construction in progress.

[Note 5]: The Company also provides mortgage guarantees in the form of buildings, land use rights, machinery and equipment and construction in progress.

[Note 6]: The Company also provides mortgage guarantees in the form of buildings, land use rights, machinery and equipment and construction in progress.

[Note 7]: The Company also provides mortgage guarantees in the form of buildings and land use rights.

[Note 8]: The Company also provides mortgage guarantees in the form of buildings, land use rights and machinery and equipment.

[Note 9]: The Company also deposits a margin as collateral.

(5). Loans and borrowings with related parties

适用 不适用

(6). Assets transfer and debt restructuring with related parties

适用 不适用

Unit: Yuan Currency: RMB

Related party	Nature of transaction	Current year	Prior year
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Property and real estate	6,629,784.86	18,281,967.86
Hengli Marine Engineering (Dalian) Co., Ltd.	Machinery and equipment		1,746,895.01
Hengli Shipbuilding (Dalian) Co., Ltd.	Machinery and equipment	1,118,535.98	4,318,584.06

(7). Compensation of key management personnel

适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Item	Current year	Prior year
Compensation of key management personnel	1,196.45	1,165.91

(8). Other related-party transactions

适用 不适用

(1) The Company purchases and sells for related parties

Unit: Yuan Currency: RMB

Name of related party	Transaction content	Current year	Prior year
Hengli (Suzhou) Textile Sales Co., Ltd.	Electricity	226,073.98	497,332.67
Jiangsu Boyada Textile Co., Ltd.	Electricity	1,257,861.11	981,853.23

Jiangsu Deshun Textile Co., Ltd.	Electricity	45,923,780.52	69,264,098.05
Sichuan Hengli Intelligent Textile Technology Co., Ltd.	Electricity	89,309,484.95	152,379,833.24
Nantong Deji Concrete Co., Ltd.	Electricity	-	18,636.21
Jiangsu Dehua Textile Co., Ltd.	Electricity	91,720.12	

(2) Related parties purchase and sell for the Company

Unit: Yuan Currency: RMB

Name of related party	Transaction content	Current year	Prior year
Jiangsu Deshun Textile Co., Ltd.	Water, electricity	394,968.92	607,374.02
Jiangsu Boyada Textile Co., Ltd.	Water, electricity	461,433.68	476,015.85
Suzhou Gufeng Asset Management Co., Ltd.	Water, electricity	207,224.67	98,276.07

(3) The Company collects and makes payments on behalf of related parties.

Unit: Yuan Currency: RMB

Related party	Relationship	Payments to related parties		
		Beginning balance	Amount incurred	Closing balance
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Companies controlled by the actual controller		15,151,622.22	-
Total			15,151,622.22	-
Reasons for the formation of related-party receivables and payables		Pursuant to a tripartite agreement, the Company directly settled the amounts payable to the contractor by paying the amounts due from the contractor to Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.		

6. Unsettled items such as receivables and payables with related parties
(1). Receivables from related parties
 适用 不适用

Unit: Yuan Currency: RMB

Item	Related parties	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Notes receivable	Hengli Shipbuilding (Dalian) Co., Ltd.			4,582,500.00	229,125.00
Notes receivable	Hengli Equipment Manufacturing (Dalian) Co., Ltd.			1,527,492.60	76,374.63

Accounts receivable	Wujiang Huajun Textile Co., Ltd.	8,416.76	420.84	6,860.70	343.04
Accounts receivable	Hengli Shipbuilding (Dalian) Co., Ltd.	10,251,590.27	512,579.51	71,737,207.22	3,586,860.36
Accounts receivable	Hengli Heavy Industry Group Co., Ltd.	298,348.00	14,917.40	2,510,864.58	125,543.23
Accounts receivable	Hengli Engine (Dalian) Co., Ltd.	36,465.00	1,823.25	18,850.00	942.5
Accounts receivable	Hengli Marine Outfitting (Dalian) Co., Ltd.	8,540.00	427.00	796,332.50	39,816.63
Accounts receivable	Jiangsu Dehua Textile Co., Ltd.			7,274.42	363.72
Accounts receivable	Jiangsu Deshun Textile Co., Ltd.	182,587.55	9,129.38	4,754.00	237.7
Accounts receivable	Hengli Real Estate (Dalian) Co., Ltd.	-	-	733,655.04	36,682.75
Accounts receivable	Dalian Hengli Hotel Co., Ltd.	-	-	135,765.00	6,788.25
Accounts receivable	Hengli Precision Casting (Dalian) Co., Ltd.	18,450.00	922.50		
Prepayments	Suzhou Gufeng Asset Management Co., Ltd.	463,848.00		424,878.00	
Prepayments	Jiangsu Boyada Textile Co., Ltd.	14,250.00		207,250.00	
Prepayments	Jiangsu Wuzhou Bay Hengli International Hotel Co., Ltd.	847.00		1,242.00	

