

Jiangsu Eastern Shenghong Co., Ltd.

2024 Semi-Annual Report



August 2024

**Jiangsu Eastern Shenghong Co., Ltd.**

**Semi-annual Report for the Six Months Ended June 30, 2024**

**[August 29, 2024]**

## **Section I Important Notes, Table of Contents and Definitions**

**The board of directors, board of supervisors, directors, supervisors and senior management of the Company warrant the truthfulness, accuracy and completeness of the contents of semi-annual report and that there is no false representation, misleading statement contained herein, for which they will assume joint and several liabilities.**

**Miao Han'gen, the person in charge of the Company, Qiu Hairong, the accounting principal, and Hu Guiyang, the chief finance officer (person in charge of accounting) warrant the truthfulness, accuracy and completeness of the financial report contained in this semi-annual report.**

**All directors have attended the board meeting at which this semi-annual report was considered.**

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

**The Company elaborates possible risks in "XI. Risks and countermeasures" of Section III of this report. Investors should read it.**

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

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## **List of Reference Documents**

- I. The financial statements signed by the legal representative, the accountant principal and head of the accounting department (chief accountants) and sealed.
- II. Originals of all documents and announcements of the Company publicly disclosed on the website designated by the China Securities Regulatory Commission during the reporting period.
- III. Body of the semi-annual report.
- IV. Other related information.

**Definitions**

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

Ganghong Fiber	Refers to	Jiangsu Ganghong Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Fiber	Refers to	Suzhou Shenghong Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Suzhen Bioengineering	Refers to	Suzhou Suzhen Bioengineering Co., Ltd., 100% equity of which is controlled by the Listed Company
Tangnan Sewage	Refers to	Suzhou Tangnan Sewage Treatment Co., Ltd., 100% equity of which is controlled by the Listed Company
Reborn Technology	Refers to	Jiangsu Reborn Technology Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang (Suqian)	Refers to	Guowang Hi-Tech Fiber (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Honghai New Materials	Refers to	Honghai New Materials (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Shengze Gas Turbine Thermal Power	Refers to	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd., 100% equity of which is controlled by the Listed Company
Haigesi New Energy	Refers to	Hubei Haigesi New Energy Co., Ltd., 90% equity of which is controlled by the Listed Company
Shengze Thermal Power Plant	Refers to	Jiangsu Eastern Shenghong Co., Ltd. Shengze Thermal Power Plant, a branch of the Listed Company
Shenghong Refining & Chemical Integration Project	Refers to	16 million tons refining and chemical integration project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
Rongtai Chemical Warehousing	Refers to	Lianyungang Rongtai Chemical Warehousing Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongjing New Materials	Refers to	Jiangsu Hongjing New Materials Co., Ltd., 100% equity of which is controlled by the Listed Company
Jiangsu New Vision	Refers to	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd. 55.225% equity of which is controlled by the Listed Company
EVA	Refers to	Ethylene-Vinyl Acetate copolymer, a common synthetic material widely used in such fields as foaming materials, functional shed films, films, hot melt adhesives, adhesives, wire and cable, and toys
POE	Refers to	Polyolefin elastomer, a series of copolymers based on catalytic use of butene or octene copolymers by metallocene, as the main materials used in automobile exteriors and interiors, wire and cable coatings, extruded coatings, films, injection molding, medical products, adhesives, footwear and foams
UHMWPE	Refers to	Ultrahigh molecular weight polyethylene, a thermoplastic engineering plastic with excellent properties widely used in such fields as lithium electric diaphragm, aerospace, ocean engineering, rail transit, and petrochemical
AN	Refers to	Acrylonitrile, a colorless liquid, as an important raw material for manufacturing ABS and other synthetic

		resins, nitrile butadiene rubber and other synthetic rubbers, acrylic fibers and other synthetic fibers, and other chemical products
MMA, methyl ester	Refers to	Methyl Methacrylate, a kind of important chemical raw materials mainly used in the production of polymethyl methacrylate and manufacturing of other resins, plastics, coatings, adhesives and other products
EO	Refers to	Ethylene Oxide, an organic compound mainly used for manufacturing solvents, diluents, nonionic surfactants, synthetic detergents, antifreeze agents and disinfectants, and widely used in washing, pharmaceutical, and printing and dyeing industries
EOA	Refers to	Ethanolamine, mainly used in the manufacturing of chemical reagents, pesticides, medicine, solvents, dye intermediates, rubber accelerators, corrosion inhibitors and surfactants
EOD	Refers to	Ethoxy compounds, generated by the reaction of ethylene oxide with organic compounds containing active hydrogen under the action of catalyst, including polycarboxylic acid water reducer monomers, and nonionic surfactants
MTO	Refers to	Methanol to Olefins, the process of producing low-carbon olefins with the methanol as the raw material
PX	Refers to	Paraxylene, a colorless clear liquid used in the production of plastics, polyester fibers and films
MEG	Refers to	Monoethylene glycol, a colorless, odorless, sweet and viscous liquid mainly used in the production of polyester fibers, antifreeze, unsaturated polyester resins, lubricants, plasticizers, nonionic surfactants and explosives
PTA	Refers to	Purified terephthalic acid, a kind of low-toxicity and flammable white crystal or powder at room temperature that burns when it meets fire if mixed with air in a certain limit
Polyester, polyester chip, PET	Refers to	Polyethylene terephthalate, a fiber-forming polymer made from PTA and MEG by esterification or transesterification and condensation polymerization. Fiber-grade polyester chips are used to manufacture polyester staple fibers and polyester filaments
POY	Refers to	PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN, a partly drawn polyester filament obtained by high-speed spinning with the orientation between the unoriented yarn and the drawn yarn
DTY	Refers to	DRAW TEXTURED YARN, also known as polyester elastic yarn, made from POY by drawing and false twist texturing processing, with the certain elasticity and contractility
FDY	Refers to	FULL DRAW YARN, also known as polyester traction yarn, a synthetic fiber filament further produced by the spin-drawing process. The fiber has been fully drawn and can be directly used for textile processing
GDR	Refers to	Global Depository Receipts



Reporting period, current period	Refers to	From January 1, 2024 to June 30, 2024
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## Section II Company Profile and Major Financial Indicators

### I. Company profile

Stock abbreviation	Eastern Shenghong	Stock code	000301
Stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Jiangsu Eastern Shenghong Co., Ltd.		
Chinese abbreviation of the Company in (if any)	Eastern Shenghong		
English Name of the Company (if any)	Jiangsu Eastern Shenghong Co., Ltd.		
English abbreviation of the Company (if any)	EASTERN SHENGHONG		
Legal Representative of the Company	Miao Han'gen		

### II. Contact persons and contact methods

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

### III. Other information

#### 1. Contact methods of the Company

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

Applicable Not applicable

There is no change in the registered address, office address, postal code, website and e-mail box of the Company during the reporting period. Please refer to the annual report of 2023 for details.

#### 2. Information disclosure and storage location

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

Applicable Not applicable

There is no change in the stock exchange website, media name and website for the disclosure of the semi-annual report of the Company and the storage location of the semi-annual report. Please refer to the annual report of 2023 for details.

#### 3. Other relevant information

Whether the other relevant information changes during the reporting period

Applicable Not applicable

### IV. Major accounting data and financial indicators

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

☒ Yes ☐ No

Reasons for retroactive adjustment or restatement

Business combination under common control

	Reporting period	Same period of last year		YOY changes during the reporting period
		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	72,833,561,598.67	65,899,893,060.67	65,933,747,465.47	10.46%
Net profit attributable to shareholders of the listed company (RMB)	318,574,372.31	1,680,483,560.98	1,730,794,190.06	-81.59%
Net profit attributable to shareholders of the listed company after deduction of non-recurring profit and loss (RMB)	102,071,317.07	1,559,655,701.50	1,559,655,701.50	-93.46%
Net cash flows from operating activities (RMB)	2,020,427,905.56	7,585,483,535.61	7,946,408,639.58	-74.57%
Basic earnings per share (RMB/share)	0.05	0.25	0.26	-80.77%
Diluted earnings per share (RMB/share)	0.05	0.24	0.25	-80.00%
Weighted average return on equity of net assets	0.90%	4.61%	4.67%	-3.77%
	At the end of the reporting period	Balance at the end of the last year		YOY increase or decrease
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	202,430,234,080.27	190,214,802,161.82	190,214,802,161.82	6.42%
Net assets attributable to shareholders of the listed company (RMB)	35,061,958,918.08	35,451,093,147.62	35,451,093,147.62	-1.10%

**V. Accounting data difference between the domestic and overseas accounting standards****1. Difference between net profits and net assets in the financial report disclosed in accordance with international accounting standards and Chinese accounting standards at the same time**

☐ Applicable ☒ Not applicable

In the reporting period, there is no difference between net profits and net assets in the financial report disclosed in

accordance with international accounting standards and Chinese accounting standards at the same time.

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

Applicable Not applicable

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

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

Applicable Not applicable

Monetary Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for impairment of assets)	163,354,706.65	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of the Company, in line with the policies and provisions of the State and those that have continuous influence on the profits and losses of the Company according to the determined standards)	35,186,372.76	
Profit or loss on changes in fair values of financial assets held for trading and financial liabilities held by non-financial enterprises and profit or loss on the disposal of financial assets and financial liabilities, except for effective hedging operations associated with the company's normal operations	18,361,185.45	
Other non-operating revenue and expenses than the above-mentioned items	26,749,025.95	
Less: affected amount of income tax	26,365,614.44	
Affected amount of minority equity (after tax)	782,621.13	
Total	216,503,055.24	

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

Applicable Not applicable

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

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

Applicable Not applicable

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

## Section III Management Discussion and Analysis

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

#### (I) Stable operation of China's macro economy with steady progress

The first half of 2024 saw generally stable operation of China's national economy, stable production growth, continued recovery of demand, generally stable employment and prices, accelerated growth in new momentum and new progress in high-quality development. In the first half of the year, the gross domestic product (GDP) reached RMB 61.7 trillion, representing a year-on-year increase of 5%. The total profits of industrial enterprises above designated size nationwide amounted to RMB 3,511.03 billion, representing a year-on-year increase of 3.5%. Since the beginning of this year, policy measures such as large-scale equipment renewal, trade-in of consumer goods and issuance of ultra-long-term special treasury bonds have continued to be implemented, and their driving effect on investment and consumption has gradually emerged. In the first half of the year, the total volume of retail sales of social consumer goods in China increased by 3.7% year-on-year, and the volume of retail sales of services increased by 7.5% year-on-year. National fixed asset investment increased by 3.9% year-on-year. Although real estate investment was at a low level, infrastructure and manufacturing investment increased by 5.4% and 9.5%, respectively, showing a recovery trend. Total import and export of goods increased by 6.1% year-on-year, and the quarterly trend also continued to improve.

Despite the steady progress of China's economic transformation and upgrading in the first half of the year, China's economic still faces challenges. At present, global regional geopolitical conflicts are protracted, international trade frictions are frequent, developed economies such as Europe and the United States continue to implement tight monetary policies, crude oil and other energy prices continue to fluctuate at high levels, and global inflation remains high, the momentum of global economic growth is relatively weak. According to the latest *World Economic Outlook* published by the International Monetary Fund (IMF) in July 2024, the global economic growth rate is expected to be 3.2% in 2024 and 3.3% in 2025. Not only is the external economic environment complex, but the domestic economy also faces many challenges, such as the lack of effective demand and the need to consolidate the foundation for economic recovery. The oil, coal and other fuel processing industries and the ferrous metal smelting and rolling industries, among others, shifted from a profit to a loss in the first half of the year compared with the same period last year.

Looking ahead, we believe that under the strong leadership of the Party Central Committee with General Secretary Xi Jinping at the core, the fundamental trend of China's economic recovery and long-term improvement will remain unchanged, factors and conditions for high-quality development will continue to accumulate, and market vitality and endogenous forces will be constantly activated, the momentum of economic recovery will continue to consolidate and strengthen. From a global perspective, China's economic growth will continue at a leading pace and will remain an important engine and stabilizer for global economic growth.

#### (II) High-quality development of the petrochemical industry, making the whole chain layout a trend.

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

As the blood of industry, petroleum has penetrated into every aspect of human economic and social activities. The petrochemical industry is an important pillar industry of China's national economy. Its upstream is mainly the exploration, exploitation and transportation of oil and gas, its midstream is the processing and manufacturing of oil refining and petrochemical products, and its downstream products are widely used in all walks of life, such as food, clothing, housing and transportation. As the most basic link in the petrochemical industry chain, crude oil refining and processing is the cornerstone of the whole petrochemical industry. According to the National Bureau of Statistics, in the first half of 2024, China's crude oil output was 107 million tons, up 1.9% year on year; crude oil processing volume reached 360 million tons, a slight year-on-year decrease of 0.4%. Overall, China's petrochemical industry has maintained a steady growth trend.

According to the China Petroleum and Chemical Industry Federation, in the first half of 2024, China's petrochemical industry achieved operating revenue of RMB 8 trillion, up 5.1% year on year; profit reached RMB 429.47 billion, down 1.6% year on year; total import and export reached USD 474.08 billion (equivalent to about RMB 3.39 trillion), down 2.5% year on year. In the first half of the year, investments in chemical raw materials and chemical manufacturing increased by 8.4% on a year-on-year basis. In general, the production and investment of the petrochemical industry were generally stable in the first half of 2024, showing a bottoming out and stabilization trend.

##### 2. In the future, the refining and chemical industry will develop in a trend towards less oil and more

## chemicals, full-chain layout and innovation-driven development

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

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

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

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

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

In October 2023, the National Development and Reform Commission, the National Energy Administration, the Ministry of Industry and Information Technology and the Ministry of Ecology and Environment jointly promulgated the *Guiding Opinions on Promoting the Green, Innovative and High-quality Development of Oil Refining Industry*, requiring that, "it is imperative to further optimize the layout of regional refining capacity, promote the orderly concentration of new refining projects to petrochemical industrial bases, realize intensive agglomeration development, and make a sound coordination with ethylene and paraxylene (PX) projects", at the same time, clearly stating that "the scale of atmospheric and vacuum pressure units in new refineries shall not be less than 10 million tons per year", "it is required to promote the orderly elimination and withdrawal of

atmospheric and vacuum distillation units with the capacity of 2 million tons/year and below that do not meet the national industrial policy in accordance with laws and regulations" and "eligible atmospheric and vacuum distillation units with a capacity of 2 million tons/year or less, mainly producing chemicals such as asphalt, and processing special crude oil or waste mineral oil, are allowed to be retained after being identified by relevant national authorities, and local authorities should perform a good job in the follow-up whole process supervision. If the energy efficiency is lower than the benchmark level or the level of environmental protection is low, and the energy efficiency still can't reach the benchmark level or the pollutants can't satisfy stable discharge standards after transformation and upgrading such as energy saving, carbon reduction and pollution reduction, the withdrawal thereof will be accelerated before 2025". Thereby, the realization of the overall goal that "by 2025, the primary processing capacity of domestic crude oil will be controlled within 1 billion tons, and the refining capacity of 10 million tons will account for about 55%" will be ensured.

### **(III) Stable development of the renewable energy industry**

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

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

In December 2023, the 28th Conference of the Parties (COP28) of the United Nations Framework Convention on Climate Change (UNFCCC) was held in Dubai, United Arab Emirates. The meeting called on all countries to take the following actions: by 2030, the global renewable energy installation capacity will triple and the global average annual energy efficiency will double; Before or around the middle of the 21st century, the realization of a net zero-emission energy system will be accelerated globally, zero-carbon and low-carbon fuels will be used, and the development of zero-carbon and low-carbon emission technologies will be facilitated, including the development of renewable energy, nuclear energy, and carbon capture, utilization and storage technologies; in the energy system, it is necessary to "transform" from fossil fuels in a fair, orderly and reasonable way, and accelerate these actions in this critical decade in order to scientifically achieve the goal of net zero emission in 2050.

According to the annual market report of the *Renewables 2023* released by the International Energy Agency (IEA), in 2023, the new installed capacity of renewable energy in the world reached 510GW, 50% higher than that in 2022, and the installed capacity grew faster than the speech at any time in the past 30 years. It is predicted that the global installed capacity of renewable energy will usher in a period of rapid growth in the next five years. China is a leader in renewable energy all over the world. In 2023, the newly installed capacity of wind energy in China increased by 66% over the previous year; in 2023, the new installed capacity of solar photovoltaic in China was equivalent to the new installed capacity of the world in 2022. IEA believes that China has technological and cost advantages and a long-term stable policy environment in the field of renewable energy. It plays an important role in promoting the global energy revolution, especially in reducing the global solar power generation costs.

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

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

According to the data of China Photovoltaic Industry Association, in the first half year of 2024, the installed photovoltaic capacity in China increased by 102.48GW, up by 30.7% on year-on-year basis, hitting a record high. Driven by favorable factors such as the reduction of the photovoltaic power generation cost and global economic recovery, China Photovoltaic Industry Association predicted that the newly installed photovoltaic capacity in China and the world is expected to reach 190-220GW and 390-430GW, respectively, in 2024. The global photovoltaic solar energy market will continue to maintain its growth trend.

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

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

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

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

**(2) Photovoltaic module packaging materials fully benefit from the continuous growth of the photovoltaic industry****EVA**

EVA, made by polymerization of ethylene and vinyl acetate, is one of the important downstream products of ethylene. EVA is widely used in fields such as photovoltaic, foaming, wires and cables, and hot melt adhesives because of its high transparency, durability, adhesion, low melting point, easy processing and other characteristics. EVA production process uses the ultra-high pressure process, with the complicated process flow, high difficulty in equipment maintenance, and high difficulty in production. At present, the global EVA unit capacity is mainly concentrated in Asia, Western Europe, North America and the Middle East. The integration of EVA industry in China is developing rapidly, and China is the country with the largest EVA production capacity in the world. According to the statistics of SCI99.com, by the end of 2023, the total EVA production capacity in China reached 2.45 million tons.

At present, the proportion of photovoltaic EVA in the downstream consumption demands for EVA products has exceeded 50%. Photovoltaic EVA is characterized by low crystal point, high melting index and high VA content (28%-33%). It takes at least certain period for the new EVA unit from successful operation to continuously producing photovoltaic EVA particles with stable quality and output on a large scale, and there are higher requirements for the production management level and technology R&D ability of enterprises. According to the statistics of China Photovoltaic Industry Association, the output of photovoltaic modules in China reached 271GW in the first half of 2024, representing a year-on-year increase of 32.2%. Benefiting from the continuous increase in downstream photovoltaic demand, the demand for photovoltaic EVA particles, which are the major raw materials of photovoltaic film, is also showing a steady growth trend.

Sierbang Petrochemical, a wholly-owned subsidiary of the Company, is the leading enterprise in the domestic EVA industry. It has the market share and production technology always leading in the industry. At present, Sierbang Petrochemical has an annual EVA capacity of 300,000 tons, including a set of 200,000 tons tubular device and a set of 100,000 tons kettle device that can be used to produce photovoltaic EVA particles. Its product performance indicator has reached the advanced level of similar international products.

**POE**

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



seals.

With the increasing market penetration of N-type cells and bifacial double glass modules in the downstream photovoltaic industry, the demand for POE film and EPE film continues to grow, which in turn drives the increase in demand for the raw material, POE particles. At present, the global POE supply is mainly monopolized by overseas companies such as Dow Chemical, ExxonMobil, Mitsui Chemicals and LG Chemical. Although domestic POE industrialization production faces many technical and industrial barriers, such as the supply of high carbon  $\alpha$ -olefin, the development of metallocene catalysts, and the breakthrough of solution polymerization technology, the process of localization and industrialization is accelerating.

After years of independent R&D, the Company completed the construction of the 800 tons/year POE pilot test unit in September 2022 and successfully produced qualified products. At present, the first large-scale POE industrialization unit has entered the construction stage. The Company is one of the few domestic enterprises that have mastered the independent core production technology of both photovoltaic EVA and POE at the same time.

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

In recent years, under the influence of multiple factors, such as the frequent introduction of favorable national policies, continuous iteration of battery technology, increasing mileage, and increasingly perfect infrastructure, consumers' recognition and acceptance of new energy vehicles have been significantly improved, and China's new energy vehicles have entered the fast lane of booming development. According to the data of China Automotive Industry Association, in the first half year of 2024, the production and sales of new energy vehicles in China were 4.929 million and 4.944 million, respectively, up by 30.1% and 32% year-on-year, respectively. The market share of new energy vehicles reached 35.2%. China's new energy vehicle industry continues to maintain rapid growth. As of the end of June 2024, the cumulative output and sales of domestic new energy vehicles exceeded 30 million, making domestic new energy vehicles an important force leading the transformation of the global automobile industry. With the rapid development of the new energy vehicle industry, the demand of power batteries for upstream lithium battery materials is also increasing every day.

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

In response to the rapid development needs of downstream new energy vehicle and energy storage industries, and based on the continuous enabling and new material development of its large chemical platform over the years, the Company continues to focus on the fields of new energy and new materials. At present, the Company has carried out its layout in the upstream raw material field of lithium-ion batteries, and its related products involve key links of raw materials such as battery diaphragms and electrolyte solvents.

#### **(IV) Stable recovery of the polyester chemical fiber industry**

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

The textile and chemical fiber industry is the pillar industry of China's national economy and social development, the basic industry to solve people's livelihood problems and beautify life, as well as the advantageous industry of international cooperation and integrated development. According to the National Bureau of Statistics, in the first

half year of 2024, the operating revenue of chemical fiber manufacturing enterprises above the designated size nationwide increased by 14.2% year on year, and the total profit increased significantly by 127.9% year on year. In the first half of this year, the chemical fiber manufacturing industry recovered steadily.

As the chemical fiber category with the largest proportion in China, polyester filament is an important raw material in the textile and garment industry. It has the characteristics of high strength, good elasticity, heat resistance, wear resistance, corrosion resistance, smooth surface and so on. It is widely used in clothing fabrics, lining materials, underwear, socks, bed quilt and other clothing materials and decorative materials. Polyester filament can be used in conveyor belts, tents, canvas, ropes, fishing nets and so on in industry. With the growth of consumption demand in downstream clothing, home textile and industrial textile industries, differentiated and functional polyester fibers are also facing a new round of growth demand. The structural adjustment and variety improvement of the polyester filament industry promote the sustainable development of the industry.