Prepayments	Hengli Industrial Investment (Suzhou) Co., Ltd.	363,177.60			
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(2). Payable to related parties

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Related party	Closing book balance	Beginning book balance
Notes Payable	Jiangsu Peijie Textile Intelligent Technology Co., Ltd.		129,040.40
Notes Payable	Suzhou Hengli Intelligent Technology Co., Ltd.		253,053.07
Notes Payable	Hengli Green Building Materials (Dalian) Co., Ltd.	774,720.50	
Notes Payable	Nantong Deji Concrete Co., Ltd.	890,400.00	
Accounts payable	Suzhou Hengli System Integration Co., Ltd.	3,987,575.33	343,454.32
Accounts payable	Suzhou Hengli Intelligent Technology Co., Ltd.	11,518,800.00	7,300.88
Accounts payable	Suzhou Hengli Intelligent Technology Co., Ltd. Dalian Branch	2,000,000.00	
Accounts payable	Jiangsu Changshun Textile Co., Ltd.		97,788.73
Accounts payable	Jiangsu Dehua Textile Co., Ltd.	4,090.27	
Accounts payable	Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	2,694,917.77	185,084.08
Accounts payable	Sichuan Hengli Intelligent Textile Technology Co., Ltd.		1,712,603.64
Accounts payable	Jiangsu Deshun Textile Co., Ltd.		4,207.08
Accounts payable	Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	819,589.93	413,389.48
Accounts payable	Dalian Victoria Property Services Co., Ltd.		30,000.00
Accounts payable	Hengli Marine Engineering (Dalian) Co., Ltd.		1,973,991.36

Accounts payable	Hengli Shipbuilding (Dalian) Co., Ltd.		4,880,000.00
Accounts payable	Nantong Deji Concrete Co., Ltd.	876,722.92	4,635,078.69
Accounts payable	Suqian Bailong Landscape Technology Co., Ltd.	-	666,221.00
Accounts payable	Jiangsu Boyada Textile Co., Ltd.	37,700.00	
Other payables	Sichuan Hengli Intelligent Textile Technology Co., Ltd.	10,862.21	
Other payables	Hengli Green Building Materials (Dalian) Co., Ltd.		773,608.53
Other payables	Jiangsu Boyada Textile Co., Ltd.	58.15	

(3). Other items

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Related party	Closing book balance	Beginning book balance
Contract liabilities	Jiangsu Boyada Textile Co., Ltd.	733,353.13	174,513.90
Contract liabilities	Wujiang Huajun Textile Co., Ltd.	4.19	4.19
Contract liabilities	Jiangsu Deshun Textile Co., Ltd.	813,094.68	450,204.06
Contract liabilities	Jiangsu Peijie Textile Intelligent Technology Co., Ltd.	1,859,799.86	1,672,716.23
Contract liabilities	Jiangsu Dehua Textile Co., Ltd.	1,833,388.23	711,370.27
Contract liabilities	Hengli Shipbuilding (Dalian) Co., Ltd.	1,048,513.76	17,264,023.78
Contract liabilities	Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	2,517,780.43	4,386,015.11
Contract liabilities	Hengli Engine (Dalian) Co., Ltd.	26,720.00	320,551.50
Contract liabilities	Hengli Marine Engineering (Dalian) Co., Ltd.	30,774.97	30,774.97
Contract liabilities	Hengli Precision Casting (Dalian) Co., Ltd.		91,711.24
Contract liabilities	Hengli Green Building Materials (Dalian) Co., Ltd.		633,076.15
Contract liabilities	Hengli Equipment Manufacturing (Dalian) Co., Ltd.	9,382.88	9,382.88

Contract liabilities	Sichuan Hengli Intelligent Textile Technology Co., Ltd.	10,074,325.98	9,894,599.76
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7. Commitments with related party
 适用 不适用