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

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

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

As a leading enterprise in the recycled polyester fiber industry, the Company relies on independent R&D to solve a series of technical difficulties such as key technology of melt viscosity homogenization, high-capacity production of recycled fibers, and long-cycle polymerization operation, and takes the lead in completing the world's first melt direct spinning device from bottles to spinning, and has begun the mass production of recycled fibers in 2018. With the successful commissioning of 250,000 tons of recycled fiber capacity in the second phase of Reborn Technology at the end of 2023, the Company's total capacity of recycled polyester fiber is about 600,000 tons/year, forming the world's largest production base of recycled polyester fibers. Downstream customers have been widely covered by more than 30 well-known brands such as Decathlon, Nike, Uniqlo, Adidas, Li Ning, etc., and the popularity and promotion of recycled fibers is accelerating in its end consumer market.

## **II. Primary business during the reporting period**

### **(I) Overview**

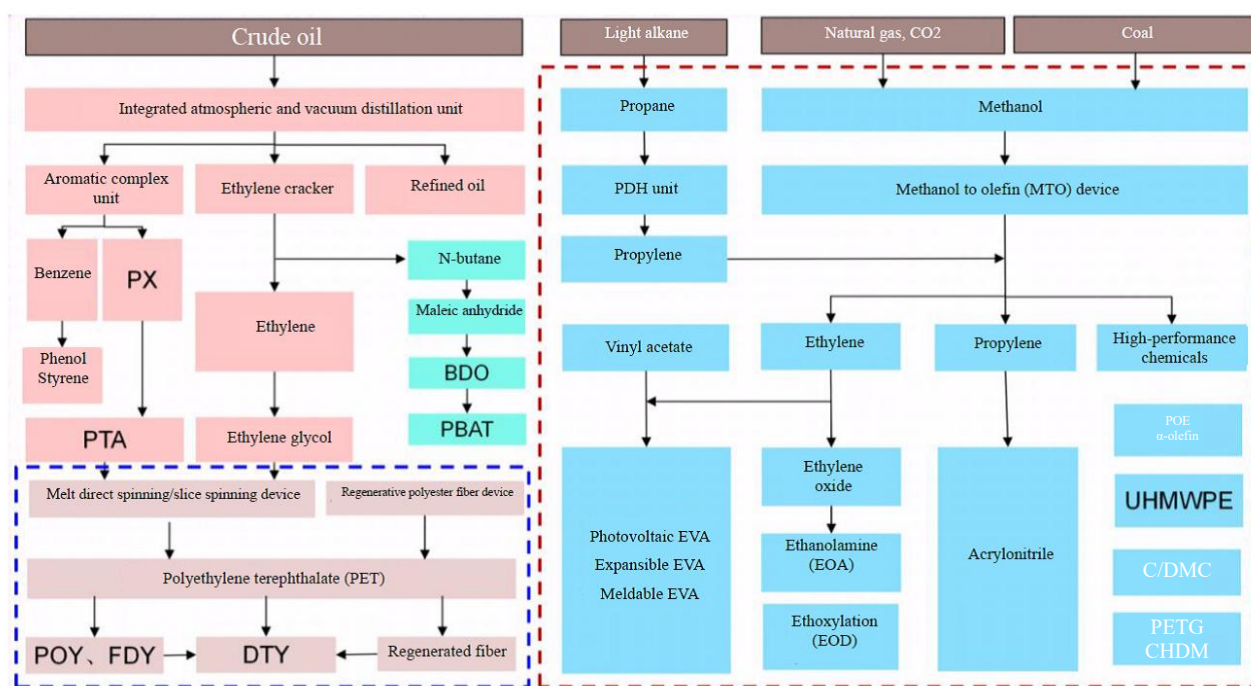
The Company is a global leading energy and chemical enterprise with vertical integration of the whole industry chain and in-depth layout of new energy and new material business. The Company has been deeply cultivating in the fields of new energy, new materials, petroleum refining and polyester chemical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

From the perspective of the relationship between the upstream and the downstream of the industry chain, the upstream refining and chemical sector is the basic raw material guarantee platform for the downstream polyester chemical fiber industry and new material industry. The petrochemical raw materials such as ethylene, propylene,

PX, benzene, vinyl acetate, ethylene glycol, phenol and acetone produced by the 16 million tons/year Shenghong Refining & Chemical Integration Project can basically meet the raw material demand of downstream products such as PET, polyester chemical fiber, acrylonitrile, ethylene oxide, EVA, and propylene oxide.

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

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



## (II) Introduction of main business sectors

### 1. Petrochemical and chemical new materials

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

#### (1) Refining and chemical business

As the core raw material supply platform of the Company's "1+N" strategic industrial layout, Shenghong's 16 million tons/year refining and chemical integration project was successfully completed in December 2022 and put into full production. The project has the largest single-scale atmospheric decompression unit in China, with a processing capacity of 16 million tons/year, and the main products include 1.1 million tons/year of ethylene, 2.8 million tons/year of PX, 2 million tons/year of ethylene glycol, 0.3 million tons/year of vinyl acetate, 0.4 million tons/year of phenol, 0.25 million tons/year of acetone and other basic chemical products.

#### (2) New energy and new materials business

Sierbang Petrochemical is the operating subject of chemical new energy and new materials of the Company. At present, it has formed a diversified product structure with the synergistic development of ethylene, propylene and its derived fine chemicals, and has a MTO production capacity of 2.4 million tons/year, which is the world's largest single set of alcohol-based multigeneration unit; it also owns capacity of 700,000 tons/year PDH, 1.04

million tons/year acrylonitrile, 300,000 tons/year EVA, 340,000 tons/year MMA, 300,000 tons/year EO and its derivatives and other fine chemicals. The total capacity of acrylonitrile jumped to the first place in the world with the commissioning of the 260,000-ton acrylonitrile unit of Phase IV of Sierbang Petrochemical; meanwhile, Sierbang Petrochemical is a leading company in the EVA industry.

## 2. Polyester chemical fiber

The Company has established chemical fiber production bases in Suzhou and Suqian respectively, with a polyester filament capacity of 3.55 million tons/year. The products are mainly differentiated DTY. Among them, the capacity of recycled polyester fiber is about 600,000 tons/year, ranking first in the world. Guowang Hi-Tech, the main operating body of the polyester chemical fiber segment, was named a national "green factory".

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

### (III) Main products and business modes

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

Product name	Subsector	Upstream raw material	Downstream application field
Refined oil	Petroleum refining	Crude oil	Mainly used as the fuel for a variety of fuel power equipment and heating
Ethylene	Chemical materials and chemical products manufacturing	Crude oil and methanol	One of the most important chemical products with the world's largest output, and the basic chemical raw material for synthetic fiber, synthetic rubber, and synthetic plastic
Propylene	Chemical materials and chemical products manufacturing	Crude oil, methanol, propane	One of the most important chemical products, mainly used in the production of polypropylene, and of acrylonitrile, propylene oxide, acrylic acid, and synthetic glycerol, etc.
Benzene	Chemical materials and chemical products manufacturing	Crude oil	Basic petrochemical raw materials; downstream products mainly include styrene, caprolactam, phenol, and MDI, etc. , widely used in synthetic rubber, plastics, fibers, dyes, medicine and other fields PX
PX	Chemical materials and chemical products manufacturing	Crude oil	The main raw material of PTA, used in the production of plastics, polyester fibers and films
Ethylene glycol	Chemical materials and chemical products manufacturing	Ethylene oxide	Mainly used in the production of polyesters, terylenes, antifreeze, plasticizers, and surfactants
PTA	Chemical materials and chemical products	PX	One of the important bulk organic raw materials, mainly used in the production of polyester fibers (terylenes), polyester bottle chips and polyester films, widely used in chemical fibers, light industry, electronics, construction and

	manufacturing		other fields
EVA	New chemical materials	Ethylene, vinyl acetate	The main raw material of films for photovoltaic module packaging. Widely used in photovoltaic films, foamed shoe materials, wires and cables, hot melt adhesives, coated films, agricultural films and other fields
UHMWPE	New chemical materials	Ethylene	A thermoplastic engineering plastic with excellent properties, widely used in lithium battery diaphragm, aerospace, ocean engineering, rail transportation, petrochemical and other fields
Acrylonitrile	New chemical materials	Propylene	Widely used in the production of ABS, nylon 66, carbon fiber, polyacrylamide, acrylic fiber and other engineering plastics and chemical fibers
Methyl methacrylate	New chemical materials	Acetone, hydrocyanic acid (acrylonitrile byproduct)	Mainly used in the production of organic glass, often used in the manufacturing of resins, plastics, and coatings, widely used in automobile, aviation, electronics, optical supplies, building materials and other fields
Ethylene oxide	New chemical materials	Ethylene	Mainly used in the manufacturing of ethylene glycol, widely used in electronics, medicine, pesticide, textile, paper, automobile, and petroleum mining and refining fields
POY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Partly drawn polyester filament obtained by high-speed spinning with the orientation between unoriented filament and drawn filament
FDY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Synthetic fiber filament further produced by the draw-spinning process. The fiber has been sufficiently drawn and can be directly used in textile processing
DTY	Polyester fiber manufacturing	PTA, MEG, plastic bottle chip	Made from POY through drawing and false twist texturing processing, often with certain elasticity and contractility

## 1. Petrochemical and chemical new materials

### (1) Production process

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

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

### (2) Purchasing mode

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

### (3) Sales mode and settlement mode

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

customers through spot, direct selling by short-term orders, traders and other ways.

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

#### (4) Profit model

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

## 2. Polyester chemical fiber

### (1) Production process

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

### (2) Purchasing mode

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

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

### (3) Sales mode and settlement mode

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

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

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

### (4) Profit model

Profits are realized by purchasing raw materials such as PTA, MEG or plastic bottle sheets, processing them into polyester filament products, and selling the products to downstream customers for the production of textiles.

Through scale production and fine management, the Company improves production efficiency, reduces product costs, improves the functionalization rate and differentiation rate of products, enhances the added value of products and thus enhances its overall profitability.

#### **(IV) Operational measures during the reporting period**

In the first half year of 2024, the Company adhered to the general management tone of seeking progress while maintaining stability, continued to strengthen the core competitive advantages of the industry, deepened the downstream development, took differentiation, technological innovation, high value-added, green environmental protection as the guide, "strengthened the chain, extended the chain, and supplemented the chain", and focused on the layout of the new energy, new materials, and the green and low-carbon industry, comprehensively enhanced the level of management, which realized the overall stable development of the Company, with the good quality, more advantages and the well-kept profitability.

During the reporting period, the Company realized operating revenue of RMB 72.834 billion, representing an increase of 10.46% over the same period of the previous year; net profit attributable to shareholders of the Listed Company amounted to RMB 319 million; as at the end of the reporting period, the Company's total assets amounted to RMB 202.430 billion and net assets attributable to shareholders of the Listed Company amounted to RMB 35.062 billion.

##### **1. Deepening the "1+N" industrial layout to build a world-class energy and chemical industry cluster**

During the reporting period, the Company thoroughly implemented the "1+N" development strategy, comprehensively expanded the layout and focused on the requirements of developing new quality productivity. Relying on the large chemical platform with three innovation institutes, the Company focused on the fields of new energy and new materials and continuously improved the industrial chain and productions chain, to make every effort to develop into a world-class energy and chemical enterprise. In July 2024, the US Chemical & Engineering News (C&EN) published a list of the top 50 global chemical companies for 2024. Eastern Shenghong was listed for the first time and ranked 22nd.

Relying on the refining and chemical integration project as the core raw material supply platform, the Company continues to promote the R&D and production of high-tech products. Leveraging the advantages of large-scale and diversified raw materials of large chemical platforms, and in the light of independent R&D and innovation, the Company has formed its own unique advantages and characteristics in many fields of new energy and new materials, and laid a solid foundation for its transformation towards high-quality industries. In the field of high value-added polyolefin materials and fine chemicals, the Company's total acrylonitrile production capacity is 1.04 million tons/year, becoming the world's largest production capacity; the MMA production capacity is 340,000 tons/year, ranking first in China; the POSM polyol project has been successfully handed over and the project construction is further progressing. In the field of new photovoltaic materials, the Company adheres to the leadership of technological advantages and simultaneously promotes the industrial layout of EVA+POE. The Company's photovoltaic EVA continues to maintain its leading position in the industry, and the million-ton EVA project is progressing smoothly. Meanwhile, the 100,000 tons/year POE industrialization unit has also entered the comprehensive construction stage at the end of 2023. In terms of new energy and new materials, EC/DMC, ultra-high-molecular-weight polyethylene, PETG and other new material projects have been completed and put into operation one after another. In the field of green and low-carbon materials, the Company recycles waste and used plastic bottle flakes to produce recycled polyester filaments, making waste recycling a reality. At present, the Company's production capacity has reached approximately 600,000 tons/year, making it the leading enterprise in the recycled polyester fiber industry. In addition, the Company's bio-based PTT fiber, carbon dioxide to green methanol and other green chemical products are also in the leading position in the industry, actively implements the development requirements of new quality productivity.

##### **2. Emphasizing sustainable development to build a green, safe, environmentally friendly and harmonious enterprise**

Green development is the background of the Company's high-quality development. The Company adheres to the new development concept of innovation, coordination, green, openness and sharing, expands the path of energy saving and carbon reduction from process to source carbon reduction, explores the "source-process-end" "whole process carbon reduction", deeply cultivates green technology in all directions, makes innovations in the green industry chain, and opens up the channel of the industry's green and low-carbon transformation through the breakthrough of technological innovation to develop green productivity.

The Company continuously increases its efforts in technological innovation in relevant fields to build a world-

class "green" production system, breaks through a number of "choke point" technologies through innovation-driven green and low-carbon development, implements a large number of energy-saving, water-saving and emission reduction technology transformation projects, and realizes full coverage of various industrial sectors such as green workshops, green parks and national green factories. During the reporting period, the Company took the lead in using nuclear power steam in the petrochemical industry, which is expected to reduce carbon emissions by approximately 966,000 tons per year. With the successful one-off operation of the EC/DMC unit, the Company has realized the connection of the green and negative carbon industry chain of "carbon dioxide - green methanol - new materials for lithium battery". In addition, the Company has orderly promoting "low-carbon" and "zero-carbon" projects such as bio-based fibers, renewable fibers, etc., and exploring the industrialization process of "carbon capture" fiber with carbon dioxide as an important raw material in a new model of green and low-carbon development with the comprehensive utilization of resources as a link, interconnection, symbiosis and win-win situation, and built a first-class full-chain "green, low-carbon and circular" production system to help accelerate the realization of the carbon dioxide peaking and carbon neutrality goals.

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

The Company establishes a new talent strategic plan, unifies the strategic layout and talent layout in close combination with the industry development direction, faces cutting-edge technology research and explores an open talent training mechanism and use mechanism in combination with the cooperation with external resources of international first-class universities, colleges and institutes. In order to implement the Company's talent strategic planning, while attracting and retaining talented people at the same time, the Company has fully mobilized the enthusiasm and creativity of employees. As of the end of the reporting period, the Company launched four phases of the Employee Share Ownership Plan, which highlighted the recognition of the Company and its employees on the company value, and further improved the Company's incentive and restraint mechanism.

### **4. Accelerating the development of a technological innovation platform and promoting the development of new quality productivity**

With industrial demand driving technological breakthroughs and scientific and technological innovation empowering industrial development, the Company grasps technological innovation, deepens the integration and application of digital intelligence, gives play to the innovation platform effect brought about by the diversified industrial pattern of "1+N", and deeply empowers enterprises in digital intelligence transformation, and pushes the innovation achievements to be rapidly transformed into high-quality and new-quality productivity. The Company focuses on exploring the innovative practice and industrialized application of frontier technologies such as artificial intelligence, digital twin and big data, and makes every effort to build an intelligent system of "digital interconnection, R&D innovation, simultaneous promotion of quantity and quality, and ecological synergism", to improve total factor productivity, and to innovate to create a "Shenghong model" for the transformation and upgrading of the manufacturing industry.

With the continuous deepening of the development of the innovation platform and supporting systems, the Company's digital transformation achievements continue to emerge. In terms of R&D, the Company currently has three innovation institutes, namely the National Advanced Functional Fiber Innovation Center, the Shenghong Petrochemical Innovation Center and the Shenghong Advanced Materials Research Institute, which provide integrated innovative technology platform support for scientific research work such as basic industrial research, process development, industrialization, industrial development and product application development and implement a full life cycle management mechanism for scientific research projects from intention and pre-research to project approval, small-scale testing, pilot-scale testing and then to industrial development and post-industrial development technical support, so as to effectively promote the implementation of high-tech incubation. In terms of industries, the Company has built a "CAP" collaborative agile industrial Internet cluster, realized the micro-services for application, opened up the ecological big data chain of the upstream and downstream of the industries, and realized the business interoperability of industrial partners; developed a credible platform for green fiber products, and built a transparent and credible traceable platform for raw materials, fiber products and terminal products; Petrochemical Industry Group has built the first "smart factory" in China that realizes comprehensive intelligent production and digital operation, and the automatic control rate of the unit has been increased to more than 95%. In combination with the R&D platform that integrates production and research and the intelligent production management system, the Company is committed to upgrading traditional industries with scientific and technological innovation and promoting the formation of new quality productivity.

### **5. Improving corporate governance and strengthening communication with investors**

The Company continues to strengthen the management mechanism in three dimensions including advanced



strategy, standardized decision-making and efficient implementation. In the first half of 2024, the Company embarked on management improvement and business-level management innovation. Relying on the advantages of refining and chemical integration, the Company integrated various production business divisions in a product-oriented manner, innovated production management processes, and achieved comprehensive optimization from resource structure layout to product line management. In terms of risk prevention and control, the Company actively plays the role of internal audit supervision, continuously carries out real-time audits of all kinds of economic operations, constantly improves the responsibilities of each functional department and subsidiary, and forms an internal control system in which each department has its own duties and responsibilities, and cooperates and restrains each other.

The Company continuously improves the open, transparent and multi-level communication with investors, conducts all-round communication with investors, fully guarantees the right to know of the general investors, actively provides convenience for the interaction and communication with institutions and small and medium-sized investors, maintains the long-term trust relationship between investors and the Company, forms a virtuous cycle of interaction, and establishes the capital market image of the Company as honest, compliant and open.

## **(V) Industry status of the Company**

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

### **1. Refining and chemical sector**

Shenghong Refining & Chemical Co., Ltd. is one of the three private refining and chemical enterprises in China. It has the largest 16 million tons/year single atmospheric and vacuum distillation unit in China and the largest single series para-xylene unit in the world. In addition, the 400 million tons/year wax oil hydrocracking unit, the 3×3.1 million tons/year continuous reforming unit, the 3.2 million tons/year fluidized bed residual oil hydrogenation unit, the 3.2 million tons/year diesel hydrocracking unit, the 2.8 million tons/year PX unit and the 4×150,000 tons/year sulfur recovery unit adopted in the project are also large-scale units in China. The scale of process units and large-scale equipment bring about corresponding improvement in equipment efficiency, which is conducive to energy recovery and comprehensive utilization and thus further improves production efficiency and economic benefits.

### **2. New energy and new materials sector**

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

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

### **3. Polyester chemical fiber sector**

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

The Company's recycled polyester fiber production capacity reaches approximately 600,000 tons/year, and the polyester recycled fiber production capacity ranks among the forefront of the global industry. Through special technical research, the Company took the lead in putting into production the self-developed waste plastic bottle pieces-to-spinning direct melt spinning line, which not only realized the recycling of waste plastics but also effectively reduced production costs. The Company's recycled polyester fiber has passed the global recycling

standard GRS certification. The Company will continue to increase the development and production of differentiated and high-performance chemical fiber products in the future.

### **III. Analysis on core competitiveness**

#### **(I) Advanced advantages of industrial layout**

The Company has been deeply engaged in the field of petrochemical and new chemical materials and polyester chemical fiber for many years, and has formed an industrial pattern of "double chains" of olefins and aromatics, and has become a unique large-scale energy and chemical enterprise with full coverage of "oil head, coal head and gas head" in China. Shenghong Refining & Chemical Integration Project applies the idea of "less oil and more chemicals for molecular refining", which meets the current development trend of petroleum refining and chemical industry. Meanwhile, the Shenghong Refining & Chemical Integration Project, as a basic raw material platform, has the natural first-mover advantage of "strengthening, extending and supplementing the chain" to the downstream fine chemical industry. The Company will firmly uphold the "1+N" new development pattern that combines "1" core platform and "N" diversified industrial chains such as new energy, new materials, electronic chemistry and biotechnology, so as to ensure stable and long-term high-quality development.

#### **(II) Advantages of innovation-driven development**

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

For many years, the Company has attached great importance to the R&D of civil polyester filament products, and has independent intellectual property rights in the production technology of a variety of functional fibers. It has overcome the technical barriers of microfibers, and has built a world-leading bio-based PDO monomer, PTT fiber and recycled polyester fiber industry chain with complete intellectual property rights. The Company took the lead in putting into production a fully independently developed direct melt spinning production line with waste plastic bottle pieces as raw materials, which not only realizes the recycling of waste plastics but also effectively reduces production costs. Actively exploring the industrialization process of "carbon capture" fiber, with carbon dioxide as an important raw material, to further promote innovation in green and sustainable development.

Through scientific and technological innovation, the Company has made fruitful scientific achievements in products, processes and equipment. As at the end of the reporting period, the Company had 481 patents, including 118 invention patents, 356 utility model patents and 7 design patents.

#### **(III) Advantages of differentiated competition**

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

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

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

90%. It mainly focuses on the development of recycled fiber green low-carbon products, to effectively avoid the fierce market competition for conventional chemical fiber products.