8. Others
 适用 不适用

XV. Share-based payment
1. Equity instruments
(1). Details
 适用 不适用

(2). Stock options or other equity instruments outstanding at the end of the period
 适用 不适用

2. Equity-settled share-based payments
 适用 不适用

Unit: Yuan Currency: RMB

Recipients of equity-settled share-based payments	
Method in determining the fair value of equity instruments at the date of grant	
Important parameters for the fair value of equity instruments on the grant date	
Basis in determining the quantity of exercisable equity instruments	It is expected that the on-the-job employees will eventually obtain the corresponding benefits of the employee share incentive plan
Reasons for the significant difference between the current estimate and the previous estimate	None
Accumulated amount recorded in capital reserve for equity-settled share-based payments	483,094,795.28

Other notes:

None

3. Information on cash-settled share-based payments
 适用 不适用

4. Share-based payment expenses for this period
 适用 不适用

Unit: Yuan Currency: RMB

Grant object category	Share-based payment expenses settled in equity	Share-based payment expenses settled in cash
Company employees	34,575,569.00	
Total	34,575,569.00	

Other notes

None

5. Modifications and terminations of share-based payments

适用 不适用

6. Others

适用 不适用

XVI. Commitments and contingencies

1. Significant commitments

适用 不适用

Significant external commitments, nature and amount on the balance sheet date

(1). Signed external investment contracts that have not yet been performed or have not been fully performed and related financial expenditures

Item	Closing balance	Beginning balance
Commitment to purchase and build long-term assets	673,503,664.04	1,209,635,646.74
Unused letter of credit issued	1,867,840,369.52	4,992,331,472.87
Letter of guarantee not due for payment	70,000,000.00	79,832,353.83
Total	2,611,344,033.56	6,281,799,473.44

(2). Leases that the lessee has committed but not started and their financial impact

Item	Closing balance
Undiscounted lease payments:	
1 year after balance sheet date	32,897,979.59
2 years after balance sheet date	24,321,072.54
3 years after balance sheet date	22,542,835.47
Thereafter	22,024,798.32
Total	101,786,685.92

2. Contingencies

(1). Important contingencies existing on the balance sheet date

适用 不适用

(2). If the Company has no important or contingencies that need to be disclosed, it should also explain:

适用 不适用

3. Others

适用 不适用

- Contingent liabilities arising from pending litigation or arbitration, and their financial impact
The Company has no contingent liabilities arising from pending litigation or arbitration.

2. Contingent liabilities arising from debt guarantees provided to other entities and their financial implications

The Company does not provide any debt guarantee for other units.

3. Other contingent liabilities and their financial impact

For details of bank acceptance bills that have been discounted or endorsed and have not matured on the balance sheet date, please refer to the “Notes to Consolidated Financial Statements Items — Receivables Financing”.

XVII. Post-balance sheet events

1. Significant non-adjustment matters

适用 不适用

2. Profit distribution

适用 不适用

Unit: Yuan Currency: RMB

Proposed dividend per 10 shares (Yuan)	2.90
Dividend per 10 shares declared and approved for distribution (Yuan)	2.90
Profit distribution plan	The 3rd meeting of the 10th Board of Directors of the Company deliberated and approved the proposed profit distribution plan for 2025: based on the total share capital on the date of equity distribution and registration, a cash dividend of RMB 2.90 (including tax) per 10 shares will be distributed to all shareholders.

3. Sales returns

适用 不适用

4. Other post-balance sheet events

适用 不适用

XVIII. Other important matters

1. Correction of prior accounting errors

For details, please refer to the section “Analysis and Explanation of the Reasons and Effects of Changes in Accounting Policies, Accounting Estimates, or Corrections of Significant Accounting Errors” under “Significant Matters.”

2. Debt restructuring

适用 不适用

3. Asset swap

(1). Non-monetary asset exchange

适用 不适用

(2). Other asset swap
 适用 不适用

4. Annuity plan
 适用 不适用

5. Discontinuation of operation
 适用 不适用

6. Segment information
(1). Basis for determining reporting segments and accounting policies
 适用 不适用

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company mainly operates in three business segments: petrochemical business segment, polyester business segment, headquarters and other business segments, the Company's management evaluate the operating results of these segments to determine the allocation of resources and evaluate their performance.

Segment report information is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management. These measurement bases are consistent with the accounting and measurement bases used in the preparation of financial statements.