#### (IV) Advantages of collaborative development

The Company has a high self-supporting rate for refining, fine chemicals and polyester. After Shenghong Refining & Chemical's integration unit is put into operation, the Company will realize self-supply of upstream PX and ethylene glycol raw materials of polyester chemical fiber, and its upstream and downstream product structure will be very reasonable. Petrochemical enterprises and their downstream products in the Lianyungang Petrochemical Industry Base have a high digestion proportion of refined and chemical products, with the petrochemical industry chain relevance exceeding 80% and the proximity digestibility of chemical raw materials reaching 70%, and the efficient coordination and supporting advantages of regions, products and production processes bring cost advantages. In the future, the refining and chemical, new energy and new materials, and polyester business will fully coordinate the development of high-performance, high-value-added materials and their modified applications, to provide broad space for the industrial chain to further collaborative development to the downstream.

#### (V) Location advantages

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

#### IV. Analysis of primary business

For relevant content, please refer to "II. Primary business of the Company during the reporting period".

##### YOY Changes in Main Financial Data

Monetary Unit: RMB

	Reporting period	Same period of last year	YOY changes	Reasons for changes
Operating revenue	72,833,561,598.67	65,933,747,465.47	10.46%	Increase in sales
Operating costs	65,102,318,637.41	56,995,478,024.89	14.22%	Increase in the sales revenue
Selling and distribution expenses	152,836,805.01	159,807,028.54	-4.36%	
General and administrative expenses	473,999,875.43	342,226,483.35	38.50%	Increase in employee compensation and other expenses
Financial expenses	2,423,285,237.43	1,299,500,039.50	86.48%	Increase in interest expenses
Income tax expenses	-285,247,329.83	333,593,472.86	-185.51%	Increase in deferred income tax expense
Investments in research and development	2,913,077,166.05	796,867,547.48	265.57%	Increase in R&D cost
Net cash flows from operating activities	2,020,427,905.56	7,946,408,639.58	-74.57%	A year-on-year increase in cash paid for goods purchased and services received in the

				current period
Net cash flows from investing activities	-6,753,436,365.16	-13,175,631,180.36	48.74%	Decrease in cash paid to acquire and construct fixed assets in the current period
Net cash flows from financing activities	6,190,473,019.59	3,765,023,651.63	64.42%	Increase in the net inflow of borrowings in the current period
Net increase in cash and cash equivalents	1,271,064,495.36	-1,467,348,513.04	186.62%	

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

Applicable Not applicable

Breakdown of operating revenue

Monetary Unit: RMB

	Reporting period		Same period of last year		YOY changes
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	72,833,561,598.67	100%	65,933,747,465.47	100%	10.46%
By industry					
Petrochemical and new chemical materials	58,877,300,398.11	80.84%	54,314,742,970.74	82.38%	8.40%
Chemical fiber	12,970,995,195.03	17.81%	10,764,168,233.15	16.32%	20.50%
Others	985,266,005.53	1.35%	854,836,261.58	1.30%	15.26%
By product					
Refinery products	14,051,595,714.27	19.29%	14,425,031,526.67	21.88%	-2.59%
Others petrochemical and new chemical materials	44,825,704,683.84	61.55%	39,889,711,444.07	60.50%	12.37%
Polyester silk	12,478,983,754.18	17.13%	10,248,366,838.79	15.54%	21.77%
Other chemical fiber products	492,011,440.85	0.68%	515,801,394.36	0.78%	-4.61%
Others	985,266,005.53	1.35%	854,836,261.58	1.30%	15.26%
By region					
Domestic	69,253,978,436.82	95.09%	60,331,354,165.32	91.50%	14.79%
Overseas	3,579,583,161.85	4.91%	5,602,393,300.15	8.50%	-36.11%

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

Applicable Not applicable

Monetary Unit: RMB

	Operating revenue	Operating costs	Gross margin	Increase/ decrease of operating revenue when compared with the same period of last year	Increase/ decrease of operating cost when compared with the same period of last year	Increase/ decrease of gross margin when compared with the same period of last year
<b>By industry</b>						
Petrochemical and new chemical materials	58,877,300,398.11	52,505,167,790.38	10.82%	8.40%	13.74%	-4.19%
Chemical fiber	12,970,995,195.03	11,910,991,704.79	8.17%	20.50%	16.58%	3.08%
<b>By product</b>						
Refinery products	14,051,595,714.27	10,658,953,213.63	24.14%	-2.59%	2.25%	-3.59%
Others petrochemical and new chemical materials	44,825,704,683.84	41,846,214,576.75	6.65%	12.37%	17.10%	-3.77%
Polyester silk	12,478,983,754.18	11,421,328,478.13	8.48%	21.77%	17.66%	3.19%
<b>By region</b>						
Domestic	69,253,978,436.82	62,109,953,248.81	10.32%	14.79%	20.37%	-4.11%

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

Applicable Not applicable

#### V. Analysis of non-primary business

Applicable Not applicable

Monetary Unit: RMB

	Amount	Proportion in total profit	Formation causes	Whether it is sustainable
Investment income	122,088,869.07	652.27%	Recognition method change from equity to cost	No
Profit or loss from changes in fair value	8,258,021.78	44.12%	Changes in fair value of financial assets	No
Asset impairment	-580,066,394.73	-3099.05%	Losses from inventory impairment in the	No

			reporting period	
Non-operating revenue	28,538,183.49	152.47%	Income from compensation and fines	No
Non-operating expenses	2,515,621.99	13.44%	Compensation, fines and late payment expenses	No

## VI. Analysis on assets and liabilities

### 1. Significant changes in the composition of assets

Monetary Unit: RMB

	At the end of the reporting period		As at December 31, 2023		Increase/decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	10,635,505,679.27	5.25%	10,009,739,723.82	5.26%	-0.01%	
Accounts receivable	2,162,446,042.19	1.07%	1,479,324,780.27	0.78%	0.29%	Increase in sales and the accounts receivable from customers
Inventories	23,470,157,784.00	11.59%	18,208,194,467.86	9.57%	2.02%	
Investment properties	645,087,485.04	0.32%	664,441,821.84	0.35%	-0.03%	
Long-term equity investments	141,355,295.51	0.07%	82,851,688.61	0.04%	0.03%	Increase in investments in associates in the current period
Fixed assets	125,732,588,132.02	62.11%	123,427,551,751.16	64.89%	-2.78%	
Construction in progress	21,183,961,355.78	10.46%	18,239,996,647.89	9.59%	0.87%	
Right-of-use assets	1,372,515,629.00	0.68%	1,434,510,942.63	0.75%	-0.07%	
Short-term borrowings	51,617,767,508.41	25.50%	41,697,704,548.37	21.92%	3.58%	
Contract liabilities	1,943,201,468.34	0.96%	2,272,577,360.44	1.19%	-0.23%	
Long-term borrowings	68,967,266,160.99	34.07%	68,744,980,218.23	36.14%	-2.07%	
Lease liabilities	1,344,496,154.66	0.66%	1,372,014,804.91	0.72%	-0.06%	
Notes receivable	669,895,848.89	0.33%	307,173,337.74	0.16%	0.17%	Increase in held-to-maturity notes receivable

Receivables financing	685,178,424.44	0.34%	319,225,113.32	0.17%	0.17%	Increase in notes receivable measured at fair value through other comprehensive income held
Advances to suppliers	924,624,825.72	0.46%	876,561,675.19	0.46%	0.00%	
Other receivables	851,586,770.58	0.42%	717,755,781.89	0.38%	0.04%	
Other current assets	1,160,901,562.96	0.57%	785,720,099.56	0.41%	0.16%	Increase in VAT credits
Other non-current assets	5,093,351,508.18	2.52%	6,391,552,903.42	3.36%	-0.84%	
Notes payable		0.00%	390,550,672.86	0.21%	-0.21%	Decrease in the notes-based settlement of payment
Employee compensation payable	351,993,690.30	0.17%	547,649,768.35	0.29%	-0.12%	Year-end bonus payment
Taxes and surcharges payable	904,943,170.82	0.45%	959,386,816.49	0.50%	-0.05%	
Special reserves	52,095,625.67	0.03%	95,610,435.57	0.05%	-0.02%	Use of special reserves

## 2. Breakdown of main overseas assets

Applicable Not applicable

## 3. Assets and liabilities measured at fair value

Applicable Not applicable

Monetary Unit: RMB

Item	Amount as at January 1, 2024	Amount as at June 30, 2024
Financial assets		
1. Financial assets held for trading (excluding derivative financial assets)	73,750,917.76	67,452,486.66
2. Derivative financial assets	11,123,493.67	1,243,745.85
3. Other creditor's right investments	582,098,160.00	582,098,160.00
Sub-total of financial assets	666,972,571.43	650,794,392.51
4. Receivables financing	319,225,113.32	685,178,424.44

Total	986,197,684.75	1,335,972,816.95
Financial liabilities	0.00	4,551,344.95
1. Financial liabilities tradable	0.00	4,551,344.95

Other changes

None

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

Yes No

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

Item	Book value as at June 30, 2024 (RMB)	Reason for restriction
Monetary funds	2,978,084,135.24	L/C, bank acceptance bill deposit, etc.
Fixed assets	21,734,334,063.25	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,723,620,155.00	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Total	27,436,038,353.49	



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

☒Applicable ☐Not applicable

Investment amount in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Extent of change
2,263,465,727.87	2,629,656,570.23	-13.93%

**2. Significant equity investments acquired during the reporting period**

☐Applicable ☒Not applicable

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

☒Applicable ☐Not applicable

Monetary Unit: RMB

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of Disclosure	Index of Disclosure
Sierbang Petrochemical propane industry chain project - Phase II	Self-built	Yes	Chemical engineering	37,214,174.02	2,012,964,062.95	Self-owned fund	Put into operation	July 10, 2021	CNINFO, Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and Raising Supporting Funds and Related transactions
Guowang (Suqian) super simulation	Self-built	Yes	Chemical fiber manufacturing industry	20,787,601.87	3,637,180,285.67	Self-owned fund + special	Put into operation	July 17, 2021	CNINFO: Announcement on the

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of Disclosure	Index of Disclosure
functional fiber project with an annual production capacity of 500,000 tons						borrowings			Investment and Construction of Super-simulation Functional Fiber Project with an Annual Output of 500,000 Tons by Subsidiaries (Announcement No.: 2021-085)
Hongwei Chemical POSM and Polyol Project	Self-built	Yes	Chemical engineering	908,857,487.44	2,888,000,391.61	Self-owned fund + special borrowings	Construction phase of the projects	May 15, 2021	CNINFO: Announcement on the Investment and the Construction of POSM and Polyol Project by Hongwei Chemical (Announcement No.:2021-069)
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	1,644,938.66	197,872,528.51	Self-owned fund + special borrowings	Construction phase of the projects	January 13, 2022	CNINFO: Announcement on the Investment and Construction Phase II of Super-simulation Functional Fiber Project with an Annual Output of 500,000 by Subsidiaries

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of Disclosure	Index of Disclosure
									(Announcement No.: 2022-010)
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	44,118,310.62	2,217,431,462.52	Self-owned fund + special borrowings	Partial operation	January 13, 2022	CNINFO: Announcement on the Investment and Construction of Recycled Differentiated and Functional Polyester Filament and Supporting Stretching Project with an Annual Output of 250,000 Tons - Phase II by Subsidiaries (Announcement No.: 2022-011)
Biodegradable material project (Phase I) of Hongke New Materials	Self-built	Yes	Chemical engineering	62,233,041.90	290,244,119.96	Self-owned fund + special borrowings	Construction phase of the projects	March 24, 2022	CNINFO: Announcement on the Investment and Construction of Biodegradable Material Project (Phase I) by Subsidiaries (Announcement No.: 2022-047)

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of Disclosure	Index of Disclosure
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	Self-built	Yes	Chemical engineering	937,273,949.01	1,331,720,457.90	Self-owned fund + special borrowings	Construction phase of the projects	June 28, 2022	CNINFO: Announcement on the Investment and Construction of the 2.4 Million Tons/Year Purified Terephthalic Acid (PTA) Phase III Project (Announcement No.: 2022-091)
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	Self-built	Yes	Chemical engineering	63,911,405.82	159,628,539.42	Self-owned fund	Construction phase of the projects	November 30, 2022	CNINFO: Announcement on the Investment and Construction of Supporting Raw Materials and Iron Phosphate and Lithium Iron Phosphate New Energy Materials Project by Hubei Haigesi New Energy Co., Ltd. (Announcement No.: 2022-141)
1 Million Tons/Year Acetic Acid	Self-built	Yes	Chemical engineering	187,424,818.53	229,432,074.36	Self-owned fund	Construction phase of the projects	April 26, 2024	CNINFO: Announcement on Shenghong

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of Disclosure	Index of Disclosure
Project									Refining and Chemical's Investment in the Construction of a 1 Million Tons/Year Acetic Acid Project (Announcement No.: 2024-035)
Total	--	--	--	2,263,465,727.87	12,964,473,922.90	--	--	--	--

#### 4. Financial assets investment

##### (1) Portfolio investment

☒ Applicable ☐ Not applicable

Monetary Unit: RMB

Type of securities	Stock code	Abbreviation	Initial investment costs	Accounting measurement mode	Book value at January 1, 2024	Profit or loss from changes in fair value in this period	Accumulated changes in fair value included in equity	Purchase amount in the current period	Sale amount in the current period	Profit or loss during the reporting period	Book value as at June 30, 2024	Accounting of subjects	Source of funds
Domestic and overseas stocks	603323	SUZHOU RURAL COMMERCIAL BANK	5,000,000.00	Measurement at fair value	73,750,917.76	11,857,048.90	0.00	0.00	18,155,480.00	15,605,083.02	67,452,486.66	Financial assets held for trading	Self-owned fund
Total			5,000,000.00	--	73,750,917.76	11,857,048.90	0.00	0.00	18,155,480.00	15,605,083.02	67,452,486.66	--	--

##### (2) Investment in derivatives

☒ Applicable ☐ Not applicable

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

☒ Applicable ☐ Not applicable

Monetary Unit: RMB'0,000

Investment type	Initial investment amount	Amount as at January 1, 2024	Profit or loss from changes in fair value in this period	Investment income in the current period	Amount as at June 30, 2024	Proportion of investment amount as at June 30, 2024 in the Company's net assets as at June 30, 2024
Commodity derivatives	18,657.83	18,657.83	-484.28	914.35	2,640.00	0.08%
Foreign exchange derivatives	0.00	0.00	124.37	-26.42	10,329.30	0.29%
Total	18,657.83	18,657.83	-359.91	887.93	12,969.30	0.37%
Description of the accounting policies and specific accounting principles for hedging, and whether they have had significant changes by comparison with those during the previous reporting period			The Company, in accordance with the Ministry of Finance's Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments, Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets, Accounting Standards for Business Enterprises No. 24 - Hedging, and Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments and their guidelines, accounts for and reports hedging transactions that meet the criteria in accordance with hedge accounting requirements. The implementation of these provisions has not had a significant impact on the Company's financial position and operating results.			
Description of the actual profit or loss during the reporting period			The profits and losses for the reporting period amounted to RMB 5.2802 million.			
Description of hedging effect			Conducive to improving the Company's ability to resist the risk of market price fluctuation and realizing the prudent operation.			
Source of funds for investment in derivatives			Self-owned fund			
Description of risk analysis and control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, and legal risk, etc.)			The Company has formulated annual commodity hedging, foreign exchange derivatives and other business plans, and has fully assessed and effectively controlled the possible abnormal price fluctuation risks, liquidity risks, operational risks, credit risks and legal risks. The Company shall establish and improve the relevant internal control system, standardize the business operation process and approval process, and operate in strict accordance with the approved plans.			
Changes in the market price or fair value during the reporting period of			The transaction varieties of commodity derivatives conducted by the Company have great			

invested derivatives; for the analysis of the fair value of the derivatives, the specific methodology used and the setting of relevant assumptions and parameters are required	market transparency and active transactions, and the transaction price and the settlement unit price on the current day can fully reflect the fair value of derivatives.
Litigation (if applicable)	None
Date of disclosure of the announcement of the board of directors on approving investment in derivatives	April 24, 2024
Date of disclosure of the announcement of the general meeting of shareholders on approving investment in derivatives	May 21, 2024

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

Applicable Not applicable

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

## 5. Use of the funds raised

Applicable Not applicable

### (1) Overall use of the funds raised

Applicable Not applicable

Monetary Unit: USD'0,000

Year of fund raising	Way of fund raising	Total proceeds	Net proceeds	Total proceeds used in the current period	Cumulatively used proceeds	Total proceeds with purpose changed during the reporting period	Total cumulative proceeds with purpose changed	Proportion of total cumulative proceeds with purpose changed	Total proceeds unused	Use and destination of unused proceeds	Amount of proceeds idle for more than two years
2022	GDR	71,828.17	71,534.93	75.71	71,560.68	0.00	0.00	0.00%	0.00	N/A	0.00
Total	--	71,828.17	71,534.93	75.71	71,560.68	0.00	0.00	0.00%	0.00	--	0.00

### Overall use of the funds raised

GDR was issued according to the Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on SIX Swiss Exchange (ZJXX [2022] No. 3151) issued by the China Securities Regulatory Commission. With the approval of the China Securities Regulatory Commission and the SIX Exchange Regulation AG, the GDRs (Global Depositary Receipts) issued by the Company were listed on the SIX Swiss Exchange on December 28, 2022

(Swiss time) under the full name of Jiangsu Eastern Shenghong Co., Ltd. and the listing code of DFSH. A total number of 39,794,000 GDRs was issued this time, corresponding to the underlying securities of 397,940,000 A-shares of the Company, and the total amount of funds raised in this issuance was approximately USD 718 million. The funds raised in this issuance were received on the issuance date, and the actual amount received after deducting the underlying underwriting expenses was approximately USD 715 million.

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

As at June 30, 2024, the Company had used USD 715,606,800 of the funds raised in this GDR issue, and the Company's cumulative use of the funds raised accounted for approximately 100.04%, with an excess of USD 257,500, representing the net amount of interest income on bank deposits received in the cumulative account of the funds raised, after deducting bank handling fees. All funds raised have been used and the Company has canceled the special account for the funds raised.



**(2) Committed projects invested with the raised funds**

Applicable Not applicable

**(3) Changes in raised funds**

Applicable Not applicable

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

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

Applicable Not applicable

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

**3. Sales of significant equity**

Applicable Not applicable

**IX. Analysis of major holding and participating companies**

Applicable Not applicable

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

Monetary Unit: RMB'00,000,000

Company	Company type	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenghong Refining & Chemical	Subsidiary	Production and sales of petrochemical products	235.45	1,180.87	227.51	499.43	-7.97	-4.60
Sierbang Petrochemical	Subsidiary	R&D, production, and sales of fine chemicals	55.88	372.19	134.15	106.38	5.91	5.18
Shenghong Petrochemical Port Storage and Transportation	Subsidiary	Construction and development of docks and supporting facilities; cargo warehousing service	13.10	42.51	15.70	2.54	0.69	0.51
Shenghong Chemical Fiber	Subsidiary	R&D, production, and sales of PFY (polyester filament yarn)	0.50	327.50	112.65	130.22	4.75	4.47
Honggang Petrochemical	Subsidiary	R&D, production, and sales of PTA	39.15	134.81	22.11	64.53	-0.82	-0.62

## Acquisition and disposal of subsidiaries during the reporting period

☒Applicable ☑Not applicable

Company	Ways for acquisition and disposal of subsidiaries during the reporting period	Effect on the overall production, operation and performance
Shenghong New Energy (Suzhou) Co., Ltd.	Company cancellation	Based on the needs of business development
Suzhou Dongneng Innovation Technology Co., Ltd.	Company cancellation	Based on the needs of business development
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd., including subsidiary Jiangsu New Vision Inspection and Certification Co., Ltd.	Mergers under different controls	Based on the needs of business development

## Description of major holding and participating companies

None

**X. Structured entities controlled by the Company**

☑Applicable ☒Not applicable

**XI. Risks faced by and countermeasures of the Company****1. Macroeconomic fluctuation risks**

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

**2. Industry policy risks**

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

**3. Risks caused by exchange rate fluctuations**

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

In order to control the risk of exchange rate fluctuations, the Company has established an internal control system for forward exchange settlement and foreign exchange option transactions, which clearly stipulates the instruments, objectives, decision-making procedures and implementation processes for controlling the risk of exchange rate fluctuations, so as to make comprehensive decisions on exchange rate risk management methods

based on the exchange rate fluctuations. However, generally speaking, in the case of significant exchange rate fluctuations, it is difficult to completely eliminate the risks arising therefrom by the existing risk management methods. At the same time, if there is a major mistake in the selection of relevant instruments or the implementation of exchange rate risk management, or if the above system is not effectively implemented, it may lead to the Company's exposure to exchange rate risk or losses.