(2). Financial information of the reporting segment
 适用 不适用

Unit: ten-thousand-yuan Currency: RMB

Item	Petrochemical segment	Polyester segment	Headquarters and other business segment	Elimination between segments	Total
Segment revenue	23,632,810.42	3,974,457.01	14,729,983.63	-22,228,521.02	20,108,730.04
Including: External revenue	8,573,349.81	3,944,862.08	7,590,518.15	-	20,108,730.04
Inter-segment sales	15,059,460.61	29,594.93	7,139,465.48	-22,228,521.02	-
Segment cost	21,435,042.44	3,696,490.07	14,566,311.94	-22,240,997.72	17,456,846.73
Segment profit (loss)	805,350.78	5,411.14	706,002.06	-574,724.75	942,039.23
Total assets	19,223,624.88	7,292,275.49	6,681,338.06	-6,971,339.48	26,225,898.95
Total liabilities	13,561,945.95	5,923,358.15	2,371,427.47	-2,309,959.74	19,546,771.83

(3). If the Company has no reportable segment, or cannot disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained
 适用 不适用

(4). Other notes
 适用 不适用

7. Other significant transactions and events affecting investors' decision-making
 适用 不适用

(1). Pledge of the Company's shares by the parent Company and the ultimate controller Chen Jianhua and Fan Hongwei's family

Pledgor	Pledgee	Pledge period	Number of pledged shares
Hengli Group Co., Ltd.	China Everbright Bank Co., Ltd. Suzhou Branch	2024/1/5-2026/12/25	30,000,000.00
Hengli Group Co., Ltd.	Agricultural Bank of China Suzhou Yangtze River Delta Integration Demonstration Zone Branch	January 26, 2024 - March 11, 2026	328,000,000.00
Hengli Group Co., Ltd.	Wujiang Shengze Branch of China Construction Bank	2024/June 14, 2031 - February 27, 2031	608,000,000.00
Hengli Group Co., Ltd.	Huaxia Bank Co., Ltd. Suzhou Branch	2024/11/6-2027/10/31	142,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	CITIC Securities Co., Ltd.	2024/1/4-2027/1/4	32,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	CITIC Securities Co., Ltd.	2024/12/3-2027/12/3	62,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	Yunnan International Trust Co., Ltd.	June 9, 2025 - June 10, 2026	108,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	CITIC Bank Co., Ltd. Suzhou Branch	2025/9/25-2030/9/24	53,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	Tibet Trust Co., Ltd.	2025/11/17-2026/11/18	62,700,000.00
Hengneng Investment (Dalian) Co., Ltd.	Industrial Bank International Trust Co., Ltd.	2025/12/2-2026/12/3	55,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	Tibet Trust Co., Ltd.	2025/12/19-2027/1/22	56,000,000.00
Hengneng Investment (Dalian) Co., Ltd.	Tibet Trust Co., Ltd.	2025/12/23-2027/1/22	56,000,000.00
Hengneng	Xingyin Wealth Management Co., Ltd.	[Note]	13,500,000.00

Pledgor	Pledgee	Pledge period	Number of pledged shares
Investment (Dalian) Co., Ltd.			

[Note] The share pledge of Hengli Group is mainly used to provide pledge guarantee for the trust plan established by employees of Hengli Group and its related subsidiaries. The specific pledge expiration date is subject to the actual pledge cancellation registration procedures.

8. Others

适用 不适用

XIX. Notes on important items of parent company's financial statements

1. Accounts receivable

(1). Disclosure by aging

适用 不适用

Unit: Yuan Currency: RMB

Aging	Closing balance	Beginning balance
Within one year (including one year)	158,106,200.00	869,420.04
Subtotal within one year	158,106,200.00	869,420.04
1 to 2 years		
2 to 3 years		
3 years or more		
3 to 4 years		
4 to 5 years		
Over 5 years		
Total	158,106,200.00	869,420.04

(2). Disclosure by provision for bad debts method

适用 不适用

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning Balance				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Ratio (%)	Amount	Provision rate (%)		Amount	Ratio (%)	Amount	Provision rate (%)	
Provision for bad debts on individual basis										
Including:										
Provision for bad debts on portfolio basis	158,106,200.00	100.00			158,106,200.00	869,420.04	100.00	43,471.00	5.00	825,949.04