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

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

#### **5. Environmental protection and work safety risks**

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

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

### **XII. Implementation of the action plan for "quality promotion and return enhancement"**

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

Yes  No

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

## Section IV Corporate Governance

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

#### 1. General meeting held during the reporting period

Session	Type of meeting	Proportion of participating investors	Date of meeting	Date of Disclosure	Resolutions made at the meeting
First extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	67.95%	February 23, 2024	February 24, 2024	See CNINFO: Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2024 (Announcement No. 2024-009)
Second extraordinary general meeting of shareholders in 2024	Extraordinary general meeting of shareholders	66.53%	March 21, 2024	March 22, 2024	See CNINFO: Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders in 2024 (Announcement No. 2024-019)
Annual general meeting of shareholders in 2023	Annual general meeting of shareholders	68.34%	May 21, 2024	May 22, 2024	See CNINFO: Announcement on the Resolutions of the Annual General Meeting of Shareholders in 2023 (Announcement No. 2024-041)

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

Applicable Not applicable

### II. Changes in directors, supervisors and senior officers of the Company

Applicable Not applicable

Name	Position	Type	Date	Reasons
Yang Tianwei	Deputy General Manager	Appointment	July 2, 2024	Appointed as Deputy General Manager of the Company

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

Applicable Not applicable

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

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

Applicable Not applicable

##### 1. Equity incentive

None

##### 2. Implementation of employee stock ownership plan

Applicable Not applicable

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

Scope of employees	Number of employees		Total number of shares held (shares)	Changes	Proportion in the total share capital of the Listed Company	Source of funds for implementing plans
Middle-level and above employees of the Company and its holding subsidiaries as approved by the Board of Directors of the Company, and other personnel as determined by the Board of Directors	Phase II	2,011	116,630,870	0 shares purchased during the current period	1.76%	Employees' legal remuneration, self-financing, loans from controlling shareholder Shenghong Technology and other means permitted by laws and regulations
	Phase III	452	87,268,859	0 shares purchased during the current period	1.32%	
	Phase IV	169	81,113,123	39,834,688 shares purchased during the current period	1.23%	

Changes in asset management institutions during the reporting period

Applicable Not applicable

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

Applicable Not applicable

Exercise of shareholders' rights during the reporting period

None

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Other description:

None

**3. Other employee incentive measures**

Applicable Not applicable

## Section V Environment and Social Responsibilities

### I. Major environmental issues

Whether the Listed Company and its subsidiaries are among the key emission units announced by the environmental protection authorities

Yes No

### Environmental protection-related policies and industry standards

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

### Environmental protection related administrative licensing

1. The existing pollution discharge permit for Shenghong Refining & Chemical's main plant was received on March 22, 2024 and will be valid until March 21, 2029; and the existing pollution discharge permit for the outer tank area was received on December 16, 2022 and will be valid until December 15, 2027.
2. The existing pollution discharge permit of Sierbang Petrochemical was received on February 29, 2024 and will be valid until February 28, 2029; and the existing radiation safety permit was received on June 12, 2023 and will be valid until November 29, 2025.
3. The existing pollution discharge permit of Honggang Petrochemical was received on March 15, 2024 and will be valid until March 14, 2029.
4. The existing pollution discharge permit of Guowang Hi-Tech was received on December 31, 2023 and will be valid until December 30, 2028.
5. The existing pollution discharge permit of Shenghong Fiber was received on October 21, 2022 and will be valid until October 20, 2027.
6. The existing pollution discharge permit of Zhonglu Technology was received on July 4, 2022 and will be valid until July 3, 2027.
7. The existing pollution discharge permit of Tangnan Sewage was received on August 14, 2022 and will be valid until August 13, 2027.
8. The existing pollution discharge permit of Ganghong Fiber was received on April 24, 2023 and will be valid until April 23, 2028.
9. The existing pollution discharge permit of Reborn Technology was received on August 20, 2021 and will be valid until August 19, 2026.
10. The existing pollution discharge permit of Guowang (Suqian) was received on September 22, 2023 and will be valid until September 21, 2028.
11. The existing pollution discharge permit of Shengze Thermal Power Plant was received on September 30, 2021 and will be valid until September 29, 2026.
12. The existing pollution discharge permit of Shengze Gas Turbine Thermal Power was received on February 7, 2023 and will be valid until February 6, 2028.

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

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
Shenghong Refining & Chemical	Waste gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct emission after treatment	80 (including 12 emergency emission outlets)	Located in the main device area of the plant area	Waste gas treatment facilities: particulate matter: $\leq 20\text{mg}/\text{m}^3$ ; sulfur dioxide: $\leq 50\text{mg}/\text{m}^3$ ; nitrogen oxides: $\leq 100\text{mg}/\text{m}^3$ ; volatile organic compounds: $\leq 80\text{mg}/\text{m}^3$ Waste gas discharge outlet of waste liquid incinerator: particulate matter: $\leq 30\text{mg}/\text{m}^3$ ; sulfur dioxide: $\leq 100\text{mg}/\text{m}^3$ ; nitrogen oxides: $\leq 300\text{mg}/\text{m}^3$ ; volatile organic compounds: $\leq 80\text{mg}/\text{m}^3$	Standards for the Discharge of Malodorous Pollutants (GB 14554-93), Standards for the Discharge of Industrial Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Volatile Organic Compounds in the Chemical Industry (DB 32/3151-2016), Integrated Emission Standard of Air Pollutants (DB32/4041-	Particulate matter: 6.1t; sulfur dioxide: 25.07t; nitrogen oxides: 480.6t; volatile organic compounds: 41.717029t	Particulate matter: 291.17t; sulfur dioxide: 470.35t; nitrogen oxides: 1259.25t; volatile organic compounds: 1795.636t	None



Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
							2021), Standard for the Control of Pollution from the Burning of Dangerous Wastes (GB 18484-2020), Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019)			
Shenghong Refining & Chemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Treatment Project for Chemical High Salt Wastewater Discharged to the Donggang Sewage Treatment Plant and Petrochemical Base in the Park after Pre-treatment by Sewage Treatment Station (Phase I); discharge	3	Located at the final monitoring tank of each sewage treatment station	Pipeline connection standards for Donggang Sewage Plant: chemical oxygen demand: $\leq 500\text{mg/L}$ ; ammonia nitrogen: $\leq 35\text{mg/L}$ ; total nitrogen: $\leq 45\text{mg/L}$ ; total phosphorus: $\leq 5\text{mg/L}$ Pipeline connection standards for petrochemical base chemical high salt wastewater treatment project (Phase I): chemical	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Industrial Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Water Pollutants in the Chemical Industry	Chemical oxygen demand: 71.05t; ammonia nitrogen: 10.703t; total nitrogen: 28.559t; total phosphorus: 0.95t	Chemical oxygen demand: 1205.31t; ammonia nitrogen: 101.40t; total nitrogen: 141.29t; total phosphorus: 11.79t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
			of regenerated concentrated water to Fangyang Outlet after treatment			oxygen demand: $\leq 200\text{mg/L}$ ; ammonia nitrogen: $\leq 15\text{mg/L}$ ; total nitrogen: $\leq 35\text{mg/L}$ ; total phosphorus: $\leq 2\text{mg/L}$ Discharge standard of sea outfall: chemical oxygen demand: $\leq 50\text{mg/L}$ ; ammonia nitrogen: $\leq 5\text{mg/L}$ ; total nitrogen: $\leq 15\text{mg/L}$	(DB32/929-2020), and pipeline connection standards for the sewage treatment plants in the Park			
Sierbang Petrochemical	Waste gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct emission after treatment	68	Located at the each unit area of the plant area	Waste gas treatment facilities: particulate matter: $\leq 20\text{mg/m}^3$ ; sulfur dioxide: $\leq 50\text{mg/m}^3$ ; nitrogen oxides: $\leq 100\text{mg/m}^3$ ; volatile organic compounds: $\leq 80\text{mg/m}^3$ Wastewater incineration facilities: particulate matter: $\leq 30\text{mg/m}^3$ ; sulfur dioxide: $\leq 100\text{mg/m}^3$ ; nitrogen oxides: $\leq 300\text{mg/m}^3$ ; volatile organic	Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015), Standards for the Discharge of Volatile Organic Compounds in the Chemical Industry (DB32_3151-2016), Standard for the Control of Pollution from	Particulate matter: 12.58t; sulfur dioxide: 8.03t; nitrogen oxides: 136.95t; volatile organic compounds: 47.31t	Particulate matter: 145.743t; sulfur dioxide: 250.171t; nitrogen oxides: 1269.758t; volatile organic compounds: 773.546t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
						compounds: $\leq 80\text{mg}/\text{m}^3$ EVA and SAP units: volatile organic compounds: $\leq 60\text{mg}/\text{m}^3$	the Burning of Dangerous Waste (GB18484-2020), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015)			
Sierbang Petrochemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the chemical high salt wastewater treatment plant in the park after pre-treatment by the sewage treatment station	1	Located at the final observation tank of the sewage treatment station	Chemical oxygen demand: $\leq 200\text{mg}/\text{L}$ ; ammonia nitrogen: $\leq 15\text{mg}/\text{L}$ ; total nitrogen: $\leq 35\text{mg}/\text{L}$ ; total phosphorus: $\leq 2\text{mg}/\text{L}$	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015) and pipeline connection standards for the sewage treatment plants in the Park	Chemical oxygen demand: 71.05t; ammonia nitrogen: 0.883t; total nitrogen: 14.48t; total phosphorus: 0.7t	Chemical oxygen demand: 479.49t; ammonia nitrogen: 49.46t; total nitrogen: 70.6t; total phosphorus: 2.58t	None
Honggang Petrochemical	Waste gas	Dust, p-xylene, hydrogen bromide, volatile organic compounds	Direct emission after treatment	40 (including the backup facility outlets)	Located at the main device area and finished product silo within the plant area	Dust $\leq 20\text{mg}/\text{m}^3$ ; PX $\leq 20\text{mg}/\text{m}^3$ ; bromomethane $\leq 20\text{mg}/\text{m}^3$	Integrated Emission Standard of Air Pollutants (GB16297-1996), Standards for the Discharge of Petrochemical Industrial	Sulfur dioxide: 0.3765t, nitrogen oxides: 1.519t, particulate matter: 0.1444t,	Sulfur dioxide: 72.474t; nitrogen oxides: 162.717t; particulate matter: 31.699t;	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
							Pollutants (GB31571-2015), and Standard for the Discharge of Air Pollutants from Boilers (GB13271-2014)	volatile organic compounds: 36.6565t	volatile organic compounds: 158.693t	
Honggang Petrochemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the Donggang Sewage Treatment Plant in the Park after treatment by the sewage pre-treatment station	2	Located at the main discharge outlet of the final monitoring tank of the sewage treatment station	Chemical oxygen demand: $\leq 500\text{mg/L}$ ; ammonia nitrogen: $\leq 35\text{mg/L}$ ; total nitrogen: $\leq 45\text{mg/L}$ ; total phosphorus: $\leq 5\text{mg/L}$	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015) and pipeline connection standards for the sewage treatment plants in the Park	Chemical oxygen demand emission: 242.1t; ammonia nitrogen emission: 0.4906t; total phosphorus emission: 1.807t; total nitrogen emission: 20.76t	Chemical oxygen demand: 2640.639t; ammonia nitrogen: 188.59t; total nitrogen: 231.65t; total phosphorus: 28.7t	None
Guowang Hi-Tech	Waste gas	Nitrogen oxides, non methane total hydrocarbons, sulfur dioxide, particulate	Direct emission after treatment	4	Located in the main device area of the plant area	Nitrogen oxides: $\leq 50\text{mg/ Nm}^3$ ; non methane total hydrocarbons: $\leq 60\text{mg/ Nm}^3$ ; sulfur dioxide: $\leq 35\text{mg/ Nm}^3$ ; particulate matter: $\leq 10\text{mg/ Nm}^3$	Emission Standard for Air Pollutants of Boilers (DB32/4385-2022), Comprehensive Emission	Nitrogen oxides: 9.8673t; non methane total hydrocarbons: 0.733707t	Nitrogen oxides: 83.0143t; non methane total hydrocarbons: 6.39t	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
		matter				Nm <sup>3</sup>	Standard for Air Pollution (DB32/4041-2021), Emission Standard for Pollutants of Synthetic Resin Industry (GB31572-2015)			
Guowang Hi-Tech	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the chemical high salt wastewater treatment plant in the park after pre-treatment by the sewage treatment station	1	Located in the final observation tank of the sewage treatment station	Chemical oxygen demand: ≤500mg/L; ammonia nitrogen: ≤40mg/L; total nitrogen: ≤40mg/L; total phosphorus: ≤8mg/L	Standard for Pollutant Discharge of Synthetic Resin Industry (GB31572-2015) and Standard for Takeover of Sewage Treatment Plant	Chemical oxygen demand: 10.787395t; ammonia nitrogen: 0.060811t; total nitrogen: 2.311649t; total phosphorus: 0.033689t	Chemical oxygen demand: 340.9064t; ammonia nitrogen: 15.022t; total nitrogen: 18.603t; total phosphorus: 2.4699t	None
Shenghong Fiber	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the Centralized Industrial Sewage Treatment Plant after the pre-treatment by the sewage treatment	1	Located in the final observation tank of the sewage treatment station	Chemical oxygen demand: ≤500mg/L; ammonia nitrogen: ≤45mg/L; total nitrogen: ≤70mg/L; total phosphorus: ≤8mg/L	Standard for Pollutant Discharge of Synthetic Resin Industry (GB31572-2015) and Standard for Takeover of Sewage	Chemical oxygen demand: 1.436585t; ammonia nitrogen: 0.004555t; total nitrogen: 0.186839t; total	Chemical oxygen demand: 348.91t; ammonia nitrogen: 15.8335t; total nitrogen: 19.063t; total phosphorus:	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
			station				Treatment Plant	phosphorus: 0.077458t	2.31163t	
Ganghong Fiber	Waste gas	Nitrogen oxides, non methane total hydrocarbons, sulfur dioxide, particulate matter	Organized discharge	1	Located in the main device area of the plant area	Nitrogen oxides: $\leq 50\text{mg}/\text{Nm}^3$ ; non methane total hydrocarbons: $\leq 60\text{mg}/\text{Nm}^3$ ; sulfur dioxide: $\leq 35\text{mg}/\text{Nm}^3$ ; particulate matter: $\leq 10\text{mg}/\text{Nm}^3$	Emission Standard for Air Pollutants of Boilers (DB32/4385-2022), Comprehensive Emission Standard for Air Pollution (DB32/4041-2021), Emission Standard for Pollutants of Synthetic Resin Industry (GB31572-2015),	Nitrogen oxides: 8.69t; non methane total hydrocarbons: 0.7548t	Nitrogen oxides: 24.36t; non methane total hydrocarbons: 8.53t	None
Ganghong Fiber	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the chemical high salt wastewater treatment plant in the park after pre-treatment by the sewage treatment	1	Located in the final observation tank of the sewage treatment station	Chemical oxygen demand: $\leq 500\text{mg}/\text{L}$ ; ammonia nitrogen: $\leq 40\text{mg}/\text{L}$ ; total nitrogen: $\leq 40\text{mg}/\text{L}$ ; total phosphorus: $\leq 8\text{mg}/\text{L}$	Standard for Pollutant Discharge of Synthetic Resin Industry (GB31572-2015) and Standard for Takeover of Sewage Treatment Plant	Chemical oxygen demand: 1.400231t; ammonia nitrogen: 0.032817t; total nitrogen: 0.433762t; total phosphorus:	Chemical oxygen demand: 12.06t; ammonia nitrogen: 1.51t; total nitrogen: 1.58t; total phosphorus:	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
			station					0.001877t	0.201t	
Tangnan Sewage	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Direct access to rivers, lakes, reservoirs and other water environments	1	Located in the sewage treatment station in the plant	Chemical oxygen demand: $\leq 60\text{mg/L}$ ; ammonia nitrogen: $\leq 8\text{mg/L}$ ; total nitrogen: $\leq 40\text{mg/L}$ ; total phosphorus: $\leq 1\text{mg/L}$	Discharge Standard for Pollutants of Synthetic Resin Industry (GB31572-2015)	Chemical oxygen demand: 6.554469t; ammonia nitrogen: 0.083243t; total nitrogen: 3.632164t; total phosphorus: 0.009946t	Chemical oxygen demand: 82.13t; ammonia nitrogen: 6.84t; total nitrogen: 20.53t; total phosphorus: 0.68t	None
Reborn Technology	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged into the sewage treatment plant of Wood Industry Park in Siyang County after pre-treatment by the sewage treatment station	1	Located on the south side of the sewage treatment station in the plant area	Chemical oxygen demand: $\leq 400\text{mg/L}$ ; ammonia nitrogen: $\leq 25\text{mg/L}$ ; total phosphorus: $\leq 35\text{mg/L}$ ; total nitrogen: $\leq 4.5\text{mg/L}$	Water Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), Integrated Wastewater Discharge Standard (GB8978-1996), and pipeline connection standards for sewage treatment plants in the Park	Chemical oxygen demand: 0.16t; ammonia nitrogen: 0.00139t; total phosphorus: 0.00415t	Chemical oxygen demand: 58.336t; ammonia nitrogen: 1.936t; total phosphorus: 0.197t	None
Guowang	Waste gas	Nitrogen	Organized	1	Arranged in	Sulfur dioxide:	Requirements for	Sulfur	Sulfur	None

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
(Suqian)		oxides, volatile organic compounds, sulfur dioxide, particulate matter	discharge		the main device area in the plant area	$\leq 25\text{mg}/\text{m}^3$ ; oxide: $\leq 30\text{mg}/\text{m}^3$ ; particulate matter: $\leq 5\text{mg}/\text{m}^3$ ; volatile organic compounds $\leq 4.8\text{mg}/\text{m}^3$	Implementing Emission Restrictions for "Green Benchmark" Demonstration Enterprises in Suqian City; Integrated Emission Standard of Air Pollutants (DB32/4041-2021)	dioxide: 5.13t; nitrogen oxides: 13.2t; particulate matter: 0.47t; volatile organic compounds: 0.862t	dioxide: 72.66t; nitrogen oxides: 90.74t; particulate matter: 17.08t; volatile organic compounds: 93.465t	
Shengze Thermal Power Plant	Waste gas	Smoke dust, sulfur dioxide, nitrogen oxides	Direct emission after treatment	3	Main chimney discharge outlet is arranged on the north side of the plant area	Smoke dust: $\leq 10\text{mg}/\text{Nm}^3$ ; sulfur dioxide: $\leq 35\text{mg}/\text{Nm}^3$ ; nitrogen oxides: $\leq 50\text{mg}/\text{Nm}^3$	Standard for the Discharge of Air Pollutants from Thermal Power Plants (GB13223-2011)	Smoke dust: 3.46t; sulfur dioxide: 21.06t; nitrogen oxides: 75.26t	Smoke dust: 34.05t; sulfur dioxide: 302.92t; nitrogen oxides: 427.07t	None
Shengze Gas Turbine Thermal Power	Waste gas	Smoke dust, sulfur dioxide, nitrogen oxides	Direct emission after treatment	2	The waste heat boiler stack is arranged on the south side of the plant area	Smoke dust: $\leq 10\text{mg}/\text{Nm}^3$ ; sulfur dioxide: $\leq 35\text{mg}/\text{Nm}^3$ ; nitrogen oxides: $\leq 30\text{mg}/\text{Nm}^3$	Emission Standard of Air Pollutants for Thermal Power Plants (GB13223-2011); the concentration requirements for	Smoke dust: 0.03t; sulfur dioxide: 0.07t; nitrogen oxides: 1.56t	Smoke dust: 23.1t; sulfur dioxide: 14.79t; nitrogen oxides: 198.08t	None



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Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
							nitrogen oxide emissions shall meet the Emission Standard for Air Pollutants for Stationary Gas Turbines (DB32/3967-2021)			

**Disposal of pollutants**

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

**Response Plan for Environmental Emergencies**

The above-mentioned entities have prepared and continuously revised the Response Plan for Environmental Emergencies, including:

1. Shenghong Refining & Chemical has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing numbers: 320703-2024-008-H (main plant area) and 320741-2022-016-H (outer tank area).
2. Sierbang Petrochemical has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing number: 320741-2024-001-H.
3. Honggang Petrochemical has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing number: 320741-2023-018-H.
4. Guowang Hi-Tech has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2023-153-H
5. Shenghong Fiber has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2022-005-H.
6. Tangnan Sewage has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2023-154-L.
7. Ganghong Fiber has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2023-082-H.
8. Zhonglu Technology has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2021-284-H.
9. Ruibang Technology has been filed with Siyang Ecological Environment Bureau of Suqian City, under the following filing number: 321323-2022-055-L,
10. Guowang (Suqian) has been filed with Siyang Ecological Environment Bureau of Suqian City, under the following filing number: 321323-2023-001-M.
11. Shengze Thermal Power Plant has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2023-117-M.
12. Shengze Gas Turbine Thermal Power has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2023-133-M.

**Information on investment in environmental governance and protection and payment of environmental protection tax**

In accordance with the relevant requirements of the state and local governments, the Company's subsidiaries completed various monitoring and environmental governance work. In the first half of 2024, the Company invested a total of RMB 549,663,200 in environmental protection-related investment, equipment construction and technical transformation. In the first half of 2024, the Company actually paid environmental protection tax of RMB 4,706,700.

**Environmental self-monitoring plan**

The above-mentioned units shall prepare environmental self-monitoring plans in accordance with the monitoring contents of the pollutant discharge license, entrust qualified units to conduct regular monitoring, and regularly declare environmental monitoring data.

**Administrative penalties imposed due to environmental issues during the reporting period**

None

**Other environmental information that should be made public**

None

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

Applicable  Not applicable

The Company has integrated the "carbon dioxide peaking and carbon neutrality" strategic goal into the enterprise development plan, fully implemented the concept of green and low-carbon development, vigorously developed green manufacturing, and built a green production system to promote sustainable and green development. During the reporting period, the Company took the lead in using nuclear power steam in the petrochemical industry, which is expected to reduce carbon emissions by approximately 966,000 tons per year. With the successful one-off operation of the EC/DMC unit, the Company has realized the connection of the green and negative carbon industry chain of "carbon dioxide - green methanol - new materials for lithium battery". In addition, the Company has orderly promoted bio-based fibers, renewable fibers and other projects in a new model of green and low-carbon development with the comprehensive utilization of resources as a link, interconnection, symbiosis and win-win situation.

**Other relevant environmental protection information**

None

**II. Social responsibility**

While developing the enterprise, the Company will closely integrate the fulfillment of social responsibilities with the development strategy and daily business activities of the enterprise, abide by social morality, accept public supervision, attach importance to the protection of the legitimate rights and interests of shareholders, creditors and employees, treat suppliers, customers and consumers in good faith, practice the concept of green development, enthusiastically participate in environmental protection, community construction and other public welfare undertakings, strive to achieve win-win economic, social and environmental benefits, and promote the coordinated and harmonious development of the Company and the whole society. During the reporting period, the Company adhered to the principle of "ecological enterprise establishment and safety first", adhered to the sustainable development concept of innovation, coordination, green, openness and sharing, carried out the environmental, social and governance (ESG) management system, actively explored the new path of green development, took scientific and technological innovation as the core driving force, and opened the channel for the green and low-carbon transformation of the industry through technological innovation breakthroughs. During the reporting period, the relevant internal control system for safety management of the Company was well built and operating well; there were no major safety incidents.

## Section VI Significant Events

### I. Commitments made by the Company's actual controller, shareholders, related parties, acquirers, the Company and other related parties that have been fulfilled within the reporting period and have not been fulfilled within the time limit as at the end of the reporting period

☞Applicable ☐Not applicable

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Other commitments	They ensure that the consideration shares will be used for fulfilling the performance compensation commitment on a priority basis, and they will not escape from the compensation obligation by pledging shares and other ways; when pledging the consideration shares in the future, they will notify the pledgee in writing of the potential performance compensation obligations of the above shares according to the performance compensation agreement, and make clear agreement with the pledgee in the pledge agreement regarding the use of the relevant shares for payment of performance compensation, etc. During the performance commitment period, no pledge of the consideration shares obtained in this transaction will be made to ensure that the consideration shares obtained by	January 27, 2022	To April 30, 2024	Commitments fulfilled

			the Company can be fully used to fulfill the performance compensation commitment. If the Company breaches the above commitment, it will bear the corresponding legal responsibility in accordance with the law.			
Commitments made during asset restructuring	Lianyungang Bohong Industrial Co., Ltd.; Shenghong Petrochemical Group Co., Ltd.	Performance commitments and compensation arrangement	Sierbang Petrochemical's net profit attributable to the company after deducting non-recurring profit or loss was not less than RMB 1,783,800,400, RMB 1,508,653,300 and RMB 1,842,529,000 for 2021, 2022 and 2023 respectively. If the restructuring fails to complete the delivery of the target company before December 31, 2021 (inclusive), the compensation obligor agrees and undertakes that the target company's net profit attributable to the company after deducting non-recurring profit or loss for 2022, 2023 and 2024 shall not be less than RMB 1,508,653,300, RMB 1,842,529,000 and RMB 1,779,481,700, respectively. If the actual audited net profit of the target company in the performance commitment year is higher than the committed net profit in the performance commitment year, the excess amount may be cumulated	January 27, 2022	To April 30, 2024	Commitments fulfilled

			with the actual audited net profit of the target company in the subsequent years, and such cumulative amount shall be deemed to be the actual net profit achieved by the target company in the corresponding subsequent years.			
Commitments made during asset restructuring	Jiangsu Shenghong Technology Co., Ltd.	Other commitments	<p>1. The Company has transferred the above 14 trademarks to Suzhou Shenghong Fiber Co., Ltd., and the relevant transfer procedures are currently being processed. The application for the transfer of the above-mentioned trademarks with serial numbers 1-12 has been submitted to the Trademark Office of the State Administration for Industry and Commerce, and the owner change procedures would be completed by the end of June 2018. The application for the transfer of trademarks with serial numbers 13-14 has been filed with the relevant departments in Taiwan and the International Registration Office of the Trademark Office, and the owner change procedures are currently being carried out normally. Due to the complexity of overseas trademark transfer procedures, it is estimated that such procedures will</p>	January 31, 2018	Effective in the long term	Commitments have been fulfilled, and the transfer and change procedures for the trademarks have been completed

			<p>take a long time, and the Company will complete the owner change procedures as soon as possible.</p> <p>2. The Company applied for a trademark to the Pakistani trademark authority in October 2013, and obtained a trademark certificate with the registration number "348483" in December 2017. On January 8, 2018, the Company signed an agreement on the transfer of such trademark with Suzhou Shenghong Fiber Co., Ltd., and entrusted a trademark agency to handle the transfer procedures. Due to the complexity of overseas trademark transfer procedures, it is estimated that such procedures will take a long time, and the Company will complete the owner change procedures as soon as possible. The above-mentioned trademarks do not have rights restrictions such as pledge, nor do they have any ownership disputes or potential ownership disputes. Before the above-mentioned trademark transfer procedures are completed, the Company agrees and confirms that Suzhou Shenghong Fiber Co., Ltd. has the right to use such trademarks for free until the transfer procedures are completed. If the</p>			
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			transfer of the above trademarks fails, the Company will be responsible for all the losses caused to Suzhou Shenghong Fiber Co., Ltd.			
Whether the commitments have been fulfilled on time			Yes.			
If the commitments are overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail.			N/A			

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

Applicable Not applicable

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

## III. Illegal external guarantees

Applicable Not applicable

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

## IV. Appointment and Dismissal of Accounting Firms

Whether the semi-annual financial report has been audited

Yes No

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

## V. Explanation of the board of directors and the board of supervisors on the "non-standard audit report" of the accounting firm during the reporting period

Applicable Not applicable

## VI. Explanation of the board of directors on the relevant situation of the "non-standard audit report" of the previous year

Applicable Not applicable

## VII. Matters related to bankruptcy and reorganization

Applicable Not applicable

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

## VIII. Litigation matters

Significant litigation and arbitration

Applicable Not applicable

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

Other litigation matters

Applicable Not applicable

## IX. Punishment and Rectification

Applicable Not applicable

There was no punishment or rectification during the reporting period.



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

Applicable Not applicable

**XI. Major Related Transactions****1. Related transactions related to daily operations**

Applicable Not applicable

Related parties	Relationship	Type of related transactions	Content of related transaction	Pricing principles for related transactions	Amount of related transactions (RMB'0,000)	Proportion in the amount of similar transactions	Approved transaction amount (RMB'0,000)	Whether exceed the approved limit or not	Settlement method of related transactions
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related relationship	Purchase of fuel, power, etc. from related parties	Steam, etc.	Steam trading is priced according to the government guidance	238,969.18	99.85%	603,194.97	No	Monthly settlement
Total				--	238,969.18	--	603,194.97	--	--
Date of Disclosure				January 27, 2024					
Index of Disclosure				CNINFO: Announcement on Expected Daily Related-party Transactions in 2024 (Announcement No.: 2024-004)					

**2. Related transactions in the acquisition and sale of assets or equity**

Applicable Not applicable

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

**3. Related transactions of joint foreign investment**

Applicable Not applicable

During the reporting period, the Company has no joint external investment during the reporting period.

**4. Related creditor's rights and debts**

Applicable Not applicable

Whether there are non-operating related claims and debts

Yes No

Claims payable to related parties

Related party	Relationship	Forming reason	Balance as at January 1, 2024 (RMB'0,000)	Increases in the current period (RMB'0,000)	Refund in the current period (RMB'0,000)	Interest rate	Interest in the current period (RMB'0,000)	Balance as at June 30, 2024 (RMB'0,000)
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller	Lending (remark)	30,676.32	0.00	30,676.32		0.00	0.00
Hongwei (Lianyungang) Fine Chemicals Co., Ltd.	Other related relationship	Lending (remark)	4,123.68	0.00	4,123.68		0.00	0.00

The impact of related debts on the Company's operating results and financial position	No significant impact
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Remark: In 2023, the Company underwent an acquisition with entities under common control, which resulted from transactions between the Company and entities under common control that occurred before the acquisition date.

### 5. Contacts with financial companies that have affiliated relationships

Applicable Not applicable

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

### 6. Communications between financial companies controlled by the company and related parties

Applicable Not applicable

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

### 7. Other major related transactions

Applicable Not applicable

For other related transactions between the Company and related parties during the reporting period, see Note "XIV. Related parties and related transactions" in "Section X Financial reports".

Related inquiries on temporary report disclosure website for major related transactions

Temporary announcement name	Disclosure date of temporary announcement	Name of temporary announcement disclosure website
Announcement on Estimated Daily Related transactions in 2024 (Announcement No.: 2024-004)	January 27, 2024	CNINFO

## XII. Major Contracts and Performance Thereof

### 1. Matters concerning trusteeship, contracting and leasing

#### (1) Trusteeship situation

Applicable Not applicable

#### (2) Contracting status

Applicable Not applicable

#### (3) Lease situation

Applicable Not applicable

**2. Major guarantee**

☼Applicable □Not applicable

Monetary Unit: RMB'0,000

External guarantees of the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Total amount of external guarantees approved during the reporting period (A1)		0	Total actual amount of external guarantee during the reporting period (A2)				0	
Total amount of external guarantee approved as at the end of the reporting period (A3)		0	Total actual balance of external guarantees as at the end of the reporting period (A4)				0	
Guarantees of the Company to its subsidiaries								
Name of guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual amount of guarantee	Guarantee type	Guarantee period	Whether the performance has been completed	Whether guaranteed by the related party
Shengze Gas Turbine Thermal Power	March 13, 2018	80,000.00	September 10, 2019	49,000.00	Joint liability guarantee	September 10, 2037	No	No
Honggang Petrochemical	August 31, 2019	270,000.00	September 20, 2019	211,144.44	Joint liability guarantee	September 20, 2032	No	No
Shenghong Refining & Chemical	July 04, 2020	4,150,000.00	November 13, 2020	3,824,818.22	Joint liability guarantee	November 12, 2038	No	No
Guowang (Suqian)	July 17, 2021	275,000.00	August 23, 2021	235,230.00	Joint liability guarantee	March 01, 2031	No	No
Reborn Technology	December 16, 2021	250,000.00	December 21, 2021	67,302.50	Joint liability guarantee	December 20, 2031	No	No
			January 20, 2022	67,364.74	Joint liability guarantee	January 20, 2032	No	No
Hongjing New Materials	January 13, 2023	840,000.00	March 24, 2023	640,500.00	Joint liability guarantee	March 23, 2041	No	No
Hongwei Chemical	January 13, 2023	397,554.00	February 06, 2023	196,289.46	Joint liability guarantee	March 23, 2037	No	No

Zhonglu Technology			August 06, 2021	4,166.67	Joint liability guarantee	August 11, 2027	No	No
Guowang Hi-Tech	2020/12/31、 2022/1/29	Remark	January 05, 2023	102,996.53	Joint liability guarantee	June 21, 2028	No	No
			July 24, 2023	30,000.00	Joint liability guarantee	April 23, 2028	No	No
			February 06, 2024	20,000.00	Joint liability guarantee	October 29, 2027	No	No
			December 02, 2022	112,425.23	Joint liability guarantee	March 21, 2034	No	No
			November 09, 2023	9,900.00	Joint liability guarantee	April 11, 2028	No	No
			March 11, 2024	30,000.00	Joint liability guarantee	February 27, 2028	No	No
			May 12, 2022	30,000.00	Joint liability guarantee	May 16, 2029	No	No
			October 17, 2022	24,000.00	Joint liability guarantee	November 04, 2027	No	No
			September 26, 2023	9,567.24	Joint liability guarantee	December 24, 2027	No	No
			November 29, 2022	60,000.00	Joint liability guarantee	November 28, 2027	No	No
			December 26, 2022	42,012.08	Joint liability guarantee	March 31, 2028	No	No
			April 09, 2024	42,973.00	Joint liability guarantee	April 21, 2028	No	No
			February 08, 2024	50,000.00	Joint liability guarantee	February 08, 2029	No	No
			February 29, 2024	60,000.00	Joint liability guarantee	February 28, 2030	No	No
			Reborn Technology			March 24, 2022	108,355.74	Joint liability

					guarantee			
			June 01, 2022	37,104.83	Joint liability guarantee	May 31, 2028	No	No
Guowang (Suqian)			December 07, 2022	13,218.22	Joint liability guarantee	Two years from the maturity date of main debt performance	No	No
			June 30, 2022	344,000.00	Joint liability guarantee	June 29, 2036	No	No
			December 16, 2022	146,711.77	Joint liability guarantee	June 27, 2029	No	No
			January 08, 2024	220,000.00	Joint liability guarantee	September 10, 2027	No	No
			September 25, 2023	149,231.00	Joint liability guarantee	September 25, 2028	No	No
			July 26, 2022	150,000.00	Joint liability guarantee	July 28, 2027	No	No
			June 26, 2023	106,902.24	Joint liability guarantee	December 11, 2027	No	No
Shenghong Refining & Chemical			March 24, 2024	127,426.97	Joint liability guarantee	July 14, 2028	No	No
			May 24, 2024	60,000.00	Joint liability guarantee	June 27, 2028	No	No
			February 26, 2024	479,911.80	Joint liability guarantee	October 21, 2027	No	No
			March 24, 2024	32,000.00	Joint liability guarantee	July 14, 2028	No	No
			January 11, 2024	138,930.00	Joint liability guarantee	May 16, 2028	No	No
			September 26, 2022	179,020.51	Joint liability guarantee	May 30, 2028	No	No
			February 08, 2024	30,000.00	Joint liability guarantee	August 13, 2027	No	No

			June 05, 2024	181,138.43	Joint liability guarantee	October 11, 2027	No	No
			May 22, 2023	126,395.43	Joint liability guarantee	August 16, 2027	No	No
			October 07, 2023	41,025.00	Joint liability guarantee	December 16, 2027	No	No
			October 07, 2023	49,875.00	Joint liability guarantee	December 16, 2027	No	No
			September 15, 2023	43,000.00	Joint liability guarantee	June 14, 2028	No	No
			November 10, 2023	108,089.83	Joint liability guarantee	May 21, 2028	No	No
			October 11, 2023	56,725.83	Joint liability guarantee	August 20, 2027	No	No
			March 15, 2024	68,014.40	Joint liability guarantee	March 14, 2028	No	No
			December 01, 2023	237,565.24	Joint liability guarantee	November 24, 2027	No	No
			January 03, 2024	350,000.00	Joint liability guarantee	December 24, 2027	No	No
			October 20, 2023	20,000.00	Joint liability guarantee	December 31, 2026	No	No
			September 11, 2023	150,000.00	Joint liability guarantee	September 11, 2027	No	No
			June 12, 2023	30,009.46	Joint liability guarantee	No maturity date	No	No
			July 19, 2023	58,674.52	Joint liability guarantee	December 31, 2024	No	No
			February 18, 2024	20,000.00	Joint liability guarantee	September 22, 2027	No	No
			June 28, 2023	60,000.00	Joint liability	August 22, 2028	No	No
Petrochemical (Singapore)								
Sierbang Petrochemical								

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					guarantee			
			March 07, 2023	53,010.85	Joint liability guarantee	March 05, 2028	No	No
			April 20, 2022	10,600.00	Joint liability guarantee	December 28, 2026	No	No
			June 26, 2023	25,686.00	Joint liability guarantee	June 08, 2027	No	No
			December 27, 2022	61,731.23	Joint liability guarantee	December 31, 2027	No	No
			January 29, 2023	32,083.33	Joint liability guarantee	January 15, 2029	No	No
			February 07, 2024	41,250.00	Joint liability guarantee	February 15, 2030	No	No
			April 15, 2024	60,000.00	Joint liability guarantee	April 14, 2028	No	No
			June 25, 2023	24,000.00	Joint liability guarantee	June 25, 2031	No	No
			November 22, 2023	7,800.00	Joint liability guarantee	November 27, 2027	No	No
			November 22, 2023	10,500.00	Joint liability guarantee	September 25, 2027	No	No
			March 28, 2024	5,000.00	Joint liability guarantee	March 28, 2028	No	No
			March 28, 2024	30,000.00	Joint liability guarantee	December 31, 2027	No	No
			April 28, 2024	25,000.00	Joint liability guarantee	April 28, 2027	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (B1)			Remark	Total actual amount of guarantee for subsidiaries during the reporting period (B2)			3,074,641.66	
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (B3)			Remark	Total actual balance of guarantees for subsidiaries as at the end of the reporting period (B4)			10,229,677.74	

Guarantees provided by subsidiaries for subsidiaries and by subsidiaries for the Company								
Name of guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual amount of guarantee	Guarantee type	Guarantee period	Whether the performance has been completed	Whether guaranteed by the related party
Ganghong Fiber	January 16, 2021 and January 29, 2022	Remark	January 30, 2018	17,600.00	Joint liability guarantee	December 25, 2028	No	No
			January 07, 2019	14,267.67	Joint liability guarantee	January 08, 2027	No	No
			June 28, 2021	46,579.50	Joint liability guarantee	July 06, 2031	No	No
			February 27, 2024	20,000.00	Joint liability guarantee	March 13, 2028	No	No
			November 09, 2023	5,000.00	Joint liability guarantee	March 26, 2028	No	No
			October 26, 2023	30,000.00	Joint liability guarantee	October 25, 2027	No	No
January 13, 2024			22,900.00	Joint liability guarantee	July 12, 2027	No	No	
Shenghong Fiber			December 20, 2023	28,257.78	Joint liability guarantee	December 05, 2028	No	No
			January 05, 2023	25,784.22	Joint liability guarantee	June 27, 2028	No	No
			February 27, 2023	35,000.00	Joint liability guarantee	November 20, 2027	No	No
			November 09, 2023	10,000.00	Joint liability guarantee	December 14, 2027	No	No
Zhonglu Technology	December 08, 2022	20,997.38	Joint liability guarantee	January 16, 2028	No	No		
	December 29,	20,000.00	Joint liability	November 20, 2027	No	No		



			2022		guarantee			
			June 28, 2023	10,000.00	Joint liability guarantee	November 01, 2027	No	No
Suzhen Bioengineering			March 19, 2024	5,000.00	Joint liability guarantee	March 18, 2025	No	No
Reborn Technology			June 08, 2023	9,333.78	Joint liability guarantee	May 20, 2025	No	No
Petrochemical Industry Group			September 06, 2023	30,000.00	Joint liability guarantee	December 03, 2027	No	No
Shenghong Refining & Chemical			September 22, 2023	3,824,818.22	Joint liability guarantee	November 12, 2038	No	No
Petrochemical (Singapore)			February 05, 2024	70,000.00	Joint liability guarantee	July 09, 2028	No	No
			April 15, 2023		Joint liability guarantee	April 15, 2025	No	No
Sierbang Petrochemical			June 24, 2024	9,753.32	Joint liability guarantee	December 20, 2024	No	No
Rongtai Chemical Warehousing			June 25, 2019	33,000.00	Joint liability guarantee	June 19, 2029	No	No
The Company			February 25, 2022	114,000.00	Joint liability guarantee	November 29, 2027	No	No
			January 01, 2022	126,400.00	Joint liability guarantee	December 28, 2029	No	No
			February 28, 2022	16,590.00	Joint liability guarantee	December 28, 2029	No	No
			March 29, 2022	15,900.00	Joint liability guarantee	December 28, 2029	No	No
			April 15, 2022	63,900.00	Joint liability guarantee	December 28, 2029	No	No
			December 08, 2023	119,900.00	Joint liability guarantee	December 01, 2028	No	No

	January 01, 2024	49,300.00	Joint liability guarantee	December 01, 2028	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (C1)	Remark	Total actual amount of guarantee for subsidiaries during the reporting period (C2)			184,241.55	
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (C3)	Remark	Total actual balance of guarantees for subsidiaries as at the end of the reporting period (C4)			4,794,281.87	
Total approved amount of guarantees during the reporting period (A1+B1+C1)	Remark	Total actual amount of guarantees during the reporting period (A2+B2+C2)			3,258,883.21	
Total approved amount of guarantees as at the end of the reporting period (A3 + B3 + C3)	Remark	Total actual balance of guarantee as at the end of the reporting period (A4+B4+C4)			15,023,959.61	
Ratio of the total actual guarantee amount (i.e., A4+B4+C4) to the Company's net assets						428.50%
Including:						
Balance of guarantee provided for shareholders, actual controllers and their related parties (D)						0.00
Balance of debt guarantees directly or indirectly provided for the guaranteed object with the asset-liability ratio exceeding 70% (E)						12,749,665.99
Amount of the total amount of guarantee exceeding 50% of net assets (F)						13,270,861.66
Total amount of the above three guarantees (D+E+F)						26,020,527.65

Remark: The Company held the 13th Meeting of the 9th Board of Directors on February 28, 2024, at which the Proposal on Estimated Mutual Guarantee Limit for 2024 was reviewed and unanimously approved. It is estimated that the mutual guarantee limit between the Company and its subsidiaries in 2024 will not exceed the equivalent of RMB 118.1 billion, and the guarantee limit will be valid from the date of review and approval at the 2nd extraordinary general meeting of the Company in 2024 to the date of convening the 2024 annual general meeting of the Company. After the approval of this guarantee, the total amount of guarantees provided by the Company and its subsidiaries will not exceed the equivalent of RMB180.75 billion. This proposal was deliberated and adopted at the second extraordinary general meeting of the Company for 2024 on March 21, 2024.

### 3. Entrusted financial management

Applicable Not applicable

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

### 4. Other major contracts

Applicable Not applicable

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

**XIII. Explanation of other important matters**

Applicable Not applicable

There were no other significant events required to be explained by the Company during the reporting period.

**XIV. Significant events of the Company's subsidiaries**

Applicable Not applicable

## Section VII Changes in Shares and Particulars Shareholders

### I. Changes in shares

#### 1. Changes in shares

Unit: share

	Before this change		Change in the current period (+,-)					After this change	
	Quantity	Proportion	New shares issued	Share donation	Conversion of capital reserves into share capital	Others	Sub-total	Quantity	Proportion
I. Shares with restrictive conditions for sales	1,114,202,898	16.85%						1,114,202,898	16.85%
1. State-owned shares									
2. State-owned legal person's shares									
3. Shares held by other domestic capital	1,114,202,898	16.85%						1,114,202,898	16.85%
Including: shares held by domestic legal person	1,111,528,326	16.81%						1,111,528,326	16.81%
Shares held by domestic natural person	2,674,572	0.04%						2,674,572	0.04%
4. Foreign shareholding									
Including: shares held by overseas legal person									
Shares held by									

overseas natural person									
II. Shares without restrictive conditions for sales	5,497,010,780	83.15%				998	998	5,497,011,778.00	83.15%
1. RMB common shares	5,497,010,780	83.15%				998	998	5,497,011,778.00	83.15%
2. Foreign shares listed domestically									
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	6,611,213,678	100.00%				998	998	6,611,214,676.00	100.00%

Reasons for changes in shares

Applicable Not applicable

#### Convertible debt-to-equity swap

On March 22, 2021, the Company publicly offered convertible corporate bonds ("Shenghong Convertible Bond", under bond code "127030"), which were listed and traded on the Shenzhen Stock Exchange as of April 21, 2021, with a tenor of 6 years. "Shenghong Convertible Bond" can be converted into shares of the Company from September 27, 2021. During the reporting period, due to the conversion of some "Shenghong Convertible Bond" into ordinary A shares of the Company, the total share capital of the Company increased by 998 shares.