Including:										
Consolidation of related parties	158,106,200.00	100.00			158,106,200.00					
Aging analysis portfolio						869,420.04	100.00	43,471.00	5.00	825,949.04
Total	158,106,200.00	100.00		/	158,106,200.00	869,420.04	100.00	43,471.00	5.00	825,949.04

Provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

Provision on portfolio basis: Consolidation of related parties

Unit: Yuan Currency: RMB

Name	Closing balance		
	Book balance	Provision for bad debts	Provision rate (%)
Consolidation of related parties	158,106,200.00		
Total	158,106,200.00		

Notes for provision for bad debts on portfolio basis:

适用 不适用

Accrual provision for bad debts based on the general model of expected credit losses

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts

None

Explanation of significant changes in the book balance of accounts receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(3). Provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in the period				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-					
Provision for bad debts on portfolio basis	43,471.00	-43,471.00				

Total	43,471.00	-43,471.00				
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Of which the amount of provision for bad debts recovered or reversed in this period is significant:

适用 不适用

Other notes:

None

(4). Accounts receivable actually written off this period

适用 不适用

The important write-off of accounts receivable:

适用 不适用

Notes for write-off of accounts receivable:

适用 不适用

(5). Accounts receivable and contract assets with the top five balances by counterparty as of the end of the period

适用 不适用

The Company's top five year-end book balances for accounts receivable in total of RMB 158,106,200.00, accounting for 100.00% of the total account balance of year-end balances of accounts receivable, and the corresponding year-end book balance of provision for bad debts is RMB 0.00.

Other notes:

None

Other notes:

适用 不适用

2. Other receivables

Presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable	132,659,920.68	198,989,881.02
Other receivables	1,775,939,073.35	136,847,310.02
Total	1,908,598,994.03	335,837,191.04

Other notes:

适用 不适用

Interest receivable

(1). Interest receivable by category

适用 不适用

(2). Significant overdue interest

适用 不适用

(3). Disclosure by provision for bad debts method

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(4). Provision for bad debts based on the general model of expected credit losses

适用 不适用

Basis dividing each stage and proportion of provision for bad debts:

None

Explanation of significant changes in the book balance of interest receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(5). Provision for bad debts

适用 不适用

The significant amount of provision for bad debts recovered or reversed in the current period:

适用 不适用

Other notes:

None

(6). Interest receivable written-off during the year

适用 不适用

The important write-off of Interest receivable:

适用 不适用

Write-off Instructions:

适用 不适用

Other Notes:

适用 不适用

Dividends receivable

(1). Dividends receivable

适用 不适用

(2). Significant dividends receivable aged over 1 year

适用 不适用

(3). Disclosure by provision for bad debts method

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(4). Provision for bad debts based on the general model of expected credit losses

适用 不适用

Basis for dividing each stage and proportion of provision for bad debts:

None

Explanation of significant changes in the book balance of dividends receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(5). Provision for bad debts

适用 不适用

The significant amount of provision for bad debts recovered or reversed in the current period:

适用 不适用

Other notes:

None

(6). Dividends receivable written-off during the year

适用 不适用

The important write-off of dividends receivable:

适用 不适用

Write-off Instructions:

适用 不适用

Other notes:

适用 不适用

Other receivables

(1). Disclosure by aging

适用 不适用

Unit: Yuan Currency: RMB

Aging	Closing book balance	Beginning book balance
Within one year (including one year)	1,789,461,367.27	72,674,351.95
Subtotal within one year	1,789,461,367.27	72,674,351.95
1 to 2 years		84,308,044.59
2 to 3 years		600,400.00
3 years or more		
3 to 4 years	400.00	
4 to 5 years		
Over 5 years		
Total	1,789,461,767.27	157,582,796.54

(2). Disclosure by nature

适用 不适用

Unit: Yuan Currency: RMB

Nature	Closing book balance	Beginning book balance
accounts receivable	1,519,013,888.89	-
Deposit and security deposit	400.00	2,900.00
other	270,447,478.38	157,579,896.54
Total	1,789,461,767.27	157,582,796.54

(3). Information of provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within next 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
Balance of 1 January 2025		20,735,486.52		20,735,486.52
Balance of 1 January 2025 during the period				
--transfer to second stage				
--transfer to third stage				
--Reverse to second stage				
--Reverse to first stage				
Provision for the		-7,212,792.60		-7,212,792.60

year				
Reversal in the year				
Transfer in the year				
Write-off in the year				
Other movement				
Balance of 31 December 2025		13,522,693.92		13,522,693.92

Basis for dividing each stage and proportion of provision for bad debts:

For details on the basis for the division of each stage, please refer to the explanation of “Impairment of Financial Instruments” in “Major Accounting Policies and Accounting Estimates - Financial Instruments” in this note.