Approval status of shareholding changes

Applicable Not applicable

Transfer status of share changes

Applicable Not applicable

Implementation progress of share repurchases

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Due to the impact of conversion of corporate convertible bonds into shares, the shares increased by 998 in the current period. The basic earnings per fully diluted share in the first half of 2024 were RMB 0.05 per share, and the net asset attributable to shareholders of the Listed Company was RMB 5.30 per share.

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

Applicable Not applicable

## 2. Changes in restricted shares

Applicable Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares lifted in the current period	Increase in restricted shares in the current period	Number of restricted shares at the end of the period	Reasons for sales restriction	Date of release of restricted sales
Shenghong Petrochemical Group Co., Ltd.	1,052,404,479	0	0	1,052,404,479	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in January 2022	January 26, 2025
Lianyungang Bohong Industrial Co., Ltd.	59,123,847	0	0	59,123,847		
Ji Gaoxiong	802,500	0	0	802,500	Shares locked for the senior executive	Release of restricted sale by installments in accordance with relevant regulations
Ni Genyuan	734,997	0	0	734,997		
Qiu Hairong	554,625	0	0	554,625		
Wang Jun	582,450	0	0	582,450		
Total	1,114,202,898	0	0	1,114,202,898	--	--

## II. Securities issuance and listing

Applicable Not applicable

**III. Number and shareholding of the Company's shareholders**

Unit: share

Total number of ordinary shareholders as at the end of the reporting period		101,259		Total number of preferred shareholders whose voting rights have been restored at the end of the reporting period (if any)		0	
Shareholdings of ordinary shareholders holding more than 5% of shares or the top 10 ordinary shareholders (excluding shares lent through refinancing)							
Shareholder's name	Nature of shareholder	Shareholding ratio	Number of ordinary shares held as at the end of the reporting period	Increase/decrease in the reporting period	Number of ordinary shares with sales restriction	Number of ordinary shares with sales restriction	Pledge, mark or freezing
Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	41.87%	2,768,225,540	0	0	2,768,225,540	0
Shenghong Petrochemical Group Co., Ltd.	Domestic non-state-owned legal person	15.92%	1,052,404,479	0	1,052,404,479	0	0
Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	5.06%	334,821,428	0	0	334,821,428	0
Citibank, National Association	Overseas legal person	4.19%	277,000,000	0	0	277,000,000	0
Jiangsu Wujiang Silk Group Co., Ltd.	State-owned legal person	1.86%	122,662,170	0	0	122,662,170	0
Suzhou Wujiang Dongfang State-owned Capital Investment Management Co., Ltd.	State-owned legal person	1.46%	96,596,800	0	0	96,596,800	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.26%	82,978,466	-6,831,309	0	82,978,466	0
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding	Others	1.25%	82,522,600	0	0	82,522,600	0

Collective Fund Trust Plan							
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	Others	0.99%	65,657,432	0	0	65,657,432	0
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	Others	0.96%	63,756,084	0	0	63,756,084	0
Strategic investors or general legal persons becoming the top 10 ordinary shareholders due to the placement of new shares (if any)	N/A						
Notes to shareholders' related relationship or concerted actions	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., and Shenghong (Suzhou) Group Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.						
Notes to the above shareholders' involvement in entrusted/entrusted voting rights and waiver of voting rights:	N/A						
Special note on the presence of repurchase accounts among the top 10 shareholders (if any)	N/A						
Shareholdings of the top 10 ordinary shareholders not subject to sales restrictions (excluding shares lent through refinancing and shares locked for senior executives)							
Shareholder's name	Number of ordinary shares not subject to sales restrictions held as at the end of the reporting period			Type of shares			
				Type of shares	Quantity		
Jiangsu Shenghong Technology Co., Ltd.	2,768,225,540			RMB ordinary shares	2,768,225,540		



Shenghong (Suzhou) Group Co., Ltd.	334,821,428	RMB ordinary shares	334,821,428
Citibank, National Association	277,000,000	RMB ordinary shares	277,000,000
Jiangsu Wujiang Silk Group Co., Ltd.	122,662,170	RMB ordinary shares	122,662,170
Suzhou Wujiang Dongfang State-owned Capital Investment Management Co., Ltd.	96,596,800	RMB ordinary shares	96,596,800
Hong Kong Securities Clearing Company Ltd.	82,978,466	RMB ordinary shares	82,978,466
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	82,522,600	RMB ordinary shares	82,522,600
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	65,657,432	RMB ordinary shares	65,657,432
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	63,756,084	RMB ordinary shares	63,756,084
Shaanxi International Trust Co., Ltd. - SITI Eastern Shenghong Phase III Employee Stock Ownership Collective Capital Trust Plan	58,935,155	RMB ordinary shares	58,935,155
Notes to the related relationship or concerted action among the top 10 shareholders of ordinary shares not subject to restricted conditions for sales, and between the top 10 shareholders of ordinary shares not subject to restricted conditions for sales and the top 10 shareholders of ordinary shares	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., and Shenghong (Suzhou) Group Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.		
Notes to the participation of the top 10 ordinary shareholders in the margin financing and securities lending	Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund, holds 0 share of the Company through an ordinary securities account, holds 63,756,084 shares of the Company through a credit securities account, and actually holds a total of		

business (if any)	63,756,084 shares of the Company.
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Participation of shareholders holding more than 5% of shares, the top 10 shareholders and the top 10 shareholders not subject to sales restrictions in lending of shares through refinancing

Applicable Not Applicable

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

Applicable Not Applicable

Whether the Company's top 10 shareholders of ordinary shares and top 10 shareholders of ordinary shares not subject to sales restrictions conducted agreed repurchase transactions during the reporting period

Yes No

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

#### **IV. Changes in shareholdings of directors, supervisors and senior management**

Applicable Not applicable

There was no change in the shareholdings of the Company's directors, supervisors and senior officers during the reporting period. For details, see the Annual Report for the Year Ended December 31, 2023.

#### **V. Changes in controlling shareholders or actual controllers**

Changes in controlling shareholders during the reporting period

Applicable Not applicable

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

Changes in the actual controller during the reporting period

Applicable Not applicable

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

## **Section VIII Preference Shares**

Applicable Not applicable

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

## Section IX Bonds

Applicable Not applicable

### I. Enterprise bonds

Applicable Not applicable

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

### II. Corporate bonds

Applicable Not applicable

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

### III. Debt financing instruments of non-financial enterprises

Applicable Not applicable

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

### IV. Convertible corporate bonds

Applicable Not applicable

#### 1. Previous adjustments and corrections to the conversion price

As approved by the China Securities Regulatory Commission regarding the *Approval of the Public Offering of Convertible Bonds by Jiangsu Eastern Shenghong Co., Ltd.* (ZJXK [2021] No.512), the Company publicly issued 50 million convertible bonds with the face value of RMB 100 each on March 22, 2021, with a total issue amount of RMB 5 billion and a term of 6 years. The convertible bonds have been listed for trading on the Shenzhen Stock Exchange since April 21, 2021, with an abbreviation "Shenghong Convertible Bond" and code "127030". The initial conversion price of "Shenghong Convertible Bond" is RMB 14.20 per share.

According to the resolution of the Company's 2020 Annual General Meeting, the Company implemented the 2020 annual dividend distribution plan in June 2021. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 14.20/share to RMB 14.10/share, and the effective date of the adjustment of the conversion price was June 18, 2021.

According to the *Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXK [2021] No.4179), the Company issued 1,111,528,326 RMB ordinary shares in January 2022 by issuing shares to purchase assets. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 14.10/share to RMB 13.53/share, and the effective date of the adjustment of the conversion price was January 27, 2022

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

According to the *Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXK [2021] No.4179), the Company raised supporting funds for non-public issuance of 266,714,109 RMB ordinary shares in July 2022. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.38/share to RMB 13.46/share, and the effective date of the adjustment of the conversion price was July 20, 2022

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

Convertible Bonds" was adjusted from RMB 13.46/share to RMB 13.41/share, and the effective date of the adjustment of the conversion price was December 28, 2022

According to the resolution of the 2022 annual general meeting of the Company, the Company implemented the 2022 annual dividend distribution program in May 2023. After the implementation of this dividend distribution, the conversion price of "Sheng Hong Convertible Bonds" was adjusted from RMB13.41/share to RMB13.31/share, and the effective date of the adjustment of the conversion price was May 22, 2023.

According to the resolution of the Company's 2023 Annual General Meeting, the Company implemented the 2023 annual dividend distribution plan in June 2024. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.31/share to RMB 13.21/share, and the effective date of the adjustment of the conversion price was June 07, 2024.

The *Announcement on Adjusting the Conversion Price of Convertible Bonds* (Announcement No.2021-075, 2022-020, 2022-084, 2022-099, 2022-155, 2023-059 and 2024-047) was published on June 10, 2021, January 24, 2022, May 20, 2022, July 15, 2022, December 28, 2022, May 16, 2023 and May 31, 2024, respectively, on the Company's designated information disclosure media such as CNINFO.

## 2. Cumulative conversion status

☒ Applicable ☐ Not applicable

Abbreviation	Commencement and ending date of conversion	Total number issued	Total amount of issue (RMB)	Cumulative amount of conversion (RMB)	Cumulative number of shares converted (shares)	Proportion of the number of shares to be transferred to the total issued shares of the Company before the commencement date of equity transfer	Amount not yet converted into shares (RMB)	Proportion of the amount not converted to shares in the total amount of issue
Shenghong Convertible Bond	From September 27, 2021 to March 21, 2027	50,000,000	5,000,000,000.00	2,332,800.00	168,375	0.00%	4,997,667,200.00	99.95%

## 3. Information of the top ten convertible bond holders

No.	Name of holder of convertible bonds	Nature of holder of convertible bonds	Quantity of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	26,226,008	2,622,600,800.00	52.48%
2	Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	3,462,389	346,238,900.00	6.93%
3	Bank of China Limited - Efunds Stable Return Bond Securities Investment Fund	Others	2,156,886	215,688,600.00	4.32%
4	ICBC Ruixin Tianfeng Fixed Income Pension Product - Bank of	Others	1,041,574	104,157,400.00	2.08%

	China Limited				
5	China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bond & Exchangeable Bond Index ETF	Others	662,170	66,217,000.00	1.32%
6	China Construction Bank Corporation - Efunds Double-Bonds Enhanced Bond Securities Investment Fund	Others	546,165	54,616,500.00	1.09%
7	Industrial Bank Co., Ltd. - Guangfa Jiyu Bond Securities Investment Fund	Others	420,000	42,000,000.00	0.84%
8	Shanghai Pudong Development Bank Co., Ltd. - Efunds Yuxiang Return Bond Securities Investment Fund	Others	403,820	40,382,000.00	0.81%
9	China Galaxy Securities Co., Ltd.	State-owned legal person	392,872	39,287,200.00	0.79%
10	China Minsheng Banking Corporation Limited - Everbright Baodexin Credit Enhancement Bond Securities Investment Fund	Others	373,176	37,317,600.00	0.75%

#### 4. Significant changes in the guarantor's profitability, asset status and credit status

Applicable Not applicable

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

In June 2024, China Lianhe Credit Rating Co., Ltd. issued the LH [2024] No.4814 Credit Rating Announcement, which, through tracking analysis and evaluation of the credit status of the Company and its related bonds, determines that the long-term credit rating of the Company was AA+; the credit rating of "Shenghong Convertible Bond" was AA+ and the rating outlook was stable.

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

Applicable Not applicable

#### VI. As of the end of the reporting period, the Company's main accounting data and financial indicators for the past two years

Monetary Unit: RMB'0,000

Item	At the end of the reporting period	As at December 31, 2023	Increase/decrease at the end of the reporting period compared to the end of the previous year
Current Ratio	47.13%	43.11%	9.32%
Asset-liability Ratio	82.60%	81.34%	1.26%
Quick Ratio	19.91%	19.17%	3.86%
Earnings before Interest, Taxes, Depreciation and Amortization	605,483.60	516,712.44	17.18%

Item	Reporting period	Same period of last year	YOY changes during the reporting period
Net profit after deducting the extraordinary items	10,207.13	155,965.57	-93.46%
EBITDA all debt ratio	4.19%	4.31%	-0.12%
Interest coverage multiple	0.9333	1.3640	-31.58%
Cash interest coverage multiple	1.8625	4.5632	-59.18%
EBITDA interest coverage multiple	2.2725	2.0666	9.96%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

## Section X Financial Report

### I. Auditor's Report

Whether the semi-annual report is audited or not

Yes  No

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

### II. Financial Statements

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

#### 1. Consolidated Balance Sheet

Prepared by: Jiangsu Eastern Shenghong Co., Ltd.

June 30, 2024

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Current assets:		
Monetary funds	10,635,505,679.27	10,009,739,723.82
Balances with clearing companies		
Loans to banks and other financial institutions		
Financial assets held for trading	68,696,232.51	84,874,411.43
Derivative financial assets		
Notes receivable	669,895,848.89	307,173,337.74
Accounts receivable	2,162,446,042.19	1,479,324,780.27
Receivables financing	685,178,424.44	319,225,113.32
Advances to suppliers	924,624,825.72	876,561,675.19
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	851,586,770.58	717,755,781.89
Including: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	23,470,157,784.00	18,208,194,467.86
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	1,160,901,562.96	785,720,099.56



Total current assets	40,628,993,170.56	32,788,569,391.08
Non-current assets:		
Loans and advances to customers		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	141,355,295.51	82,851,688.61
Other equity instrument investments	582,098,160.00	582,098,160.00
Other non-current financial assets		
Investment properties	645,087,485.04	664,441,821.84
Fixed assets	125,732,588,132.02	123,427,551,751.16
Construction in progress	21,183,961,355.78	18,239,996,647.89
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,372,515,629.00	1,434,510,942.63
Intangible assets	4,903,127,224.42	4,895,367,970.64
Including: data resources		
Development expenses		
Including: data resources		
Goodwill	692,058,513.24	692,058,513.24
Long-term deferred expenses	2,389,378.10	1,412,795.02
Deferred income tax assets	1,452,708,228.42	1,014,389,576.29
Other non-current assets	5,093,351,508.18	6,391,552,903.42
Total non-current assets	161,801,240,909.71	157,426,232,770.74
Total assets	202,430,234,080.27	190,214,802,161.82
Current liabilities:		
Short-term borrowings	51,617,767,508.41	41,697,704,548.37
Borrowings from central bank		
Loans from banks and other financial institutions		
Financial liabilities held for trading	4,551,344.95	
Derivative financial liabilities		
Notes payable		390,550,672.86
Accounts payable	16,132,158,557.09	15,950,655,293.64
Advances from customers	24,796,521.47	32,600,721.32
Contract liabilities	1,943,201,468.34	2,272,577,360.44
Funds from sales of financial assets under repurchase agreement		
Absorption of deposits and		

interbank deposit		
Receivings from vicariously traded securities		
Receivings from vicariously sold securities		
Employee compensation payable	351,993,690.30	547,649,768.35
Taxes and surcharges payable	904,943,170.82	959,386,816.49
Other payables	267,988,342.81	961,911,125.99
Including: interest payable		
Dividends payable		40,000,000.00
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	14,708,741,133.47	12,950,018,664.51
Other current liabilities	247,393,810.17	291,632,121.40
Total current liabilities	86,203,535,547.83	76,054,687,093.37
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	68,967,266,160.99	68,744,980,218.23
Bonds payable	4,474,631,306.19	4,367,874,125.48
Including: preferred shares		
Perpetual bonds		
Lease liabilities	1,344,496,154.66	1,372,014,804.91
Long-term payables	3,237,000,551.32	1,226,180,083.70
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,427,785,588.01	2,427,897,284.22
Deferred income tax liabilities	527,736,635.84	509,757,384.74
Other non-current liabilities	16,715,155.21	19,230,096.19
Total non-current liabilities	80,995,631,552.22	78,667,933,997.47
Total liabilities	167,199,167,100.05	154,722,621,090.84
Owners' equity:		
Share capital	9,599,614,384.16	9,599,613,386.16
Other equity instruments	906,754,200.25	906,756,613.34
Including: preferred shares		
Perpetual bonds		
Capital reserves	17,741,576,095.56	17,742,094,557.74

Less: treasury stock		
Other comprehensive income	73,056,628.68	75,609,098.36
Special reserves	52,095,625.67	95,610,435.57
Surplus reserves	609,412,557.95	609,412,557.95
General risk reserves		
Undistributed profits	6,079,449,425.81	6,421,996,498.50
Total equity attributable to owners of the parent company	35,061,958,918.08	35,451,093,147.62
Minority equity	169,108,062.14	41,087,923.36
Total owners' equity	35,231,066,980.22	35,492,181,070.98
Total liabilities and owner's equity	202,430,234,080.27	190,214,802,161.82

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

## 2. Parent Company's Balance Sheet

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Current assets:		
Monetary funds	4,252,939,455.64	635,794,685.09
Financial assets held for trading	67,452,486.66	73,750,917.76
Derivative financial assets		
Notes receivable		
Accounts receivable	898,447,773.96	133,564,347.86
Receivables financing		
Advances to suppliers	6,021,584.73	8,299,679.40
Other receivables	3,317,325,663.75	2,694,026,900.58
Including: interest receivable		
Dividends receivable		
Inventories	17,083,537.05	21,380,447.55
Including: data resources		
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	16,547,100.67	19,715,568.19
Total current assets	8,575,817,602.46	3,586,532,546.43
Non-current assets:		
Creditor's right investments		
Other creditor's right investments		

Long-term receivables		
Long-term equity investments	53,448,225,611.49	53,448,075,149.28
Other equity instrument investments	582,098,160.00	582,098,160.00
Other non-current financial assets		
Investment properties	276,943,688.61	285,381,436.95
Fixed assets	331,226,069.06	346,579,501.45
Construction in progress	3,961,856.95	
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	68,290,030.73	70,263,326.92
Including: data resources		
Development expenses		
Including: data resources		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets		
Other non-current assets	31,500.00	675,024.90
Total non-current assets	54,710,776,916.84	54,733,072,599.50
Total assets	63,286,594,519.30	58,319,605,145.93
Current liabilities:		
Short-term borrowings	2,958,481,636.11	2,978,156,689.45
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable		107,000,000.00
Accounts payable	1,743,463,291.76	1,573,210,158.86
Advances from customers	24,796,521.47	32,600,721.32
Contract liabilities	4,631,470,553.63	2,981,030,622.15
Employee compensation payable	13,293,230.42	20,753,610.79
Taxes and surcharges payable	5,673,859.67	4,473,127.79
Other payables	4,195,567,489.96	598,973,676.00
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	2,165,198,682.63	2,233,202,167.73
Other current liabilities	600,795,239.73	386,527,659.18
Total current liabilities	16,338,740,505.38	10,915,928,433.27

Non-current liabilities:		
Long-term borrowings	3,424,100,000.00	3,090,000,000.00
Bonds payable	4,474,631,306.19	4,367,874,125.48
Including: preferred shares		
Perpetual bonds		
Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	38,768,738.16	97,646,462.02
Other non-current liabilities	16,715,155.21	19,230,096.19
Total non-current liabilities	7,954,215,199.56	7,574,750,683.69
Total liabilities	24,292,955,704.94	18,490,679,116.96
Owners' equity:		
Share capital	6,611,214,676.00	6,611,213,678.00
Other equity instruments	906,754,200.25	906,756,613.34
Including: preferred shares		
Perpetual bonds		
Capital reserves	29,749,971,362.77	29,749,958,232.81
Less: treasury stock		
Other comprehensive income	67,198,620.00	67,198,620.00
Special reserves		
Surplus reserves	698,328,259.36	698,328,259.36
Undistributed profits	960,171,695.98	1,795,470,625.46
Total owners' equity	38,993,638,814.36	39,828,926,028.97
Total liabilities and owners' equity	63,286,594,519.30	58,319,605,145.93

### 3. Consolidated Income Statement

Monetary Unit: RMB

Item	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
I. Total operating revenue	72,833,561,598.67	65,933,747,465.47
Including: operating revenue	72,833,561,598.67	65,933,747,465.47
Interest income		
Premiums earned		
Revenue from handling charges and commissions		
II. Total operating costs	72,675,487,214.56	63,384,094,444.07

Including: operating costs	65,102,318,637.41	56,995,478,024.89
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net amount of compensation payout		
Net amount withdrawn for insurance contract reserves		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	4,050,570,169.75	4,334,329,436.78
Selling and distribution expenses	152,836,805.01	159,807,028.54
General and administrative expenses	473,999,875.43	342,226,483.35
Research and development expenses	472,476,489.53	252,753,431.01
Financial expenses	2,423,285,237.43	1,299,500,039.50
Including: interest expenses	2,467,947,309.60	1,350,128,355.04
Interest income	78,181,899.96	93,099,807.00
Plus: other income	258,232,684.90	70,543,661.02
Investment income ("-" for losses)	122,088,869.07	-25,905,507.77
Including: income from investment in associates and joint ventures	-3,571,499.26	-14,600,085.01
Gains from derecognition of financial assets measured at amortized cost		
Foreign exchange gains ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	8,258,021.78	-19,002,860.16
Losses from credit impairment ("-" for losses)	-23,065,385.17	-4,742,704.22
Losses from asset impairment ("-" for losses)	-580,066,394.73	-621,088,208.09
Gains from disposal of assets ("-" for losses)	49,172,806.50	58,641,884.20
III. Operating profits ("-" for losses)	-7,305,013.54	2,008,099,286.38
Plus: non-operating revenue	28,538,183.49	60,826,853.49
Less: non-operating expenses	2,515,621.99	8,772,657.84
IV. Total profits ("-" for total losses)	18,717,547.96	2,060,153,482.03
Less: income tax expenses	-285,247,329.83	333,593,472.86