Explanation of significant changes in other receivables book balance that have changed the loss provision in the current period:

适用 不适用

No significant changes occurred in the provision for losses in the current period.

Basis for accruing provision for bad debts for the current period and assessing whether the credit risk of financial instruments has increased significantly:

适用 不适用

The basis, input values, assumptions and other information used to determine the provision for bad debts amount and the assessment of whether the credit risk of financial instruments have increased significantly since initial confirmation are detailed in “Credit Risk” in the “Risks Related to Financial Instruments - Various Risks Arising from Financial Instruments” of this note.

(4). Provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in the period				Closing balance
		Provision	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-					
Provision for bad debts on portfolio basis	20,735,486.52	-7,212,792.60				13,522,693.92
Total	20,735,486.52	-7,212,792.60				13,522,693.92

Of which the amount of provision for bad debts reversed or recovered in this period is significant:

适用 不适用

Other notes:

None

(5). Other receivables actually written off this period

适用 不适用

The write-off of important other receivables:

适用 不适用

Notes to write-off of other receivables:

适用 不适用

(6). Other receivables with the top five balances by counterparty as of the end of the period

适用 不适用

Unit: Yuan Currency: RMB

Company name	Closing balance	Percentage of other receivables at the end of the period (%)	Nature	Aging	Provision for bad debts closing balance
Tibet Trust Co., Ltd.	4,598,923.15	0.26	Other	Within one year	229,946.16
Hengli Petrochemical (Dalian) New Materials Technology Co., Ltd.	1,496,013,888.89	83.60	Accounts receivable	Within one year	
Employee Stock Ownership Plan	265,825,026.67	14.86	Other	Within one year	13,291,251.33
Hengli (Dalian) Construction Engineering Service Co., Ltd.	23,000,000.00	1.29	Accounts receivable	Within one year	
Housing provident fund	12,035.00	0.00	Advance payment of employee social security and housing provident fund	Within one year	601.75
Total	1,789,449,873.71	100.00	/	/	13,521,799.241

(7). Other receivables reported due to centralized management of fund

适用 不适用

Other notes:

适用 不适用

3. Long-term equity investment

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
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	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investment in subsidiaries	44,427,275,704.93	-	44,427,275,704.93	44,422,275,704.93	-	44,422,275,704.93
Investment in associates and joint ventures						
Total	44,427,275,704.93	-	44,427,275,704.93	44,422,275,704.93	-	44,422,275,704.93

(1). Investment in subsidiaries

√适用 □不适用

Unit: Yuan Currency: RMB

Investee	Beginning balance (book value)	Beginning balance of provision for impairment	Movement in the period				Closing balance (book value)	Closing balance of provision for impairment
			Addition investment	Reduce investment	Provision for impairment	Others		
Suzhou Fangtuanwang E-commerce Co., Ltd.	2,000,000.00						2,000,000.00	
Jiangsu Hengli Chemical Fiber Co., Ltd.	10,808,919,000.00						10,808,919,000.00	
Kanghui New Materials Technology Co., Ltd.	1,937,601,065.09						1,937,601,065.09	
Hengli Petrochemical Trading Co., Ltd.	50,000,000.00						50,000,000.00	
Hengli International Trading Co., Ltd.	50,000,000.00						50,000,000.00	
Hengli Petrochemical	17,516,472,093.22					4,619,719,782.89	22,136,191,876.11	

(Dalian) Refining & Chemical Co., Ltd.								
Hengli Petrochemical Sales Co., Ltd.	50,000,000.00						50,000,000.00	
Hengli Petrochemical (Dalian) Chemical Co., Ltd.	4,619,719,782.89					-4,619,719,782.89	-	
Hengli Investment (Dalian) Co., Ltd.	9,381,563,763.73						9,381,563,763.73	
Hengli Dagong (Dalian) Materials Research Institute Co., Ltd.	6,000,000.00						6,000,000.00	
Hengli (Dalian) Construction Engineering Service Co., Ltd.			5,000,000.00				5,000,000.00	
Total	44,422,275,704.93		5,000,000.00				44,427,275,704.93	