V. Net profit ("-" for net loss)	303,964,877.79	1,726,560,009.17
(I) Classified by operating sustainability		
1. Net profit from continued operation ("-" for net loss)	303,964,877.79	1,726,560,009.17
2. Net profit from discontinued operation ("-" for net loss)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company ("-" for net loss)	318,574,372.31	1,730,794,190.06
2. Minority interest income ("-" for net loss)	-14,609,494.52	-4,234,180.89
VI. Other comprehensive income, net of tax	-2,552,469.68	-2,367,302.17
Other comprehensive income, net of tax attributable to owners of the parent company	-2,552,469.68	-2,367,302.17
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss	-2,552,469.68	-2,367,302.17
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedging reserve		
6. Differences arising from translation of foreign-currency	-2,552,469.68	-2,367,302.17

financial statements		
7. Others		
Other comprehensive income, net of tax attributable to minority shareholders		
VII. Total comprehensive income	301,412,408.11	1,724,192,707.00
Total comprehensive income attributable to owners of the parent company	316,021,902.63	1,728,426,887.89
Total comprehensive income attributable to minority shareholders	-14,609,494.52	-4,234,180.89
VIII. Earnings per share:		
(I) Basic earnings per share	0.05	0.26
(II) Diluted earnings per share	0.05	0.25

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

#### 4. Parent Company's Income Statement

Monetary Unit: RMB

Item	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
I. Operating revenue	3,615,592,166.60	3,789,741,019.40
Less: operating costs	3,428,790,747.01	3,644,030,294.32
Taxes and surcharges	12,546,213.27	10,547,120.99
Selling and distribution expenses	555,755.48	238,930.31
General and administrative expenses	54,803,830.59	43,180,668.09
Research and development expenses		
Financial expenses	370,904,444.09	454,175,513.27
Including: interest expenses	389,562,719.57	407,110,428.45
Interest income	26,319,586.17	24,566,399.04
Plus: other income	256,597.25	371,360.06
Investment income ("-" for losses)	3,898,496.33	3,787,183.33
Including: income from investment in associates and joint ventures	150,462.21	-203,107.65
Gains from derecognition of financial assets measured at amortized cost ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	11,857,048.90	-8,509,721.28
Losses from credit impairment ("-" for losses)	601,278.49	613,859.38



Losses from asset impairment ("-" for losses)		
Gains from disposal of assets ("-" for losses)	-9,085.67	2,950.89
II. Operating profits ("-" for losses)	-235,404,488.54	-366,165,875.20
Plus: non-operating revenue	2,561,529.45	630,548.64
Less: non-operating expenses	212,249.25	1,131,324.20
III. Total profits ("-" for total losses)	-233,055,208.34	-366,666,650.76
Less: income tax expenses	-58,877,723.86	-92,594,162.80
IV. Net profit ("-" for net loss)	-174,177,484.48	-274,072,487.96
(I) Net profit from continued operation ("-" for net loss)	-174,177,484.48	-274,072,487.96
(II) Net profit from discontinued operation ("-" for net loss)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedging reserve		
6. Differences arising from translation of foreign-currency financial statements		

7. Others		
VI. Total comprehensive income	-174,177,484.48	-274,072,487.96
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

## 5. Consolidated Statement of Cash Flows

Monetary Unit: RMB

Item	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	88,036,171,465.58	72,554,222,547.70
Net increase in deposits from customers and deposits with banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Cash received from receiving insurance premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net capital increase in repurchase business		
Net cash received from vicariously traded securities		
Refunds of taxes and surcharges	640,382,378.68	1,285,175,584.74
Cash received from other operating activities	6,381,414,836.28	3,211,988,755.13
Sub-total of cash inflows from operating activities	95,057,968,680.54	77,051,386,887.57
Cash paid for goods purchased and services received	79,044,757,086.93	58,802,480,300.96
Net increase in loans and advances to customers		
Net increase in deposits in central		

bank and other banks and financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	2,274,719,057.32	1,849,868,189.70
Cash paid for taxes and surcharges	5,286,396,390.26	4,649,526,363.93
Cash paid for other operating activities	6,431,668,240.47	3,803,103,393.40
Sub-total of cash outflows from operating activities	93,037,540,774.98	69,104,978,247.99
Net cash flows from operating activities	2,020,427,905.56	7,946,408,639.58
II. Cash flows from investing activities:		
Cash received from disposal of investments	15,090,818.80	19,919,135.79
Cash received from investment income	21,192,214.60	5,106,970.94
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	36,396,035.37	443,944,001.73
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	291,642,946.49	1,046,868,802.95
Subtotal of cash inflows from investing activities	364,322,015.26	1,515,838,911.41
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	6,807,218,702.52	14,258,833,835.51
Cash paid for investments	130,345,664.03	34,873,009.05
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units	6,685,081.53	
Cash paid for other investing activities	173,508,932.34	397,763,247.21
Sub-total of cash outflows from investing activities	7,117,758,380.42	14,691,470,091.77
Net cash flows from investing activities	-6,753,436,365.16	-13,175,631,180.36

III. Cash flows from financing activities:		
Cash from absorption of investments	37,550,000.00	
Including: cash received by subsidiaries from investments by minority shareholders	37,550,000.00	
Cash received from borrowings	43,535,749,957.28	26,237,413,581.53
Cash received from other financing activities	3,325,920,146.40	559,530,000.00
Subtotal of cash inflows from financing activities	46,899,220,103.68	26,796,943,581.53
Cash paid for debts repayments	35,985,944,150.61	19,027,149,144.35
Cash paid for distribution of dividends and profits or payment of interest	3,102,275,619.91	2,948,518,209.78
Including: dividends or profits paid to minority shareholders by subsidiaries		
Cash paid for other financing activities	1,620,527,313.57	1,056,252,575.77
Sub-total of cash outflows from financing activities	40,708,747,084.09	23,031,919,929.90
Net cash flows from financing activities	6,190,473,019.59	3,765,023,651.63
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-186,400,064.63	-3,149,623.89
V. Net increase in cash and cash equivalents	1,271,064,495.36	-1,467,348,513.04
Plus: beginning balance of cash and cash equivalents	6,386,357,048.67	10,166,052,126.87
VI. Ending balance of cash and cash equivalents	7,657,421,544.03	8,698,703,613.83

## 6. Parent Company's Statement of Cash Flows

Monetary Unit: RMB

Item	Six Months Ended June 30, 2024	Six Months Ended June 30, 2023
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	12,897,524,989.62	10,131,449,791.55
Refunds of taxes and surcharges		1,550,016.67
Cash received from other operating activities	5,592,697,116.07	9,344,001,347.77
Sub-total of cash inflows from operating activities	18,490,222,105.69	19,477,001,155.99

Cash paid for goods purchased and services received	10,049,501,410.76	8,731,400,062.01
Cash paid to and on behalf of employees	64,032,640.13	61,933,230.34
Cash paid for taxes and surcharges	21,059,980.63	14,136,133.78
Cash paid for other operating activities	2,822,131,064.58	7,078,697,937.40
Sub-total of cash outflows from operating activities	12,956,725,096.10	15,886,167,363.53
Net cash flows from operating activities	5,533,497,009.59	3,590,833,792.46
II. Cash flows from investing activities:		
Cash received from disposal of investments	1,044,979.00	
Cash received from investment income	20,858,535.12	3,990,290.98
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	68,045.00	89,375,280.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	21,971,559.12	93,365,570.98
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	6,862,577.87	24,883,465.03
Cash paid for investments		202,993,519.91
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		
Sub-total of cash outflows from investing activities	6,862,577.87	227,876,984.94
Net cash flows from investing activities	15,108,981.25	-134,511,413.96
III. Cash flows from financing activities:		
Cash from absorption of investments		
Cash received from borrowings	1,977,100,000.00	2,157,100,000.00
Cash received from other financing activities	550,000,000.00	467,500,000.00
Subtotal of cash inflows from	2,527,100,000.00	2,624,600,000.00

financing activities		
Cash paid for debts repayments	3,203,150,000.00	3,061,100,000.00
Cash paid for distribution of dividends and profits or payment of interest	895,079,603.17	911,070,595.88
Cash paid for other financing activities	400,458,296.02	3,958,828,362.50
Sub-total of cash outflows from financing activities	4,498,687,899.19	7,930,998,958.38
Net cash flows from financing activities	-1,971,587,899.19	-5,306,398,958.38
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	126,678.90	-63,006,101.95
V. Net increase in cash and cash equivalents	3,577,144,770.55	-1,913,082,681.83
Plus: beginning balance of cash and cash equivalents	321,694,685.09	5,471,756,379.20
VI. Ending balance of cash and cash equivalents	3,898,839,455.64	3,558,673,697.37

**7. Consolidated Statement of Changes in Owners' Equity**

Amount in this period

Monetary Unit: RMB

Item	Six Months Ended June 30, 2024														Minority equity	Total owners' equity
	Equity attributable to owners of the parent company												Sub-total			
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others				
	Preferred shares	Perpetual bonds	Others													
I. Balance at the end of the previous period	9,599,613,386.16			906,756,613.34	17,742,094,557.74		75,609,098.36	95,610,435.57	609,412,557.95		6,421,996,498.50		35,451,093,147.62	41,087,923.36	35,492,181,070.98	
Plus: changes in accounting policies																
Correction of accounting errors in prior period																
Mergers under different controls																
II. Balance at the beginning of the year	9,599,613,386.16			906,756,613.34	17,742,094,557.74		75,609,098.36	95,610,435.57	609,412,557.95		6,421,996,498.50		35,451,093,147.62	41,087,923.36	35,492,181,070.98	
III. Increases/decreases in the current period ("-" for decreases)	998.00			-2,413.09	-518,462.18		-2,552,469.68	-43,514,809.90			-342,547,072.69		-389,134,229.54	128,020,138.78	-261,114,090.76	
(I) Total comprehensive income							-2,552,469.68				318,574,372.31		316,021,902.63	-14,609,494.52	301,412,408.11	
(II) Capital contributed or reduced by owners	998.00			-2,413.09	13,129.96								11,714.87		11,714.87	
1. Common stock contributed by owners																
2. Capital contributed by the holders of other equity instruments	998.00			-2,413.09	13,129.96								11,714.87		11,714.87	

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3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution										-661,121,445.00		-661,121,445.00		-661,121,445.00	
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)										-661,121,445.00		-661,121,445.00		-661,121,445.00	
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves									-43,514,809.90			-43,514,809.90		-43,514,809.90	



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1. Amount withdrawn in the current period								161,539,146.73					161,539,146.73		161,539,146.73
2. Amount used in the current period								205,053,956.63					205,053,956.63		205,053,956.63
(VI) Others													-531,592.14	142,629,633.30	142,098,041.16
IV. Balance at the end of the current period	9,599,614,384.16			906,754,200.25	17,741,576,095.56		73,056,628.68	52,095,625.67	609,412,557.95		6,079,449,425.81		35,061,958,918.08	169,108,062.14	35,231,066,980.22

Prior year

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023														Minority equity	Total owners' equity
	Equity attributable to owners of the parent company															
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others				
	Preferred shares	Perpetual bonds	Others													
I. Balance at the end of the previous period	9,599,588,940.16			906,691,995.86	18,209,793,170.31		74,539,490.29	7,838,677.20	603,991,295.17		6,298,390,031.62		35,700,833,600.61	-3,307,763.67	35,697,525,836.94	
Plus: changes in accounting policies																
Correction of accounting errors in prior period																
Mergers under different controls					480,000,000.00			11,334,320.12			163,428,004.07		654,762,324.19	42,224,055.55	696,986,379.74	
II. Balance at the beginning of the year	9,599,588,940.16			906,691,995.86	18,689,793,170.31		74,539,490.29	19,172,997.32	603,991,295.17		6,461,818,035.69		36,355,595,924.80	38,916,291.88	36,394,512,216.68	
III. Increases/decreases in the current period ("-" for decreases)	23,395.00			67,157.57	174,851.14		20,986,439.41	59,313,913.62			1,019,362,320.78		1,099,928,077.52	-957,466.10	1,098,970,611.42	
(I) Total comprehensive income							20,986,439.41				1,680,483,560.98		1,701,470,000.39	-957,466.10	1,700,512,534.29	
(II) Capital contributed or	23,395.00			67,157.57	174,851.14								265,403.71		265,403.71	

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reduced by owners															
1. Common stock contributed by owners															
2. Capital contributed by the holders of other equity instruments	23,395.00			67,157.57	174,851.14								265,403.71		265,403.71
3. Amounts of share-based payments recognized in owners' equity															
4. Others															
(III) Profit distribution													-661,121,240.20	-661,121,240.20	-661,121,240.20
1. Withdrawal of surplus reserves															
2. Withdrawal of general risk reserves															
3. Profit distributed to owners (or shareholders)													-661,121,240.20	-661,121,240.20	-661,121,240.20
4. Others															
(IV) Internal carry-forward of owners' equity															
1. Conversion of capital reserves into paid-in capital (or share capital)															
2. Conversion of surplus reserves into paid-in capital (or share capital)															
3. Surplus reserves offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															

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5. Carry-forward of other comprehensive income for retained earnings																		
6. Others																		
(V) Special reserves								59,313,913.62					59,313,913.62				59,313,913.62	
1. Amount withdrawn in the current period								158,815,528.73					158,815,528.73				158,815,528.73	
2. Amount used in the current period								99,501,615.11					99,501,615.11				99,501,615.11	
(VI) Others																		
IV. Balance at the end of the current period	9,599,612,335.16			906,759,153.43	18,689,968,021.45		95,525,929.70	78,486,910.94	603,991,295.17		7,481,180,356.47		37,455,524,002.32	37,958,825.78		37,493,482,828.10		

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

Amount in this period

Monetary Unit: RMB

Item	Six Months Ended June 30, 2024											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous period	6,611,213,678.00			906,756,613.34	29,749,958,232.81		67,198,620.00		698,328,259.36	1,795,470,625.46		39,828,926,028.97
Plus: changes in accounting policies												
Correction of accounting errors in prior period												
Others												
II. Balance at the beginning of the year	6,611,213,678.00			906,756,613.34	29,749,958,232.81		67,198,620.00		698,328,259.36	1,795,470,625.46		39,828,926,028.97
III. Increases/decreases in the current period ("-")	998.00			-2,413.09	13,129.96					-835,298,929.48		-835,287,214.61

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" for decreases)												
(I) Total comprehensive income											-174,177,484.48	-174,177,484.48
(II) Capital contributed or reduced by owners	998.00			-2,413.09	13,129.96							11,714.87
1. Common stock contributed by owners												
2. Capital contributed by the holders of other equity instruments	998.00			-2,413.09	13,129.96							11,714.87
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution											-661,121,445.00	-661,121,445.00
1. Withdrawal of surplus reserves												
2. Profit distributed to owners (or shareholders)											-661,121,445.00	-661,121,445.00
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of												

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other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Balance at the end of the current period	6,611,214,676.00			906,754,200.25	29,749,971,362.77		67,198,620.00		698,328,259.36	960,171,695.98		38,993,638,814.36

Prior year

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous period	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55
Plus: changes in accounting policies												
Correction of accounting errors in prior period												
Others												
II. Balance at the beginning of the year	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55
III. Increases/decreases in the current period ("-" for decreases)	23,395.00			67,157.57	174,851.14					-935,193,728.16		-934,928,324.45

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(I) Total comprehensive income												-274,072,487.96		-274,072,487.96
(II) Capital contributed or reduced by owners	23,395.00			67,157.57	174,851.14									265,403.71
1. Common stock contributed by owners														
2. Capital contributed by the holders of other equity instruments	23,395.00			67,157.57	174,851.14									265,403.71
3. Amounts of share-based payments recognized in owners' equity														
4. Others														
(III) Profit distribution														
1. Withdrawal of surplus reserves														
2. Profit distributed to owners (or shareholders)														
3. Others														
(IV) Internal carry-forward of owners' equity														
1. Conversion of capital reserves into paid-in capital (or share capital)														
2. Conversion of surplus reserves into paid-in capital (or share capital)														

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3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Balance at the end of the current period	6,611,212,627.00			906,759,153.43	29,749,944,620.85		66,210,030.00		652,896,900.49	1,112,358,949.33		39,099,382,281.10

### III. Company profile

#### (I) Company overview

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

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

As of June 30, 2024, the Company has a total issued share capital of 6,611,214,700 shares and a registered capital of RMB 6,611,214,700, with its registered office at No.73, East Market Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province and its office address at West Building, R&D Building, National Advanced Functional Fiber Innovation Center, No. 289, Dengzhou Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.

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

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

The financial statements have been approved by the Board of Directors of the Company on August 28, 2024 for disclosure.

#### (II) Scope of consolidated financial statements

As of June 30, 2024, companies within the scope of the consolidated financial statements of the Company are as follows:

Company
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.
Suzhou Shenghong Fiber Co., Ltd.
Jiangsu Zhonglu Technology Development Co., Ltd.
Jiangsu Shenghong Fiber Testing Co., Ltd.



Jiangsu Ganghong Fiber Co., Ltd.
Jiangsu Shenghong Technology and Trade Co., Ltd.
Lantean Holding Group Co., Limited
Suzhou Tangnan Sewage Treatment Co., Ltd.
Suzhou Suzhen Biological Engineering Co., Ltd.
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.
Jiangsu New Vision Inspection and Certification Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Suzhou Shenghong Data Cloud Technology Co., Ltd.
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.
Jiangsu Honggang Petrochemical Co., Ltd.
Jiangsu Shenghong Petrochemical Sales Co., Ltd. [Note 1]
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
Shenghong Refinery (Lianyungang) Port Storage and Transportation Co., Ltd.
Shenghong Oils Sales Co., Ltd.
Jiangsu Shenghong Petrochemical Centralized Procurement Co., Ltd. [Note 1]
Shenghong Petrochemical (Singapore) International Co., Ltd.
Shenghong Shipping (Singapore) International Co., Ltd.
Shenghong (Shanghai) Polyester Material Co., Ltd.
Jiangsu Shengjing New Materials Co., Ltd.
Lianyungang Guanghong Industrial Co., Ltd.
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Lianyungang Rongtai Chemical Warehousing Co., Ltd.
Lianyungang Xinrongtai Terminal Co., Ltd.
Lianyungang Hongyang Port Storage and Transportation Co., Ltd.
Shenghong New Materials (Suqian) Co., Ltd.
Jiangsu Reborn Eco-tech Co., Ltd.
Guowang Hi-Tech Fiber (Suqian) Co., Ltd.
Honghai New Materials (Suqian) Co., Ltd.
Hongbang New Materials (Suqian) Co., Ltd.
Siyang Yiyang Environmental Energy Co., Ltd.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Jiangsu Hongjing New Materials Co., Ltd.
Jiangsu Hongwei Chemical Co., Ltd.
Lianyungang Hongke New Materials Co., Ltd.

Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.
Shenghong (Shanghai) New Material Technology Co., Ltd.
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.
Hubei Hongrui New Materials Co., Ltd.
Hubei Haigesi New Energy Co., Ltd.

Note 1: Jiangsu Shenghong Petrochemical Sales Co., Ltd. and Jiangsu Shenghong Petrochemical Centralized Procurement Co., Ltd. formerly known as Lianyungang Guanhong Trading Co., Ltd. and Shenghong (Lianyungang) Oil Sales Co., Ltd., respectively, were renamed in May 2024.

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

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

#### **IV. Basis for preparation of the financial statements**

##### **1. Preparation Basis**

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

##### **2. Going concern**

The financial statements are prepared based on going concern.

#### **V. Principal accounting policies and accounting estimates**

##### **1. Statement on compliance with Accounting Standards for Business Enterprises**

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company's financial position of the Company as at June 30, 2024, and the consolidated and the parent company's financial performance and cash flows for the six months then ended.

##### **2. Accounting period**

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company's financial position of the Company as at June 30, 2024, and the consolidated and the parent company's financial performance and cash flows for the six months then ended.

##### **3. Operating cycle**

The Company's operating cycle is 12 months.

##### **4. Functional currency**

The Company adopts RMB as its functional currency. Subsidiaries of the Company determine their functional currency based on the main economic environment in the place where they operate, while Shenghong

Petrochemical (Singapore) International Co., Ltd. and Shenghong Shipping (Singapore) International Co., Ltd. adopt USD as the functional currency. The financial statements herein are presented in RMB.

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

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

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

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

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

### **Criteria for judging control**

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

### **Procedures for consolidation**

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

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

#### **(1) Increase of subsidiaries or business**

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

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

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

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

## (2) Disposal of subsidiaries

### ① General method of disposal

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

### ② Disposal of subsidiaries by stages

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

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

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

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

## (3) Purchase of non-controlling interests of subsidiary

The share premium in the capital reserves under the consolidated balance sheet will be adjusted at the difference between the long-term equity investment acquired by the Company for the purchase of minority interest and the share calculated at the newly increased shareholding ratio in the net assets the subsidiary continuously calculates

from the acquisition date or combination date. If the share premium is insufficient to offset, retained earnings will be adjusted.

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

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

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

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

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

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

- (1) Assets it solely holds and its share of jointly-held assets based on its percentage;
- (2) Liabilities it solely assumes and its share of jointly-assumed liabilities based on its percentage;
- (3) Incomes from sale of output enjoyed by it from the joint operation;
- (4) Income from selling the production of the joint operation recognized based on the shares held by the Company; and
- (5) Separate costs and costs for the joint operation based on the shares held by the Company.

The Company's investments in joint ventures are accounted for under the equity method. See Note "V. (14) Long-term equity investments".

## **8. Recognition criteria of cash and cash equivalents**

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

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

### **Foreign currency transactions**

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

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

### **Translation of foreign currency financial statements**

In the balance sheet, items of assets and liabilities are translated at the spot exchange rates on balance sheet date; and items of owners' equity, except for items of "undistributed profit", are translated at the spot exchange rates on the dates when the transactions occur. Revenue and expenses in the income statement are translated at the spot exchange rate (or other exchange rates similar to the spot exchange rate on the transaction date and determined in accordance with the systematic and reasonable method. Note: Where such method is adopted, such method and relevant standard should be specified).