(2). Investment in associated and joint ventures
 适用 不适用

(3). Impairment test of long-term equity investments
 适用 不适用

Other notes:

None

4. Operating income and operating cost

(1). Operating income and operating cost

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary operations	404,050,068.74	-	548,767,228.58	
Other operations	6,776,921.31	4,796,925.60	5,034,915.62	3,031,978.73
Total	410,826,990.05	4,796,925.60	553,802,144.20	3,031,978.73

(2). Breakdown of operating income and operating cost

适用 不适用

Other notes:

适用 不适用

(3). Note on performance obligations

适用 不适用

(4). Description of apportionment to remaining performance obligations

适用 不适用

(5). Significant contract changes or significant transaction price adjustments

适用 不适用

Other notes:

None

5. Investment income

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Income from long-term equity investment by cost method	5,964,639,220.68	1,820,989,881.02
Income from long-term equity investment by equity method		
Gain from disposal of long-term equity investment		
Investment income of financial assets held for trading during the holding period		
Investment income of other equity instruments investment during the holding period		
Interest income from debts investment		

during the holding period		
Interest income from other debt investments during the holding period		
Gain from disposal of financial assets held for trading		
Investment income from disposal of other equity instruments investment		
Gains from disposal of debts investment		
Gain from disposal of other debt investments		
Gains from debt restructuring		
Total	5,964,639,220.68	1,820,989,881.02

Other notes:

None

6. Others

适用 不适用

None

XX. Supplementary information

1. Statement of non-recurring gains and losses for the current period

适用 不适用

Unit: Yuan Currency: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	-1,504,018.08	
Government grants that are included in the profit or loss (closely related to the business of the enterprise, except for government grants that are subject to fixed or quantitative quotas in accordance with national unified standards)	1,642,230,152.61	
In addition to the effective hedging business related to the normal business operations of the same company, the profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, as well as the profit or loss from the disposal of financial assets and financial liabilities	-267,650,745.42	
Fund occupation fees charged to non-financial enterprises included in the current profit or loss		
Profit or loss of entrusting others to invest or manage assets		
Profit or loss from external entrusted loans		
Provision for impairment arising from force majeure such as natural disasters		
Reversal of impairment provision for receivables that have been individually tested for impairment		
The investment cost of the enterprise's acquisition of subsidiaries, associates, and joint ventures is less than the return generated by the fair value of the investee's identifiable net assets when the		

investment is made.		
Net profit of subsidiaries for the period from beginning of the year to date of acquisition by business combination under common control		
Non-monetary assets exchange profit or loss		
Profit or loss of debt restructuring		
One-time expenses incurred by enterprises due to the discontinuation of related business activities, such as the expenditure for resettling employees		
One-time impact on current profit or loss due to adjustments in tax, accounting, and other laws and regulations		
Share-based payment expenses recognized in one time due to cancellation or modification of equity incentive plans		
For cash-settled share-based payments, after the vesting date, the profit or loss arising from the change in the fair value of employee compensation payable		
Profit or loss arising from changes in fair value of investment real estate subsequently measured using the fair value model		
Gains from transactions with unfair transaction prices		
Profit or loss arising from contingencies unrelated to the Company's normal business operations		
Income from custody fees obtained from entrusted operation		
Other non-operating income and expenses other than the above items	116,679,009.91	
Other profit or loss items that meet the definition of non-recurring profit or loss	2,705,080.13	
Less: Income tax impact	367,088,974.56	
Impact amount of minority shareholders' equity (after tax)	35,110.92	
Total	1,125,335,393.67	

If the Company recognizes items not listed in the “Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Gains or Losses” as non-recurring gains or losses with significant amounts, and defines the non-recurring gains or losses listed in the “Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Gains or Losses” as recurring gains or losses, the reasons should be explained.

适用 不适用

Other notes:

适用 不适用

2. Return on equity and earnings per share

适用 不适用

Profit in reporting period	Weighted average	Earnings per share
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	return on equity (%)	Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's common shareholders	10.85	1.01	1.01
Net profit attributable to the Company's common shareholders after deducting non-recurring gains and losses	9.12	0.85	0.85

3. Differences in accounting data under domestic and foreign accounting standards

适用 不适用

4. Others

适用 不适用

Chairman: Fan Hongwei

Date of submission approved by the Board of Directors: April 15, 2026

Revised information

适用 不适用