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

## 10. Financial instruments

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

### Classification of financial instruments

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

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

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

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

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

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

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

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

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

- (1) This designation can eliminate or significantly reduce the accounting mismatch.
- (2) Management and performance evaluation of the financial liability portfolio or portfolio of financial assets and financial liabilities on a fair value basis in accordance with the enterprise risk management or investment strategy as set out in a formal written document, and reporting to key officers on this basis within the Company.
- (3) The financial liability contains embedded derivative needed to be separated.

### Recognition basis and measurement method of financial instruments

#### (1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

### **Derecognition of financial liabilities**

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

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

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

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

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

Where there is an active market for any financial instrument, the fair value of such financial instrument should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the asset or liability characteristics considered by



market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. And the unobservable input values can be used only when the observable input values are unable or impractical to be obtained.

### Testing method and accounting treatment method for impairment of financial instruments

#### (1) Measurement and accounting for impairment of financial assets

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

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

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

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

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

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

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

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

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

#### (3) Accounts receivable (excluding accounts receivable) for which expected credit losses are measured on a portfolio basis

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

	payment	
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### (3) Accounts receivable subject to provision for expected credit losses on a portfolio basis

#### ① Portfolio and measurement method for expected credit loss

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

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

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

## 11. Contract assets

### Recognition method and standards for contract assets

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

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

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

## 12. Inventories

### Classification and cost of inventories

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

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

### Valuation method of inventories dispatched

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

### **Inventory system**

Perpetual inventory system is adopted.

### **Amortization method for low-cost consumables and packaging materials**

- (1) Low-cost consumables: lump-sum amortization method;
- (2) Packaging materials are amortized at lump-sum method.

### **Determining criteria and provision method for inventory depreciation reserves**

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

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

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

## **13. Assets held for sale**

### **Assets held for sale**

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

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

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

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

### **Discontinued operation**

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

- (1) The component represents an independent major business or a sole major business area;

(2) The component is a part of a related plan where an independent major business or a sole major business area will be disposed as planned; or

(3) The component is a subsidiary acquired only for re-sale.

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

#### **14. Long-term equity investments**

##### **Judgment criteria for joint control and significant influence**

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

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

##### **Determination of initial investment cost**

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

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

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

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

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

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

##### **Subsequent measurement and recognition of gains and losses**

(1) Long-term equity investments calculated under cost method

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared

but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

### (2) Long-term equity investments calculated under equity method

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

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

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

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

For net losses incurred by joint ventures or associates, the Company shall, in addition to its obligation to bear additional losses, write down to zero the book value of long-term equity investments and other long-term equity that essentially constitutes net investment in such joint ventures or associates. If a joint venture or an associate realizes net profits in the future, the Company shall resume recognizing its share of profits after the share of profits makes up for the share of unrecognized losses.

### (3) Disposal of long-term equity investments

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

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

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

Where the Company loses the control over the investee on account of the disposal of partial equity and any other reason, at the preparation of any single financial statements, if the remaining equity has the common control over or significant influence on the investee, the accounting shall be made by the equity method, and an adjustment shall be made as if the remaining equity was accounted for by the equity method at acquisition; other comprehensive income recognized before the control over the investee is obtained shall be carried forward on the basis same with that for the direct disposal of relevant assets or liabilities by the investee, and other changes in owners' equity recognized on account of the accounting by the equity method shall be carried forward to the

current profit or loss in proportion; if the remaining equity has no common control over or significant influence on the investee, relevant financial assets shall be recognized, the difference between the fair value on the day of losing control of such remaining equity and the book value of the same shall be included in the current profit or loss, and other comprehensive income and other changes in owners' equity which have been recognized before the control over the investee is obtained shall be carried forward in full.

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

## 15. Investment properties

Measurement mode of investment property

Cost method measurement

Depreciation and amortization methods

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

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

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

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

## 16. Fixed assets

### (1) Recognition criteria

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

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

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

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

**(2) Depreciation method**

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

Depreciation of the Company's fixed assets is provided on a category basis using the straight-line method. The depreciation rates are determined according to the categories, estimated useful lives and estimated net residual rates of fixed assets. For the fixed assets with provision for impairment made, the amount of depreciation will be determined according to the book value after deduction of the provision for impairment and the remaining useful life in the future. Where various components of fixed assets are different in useful lives or bring economic benefits for the enterprise in different ways, then the company should choose different depreciation rates or methods to separately provide for depreciation.

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

**17. Construction in process**

According to the costs actually incurred, the Company measures its construction in progress. The actual costs include building costs, installation costs, borrowing costs eligible for capitalization and other necessary expenditures to make the construction in progress achieve the working condition for its intended use. Constructions in progress are transferred to fixed assets when they reach the condition for its intended use, and the provision of depreciation will be provided since the next month.

**18. Borrowing costs****Recognition principles of capitalization of borrowing costs**

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

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

**Capitalization period of borrowing costs**

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

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

- (1) asset expenditures, which include those incurred by cash payment, the transfer of non-cash assets or the undertaking of interest-bearing debts for acquiring and constructing or producing assets eligible for capitalization, have already been incurred;
- (2) borrowing costs have occurred;
- (3) purchase, construction or manufacturing activities that are necessary to prepare the assets for their intended use are in progress.

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

### Period of suspension for capitalization

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

### Calculation method of capitalization rate and capitalization amount of borrowing costs

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

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

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

## 19. Intangible assets

### (1) Useful lives and the determination basis, estimation, amortization method or review procedure thereof

#### Measurement method of intangible assets

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

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

2) Subsequent measurement

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

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

#### Estimate of useful lives of intangible assets with definite useful lives

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

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

The emission rights and coal replacement volume indexes acquired by the Company have no definite permitted period of use and will be used for operation continuously, and the period to bring future economic benefits to the



Company cannot be reliably estimated. Therefore, the Company recognizes the emission rights and coal replacement volume indicators without a permitted period of use as intangible assets with indefinite useful lives.

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

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

## **(2) Consolidation scope and relevant accounting treatment methods of R&D expenditures**

### **Consolidation scope of R&D expenditures**

The consolidation scope of R&D expenditures includes employee compensation, material costs, travel expenses, testing and laboratory processing fees, depreciation and amortization, and fuel and power costs.

### **Specific criteria for classification of research phase and development phase**

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

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

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

### **Specific criteria for the capitalization of expenditures during the development phase**

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

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

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

## **20. Impairment of long-term assets**

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

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

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

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

## **21. Long-term deferred expenses**

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

### **Amortization method**

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

### **Amortization period**

Lease fees are amortized evenly over the beneficial period.

## **22. Contract liabilities**

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

## **23. Employee benefits**

### **Accounting treatment of short-term compensation**

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

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

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

### **Accounting treatment of post-employment benefits**

#### **(1) Defined contribution plan**

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost. In addition, the Company also participated in the enterprise annuity plan/supplementary pension insurance fund approved by relevant state departments. The Company makes payments to the annuity plans or local social insurance institutions in a certain proportion to the total employee wage, with corresponding expenses included in the current profit or loss or related asset costs.

**(2) Defined benefit plan**

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

A net liability or net asset in connection with the defined benefit plan is recognized at the present value of the obligation under the defined benefit plan less the deficit or surplus arising from the fair value of the assets under the defined benefit plan. For a surplus of the defined benefit plan, the Company should measure the net asset of such defined benefit plan at the lower of the surplus of such defined benefit plan and the asset thereof.

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

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

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

**Accounting treatment of dismissal benefits**

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

**24. Provisions**

Where the obligation related to contingency meets all the following conditions simultaneously, it may be recognized as Provisions by the Company:

- (1) The obligation is a present obligation of the Company;
- (2) The performance of such obligation is likely to result in outflow of economic benefits from the Company; and
- (3) The amount of the obligation can be measured reliably.

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

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

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate will be determined at the intermediate value; in other cases, the best estimate is subject to the treatment for the following circumstances:

- If the contingency involves a single item, the best estimate shall be determined at the most likely outcome; or
- If the contingency involves multiple items, the best estimate shall be recognized at the various possible outcomes and the associated probabilities.

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

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

## **25. Preferred shares, perpetual debts and other financial instruments**

The Company classifies the financial instruments or their components as financial assets, financial liabilities or equity instruments at the initial recognition, in accordance with contractual terms relating to the preferred shares or perpetual debts issued and economic substance reflected and not only legal form.

The Company classifies the financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual debts/preferred shares and other financial instruments issued by it meet the following conditions:

- (1) There is any contractual obligation that the Company is unable to avoid the unconditional delivery of cash or other financial assets to fulfill;
- (2) The financial instruments contain any contractual obligation of delivering a variable number of their own equity instruments for settlement;
- (3) The financial instruments contain any derivative instrument settled with their own equity (such as equity transfer, etc.), which is not settled with a fixed amount of their own equity instruments in exchange for a fixed amount of cash or other financial assets;
- (4) There is any contract term that indirectly forms any contract obligation;
- (5) When the issuer liquidates, the perpetual debts are liquidated in the same order as the ordinary bonds and other debts issued by the issuer.

The Company classifies the whole financial instruments or their components as financial liabilities at the time of the initial recognition when the perpetual debts/preferred shares and other financial instruments issued by it do not meet one of the above conditions:

## **26. Revenue**

### **Accounting policies adopted for revenue recognition and measurement**

If the Company fulfills its performance obligations in a contract, it will recognize revenue when relevant customer obtains right of control over relevant goods or services. Obtaining the right of control over relevant goods or services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all of the economic benefits therefrom.

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

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

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

- The customer obtains and consumes the economic benefits brought by the Company's performance while the Company is performing the contract.

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

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

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

- The Company has a present right to receive payment in respect of the commodity or services, i.e., the customer has a present payment obligation in respect of the commodity.
- The Company has transferred the legal title to the commodity to the customer, i.e., the customer has the legal title to the commodity.
- The Company has transferred the physical commodity to the customer, i.e., the customer has taken physical possession of the commodity.
- The Company has transferred to the customer the principal risks and rewards of ownership of the commodity, i.e. the customer has acquired principal risks and rewards with respect to the title to the commodity.
- The customer has accepted the goods or services, etc.

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

Specific principles:

(1) Petrochemical and chemical new materials: a. Domestic sales: Revenue from self-delivery goods is recognized when such goods are located at the ex-factory area according to the sales contract and sales order, and revenue from delivery of goods is recognized when the goods are delivered to the customer. b. Foreign sales: Revenue is recognized when export customs clearance procedures are completed and customs declaration documents are obtained after the goods have been shipped out of the country.

(2) Revenue from sales of electricity and heat energy: Revenue from sales is recognized when electricity and heat energy services have been provided.

(3) Revenue from property leasing: the Company signs a *Lease Contract* with the lessee and receives the rent for the lease period once or by installments. When the monthly leasing services are completed, the Company recognizes the lease revenue by amortizing it evenly under the straight-line method over the lease term.

## 27. Contract costs

Contract costs include contract performance costs and contract acquisition costs.

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

- The costs are directly related to a current or expected contract obtained.
- Such costs increase the resource which will be used by the Company for obligation performance.

- Where the costs are expected to be recovered.

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

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

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

1. The remaining consideration expected to be obtained on account of the transfer of goods or services related to the assets;
2. The cost that is expected to be incurred for the purpose of transferring relevant goods or services.

If the factors causing the impairment in the previous period change, resulting that the above-mentioned difference is higher than the book value of such assets, the Company will reverse the provision for impairment which has been made originally, and include it in the current profit or loss. However, the book value of assets reversed should not exceed the book value of such assets on the reversal date as if no provision for impairment has been made.

## **28. Government grants**

### **Type**

Government grants are monetary assets and non-monetary assets freely obtained by the Company from the government. Government grants are classified into assets-related government grants and income-related government grants.

Asset-related government grants refer to government grants obtained by the Company for forming long-term assets by acquisition, construction or other manners. Income-related government grants refer to government grants other than asset-related government grants.

### **Confirmation of time**

Government grants shall be recognized only if the Company is able to comply with the conditions for the government grants, and is likely to receive the government grants.

### **Accounting treatment**

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

Where such grants are recognized as the deferred income, they will be included in the current profit or loss by reasonable and systematic methods within useful lives of related assets (if such grants are related to the routine activities of the Company, they will be included in other income; where such grants are not related to the routine activities of the Company, they will be included in non-operating revenue); income-related government grants to be used as compensation for future expenses or losses are recognized as deferred income and are recorded in current profit or loss where the relevant expenses or losses are recognized (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue) or set off the related expenses or losses; those to be used as compensation for incurred expenses or losses are recorded in current profit or loss (if they are related to daily activities of the Company, they will be included into other income; otherwise, they will be included in non-operating revenue) or will set off the related expenses or losses.

The interest subsidies of policy-based preferential loans obtained by the Company are subject to the following accounting treatments according to two situations:

(1) When the finance department appropriates the interest subsidies to the lending bank, and the lending bank provides the loan at the policy-based preferential interest rate to the Company, the Company will take the book-entry value at the loan amount actually received, and relevant loan expenses are calculated based on the principal of the loan and the policy-based preferential interest rate.

(2) Where the finance department directly appropriates the interest subsidies to the Company, the Company will use the corresponding interest subsidies to offset related borrowing costs.

## **29. Deferred income tax assets and deferred income tax liabilities**

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

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

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

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

Such special circumstances include:

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

For the taxable temporary differences related to the investments in subsidiaries, associates and joint ventures, the deferred income tax liabilities should be recognized, unless that the timing of the reversal of the temporary differences is able to be controlled by the Company and the temporary differences will be probable not to be reversed in the foreseeable future. For the deductible temporary differences related to investments in subsidiaries, associates and joint ventures, the deferred income tax assets are recognized when the temporary differences may be reversed in the foreseeable future and they are likely to be obtained to offset the taxable income of deductible temporary differences in the future.

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

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

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

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

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpayer intends to

balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

### **30. Leases**

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

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

#### **The Company as the lessee**

##### **(1) Right-of-use assets**

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

The initial measurement amount of lease liabilities;

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

The initial direct costs incurred by the Company;

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

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

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

##### **(2) Lease liabilities**

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

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

Variable lease payments depending on the index or ratio;

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

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

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

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



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

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

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

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

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

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

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

### (4) Lease changes

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

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

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

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

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

## **The Company as the lessor**

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

### (1) Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the rental revenue by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized,

and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is considered to be the amount of payments for the new lease.

(2) Accounting treatment of finance lease

On the lease commencement date, the Company recognizes finance lease receivables finance leases, and derecognizes assets under the finance lease. When the Company makes initial measurement of finance lease receivables, the net lease investment is used as the recorded value of the finance lease receivables. The net investment in leases is the sum of the unsecured residual value and the present value of the lease payments not yet received at the beginning of the lease term discounted at the interest rate embedded in the lease.

The Company calculates and recognizes interest income for each period of the lease term based on a fixed periodic interest rate. The derecognition and impairment of finance lease receivables shall be accounted for in accordance with Note "V.10 Financial instruments".

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

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

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

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

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

If the change takes effect on the lease commencement date, and such lease may be classified as the operating lease, the Company will make accounting treatment for such lease by taking it as a new lease from the lease change effectiveness date, and recognize the book value of the leased assets at the net lease investment before the lease change effectiveness date;

If the lease is classified as a finance lease when the change is effective on the commencement date of the lease, the Company would have accounted for the lease in accordance with the policy on modification or renegotiation of contracts as described in Note "V.10 Financial instruments".

**Sale-and-leaseback deal**

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in Note "V.26 Revenue".

(1) As the lessee

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's book value that relates to the right of use acquired by the lease back and recognizes a gain or loss related to the right transferred to the lessor only.

If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. See Note "V.10 financial instruments" for the accounting treatment of financial liabilities".

(2) As the lessor

If the transfer of assets in a sale-and-leaseback transaction is a sale, the Company accounts for the purchase of the assets as a lessor in accordance with the aforementioned policy stated in "2. The Company as the lessee; if the transfer of assets in a sale-and-leaseback transaction is not a sale, the Company, as the lessor, does not recognize the transferred asset, but recognizes a financial asset equal to the transfer proceeds. See Note "V.10 financial instruments" for the accounting treatment of financial assets".

### 31. Hedge accounting

#### Classification of hedging

- (1) The term "fair value hedging" refers to a hedging of the risk of changes in the fair value of a recognized asset or liability or an unrecognized firm commitment (except for foreign exchange risk).
- (2) The term "cash flow hedging" refers to a hedging of the risk to changes in cash flow. Such changes in cash flow are attributable to a particular risk associated with a recognized asset or liability or a highly probable forecast transaction or a foreign exchange risk contained in an unrecognized firm commitment.
- (3) The term "hedging of net investment in an overseas operation" refers to a hedging of the foreign exchange risk arising from net investment in an overseas operation. Net investment in an overseas operation refers to the equity proportion of an enterprise in net assets in an overseas operation.

#### Designation of hedging relationship and recognition of hedging effectiveness:

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

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

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

- (1) There is an economic relationship between the hedged item and the hedging instrument.
- (2) For the value change caused by the economic relationship between the hedged item and the hedging instrument, the impact of credit risk is not dominant.
- (3) It is required to adopt the proper hedging rate, which will not form an imbalance of relative weight between the hedging item and the hedging instrument, resulting in an accounting result that is inconsistent with the hedging accounting objective. If the hedging rate is no longer proper, but the hedge risk management objective does not change, the number of hedged items or hedging instruments should be adjusted so as to make the hedging rate meet the requirements for effectiveness again.

#### Accounting treatment of hedging

##### (1) Fair value hedging

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

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

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

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

##### (2) Cash flow hedges

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

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

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

### (3) Hedges of net investment in an overseas operation

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

## 32. Reporting by segment

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

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

## 33. Changes in significant accounting policies and accounting estimates

### (1) Adjustments for changes in significant accounting policies

Applicable Not applicable

### (2) Changes in significant accounting estimates

Applicable Not applicable

### (3) Adjustments to the relevant items of the financial statements at the beginning of the current year when the new accounting standards are first applied from 2024.

Applicable Not applicable

## VI. Taxation

### 1. Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
VAT	The balance from output tax calculated on the basis of revenue	According to the Announcement of the Ministry of Finance, the State

	from the sale of goods and taxable services calculated by tax laws deducting input tax deductible for current period shall be VAT payable	Taxation Administration and the General Administration of Customs on Policies Relating to the Deepening of VAT Reform (Announcement of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs [2019] No.39), VAT rates range from 3%, 5%, 6%, 9% to 13%, effective as of April 1, 2019.
Consumption tax	Taxable sales amount	The consumption tax of RMB 1.2/liter applies to the sale of fuel oil and diesel oil; RMB 1.52/liter applies to the sale of gasoline and naphtha.
Urban maintenance and construction tax	Levied on the basis of the actual VAT and consumption tax paid	5%, 7%
Corporate income tax	Calculated based on the taxable income	Refer to the table below for details
Property taxes	Levied based on 12% of the rental revenue from rental housing; levied based on 1.2% of the remaining value after deducting 30% of the original value of the houses for self-use	1.2%, 12%

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

Name of taxpayer	Income tax rate
Jiangsu Guowang Hi-Tech Fiber Co., Ltd., Suzhou Shenghong Fiber Co., Ltd., Jiangsu Zhonglu Technology Development Co., Ltd., Jiangsu Ganghong Fiber Co., Ltd., Suzhou Suzhen Biological Engineering Co., Ltd. and Jiangsu Sierbang Petrochemical Co., Ltd.	15.00%
Lantean Holding Group Co., Limited, Shenghong Petrochemical (Singapore) International Co., Ltd. and Shenghong Shipping (Singapore) International Co., Ltd.	Levied according to the relevant regulations of the country/region where the business is conducted
Taxpayers other than the above	25.00%

## 2. Tax preference

### (1) Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.

According to Article 87 of the *Implementing Regulations of the Enterprise Income Tax Law*, for Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd., the enterprises engaged in the port, airport, railway, highway, urban public transportation, electricity and water conservancy and other projects as listed in the Catalogue of Public Infrastructure Projects for Preferential Enterprise Income Tax Treatment, the income from the investment and operation, from the tax year when such project has obtained the first income from putting into the commercial production and operation to the third year, the enterprise income tax is exempted, and in the following 3 years, the enterprise income tax is half exempted. Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd. received its first production and operation income in 2021 and were exempted from enterprise income tax on the above-mentioned projects in 2021, 2022 and 2023.

### (2) Jiangsu Guowang Hi-Te Fiber Co., Ltd.

Jiangsu Guowang Hi-Te Fiber Co., Ltd. is eligible for a reduced income tax rate of 15% from 2023 to 2025 based on the high-tech enterprise certificate issued on November 6, 2023, by the Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology, and the State Taxation Administration Jiangsu Provincial Tax Bureau (Certificate No. GR202332001197, valid for three years).

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

Jiangsu Zhonglu Technology Development Co., Ltd. is eligible for a reduced income tax rate of 15% from 2022 to 2024 based on the high-tech enterprise certificate issued on October 12, 2022, by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and the State Taxation Administration Jiangsu Provincial Tax Bureau (Certificate No. GR202232000817, valid for three years).

(4) Suzhou Shenghong Fiber Co., Ltd.

Suzhou Shenghong Fiber Co., Ltd. is eligible for a reduced income tax rate of 15% from 2021 to 2023 based on the high-tech enterprise certificate issued on November 30, 2021, by the Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology, and the State Taxation Administration Jiangsu Provincial Tax Bureau (Certificate No. GR202132009556, valid for three years).

(5) Suzhou Suzhen Bioengineering Co., Ltd.

Suzhou Suzhen Bioengineering Co., Ltd. is eligible for a reduced income tax rate of 15% from 2022 to 2024 based on the high-tech enterprise certificate issued on December 12, 2022, by the Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology, and the State Taxation Administration Jiangsu Provincial Tax Bureau (Certificate No. GR202232014670, valid for three years).

(6) Jiangsu Ganghong Fiber Co., Ltd.

Jiangsu Ganghong Fiber Co., Ltd. is eligible for a reduced income tax rate of 15% from 2021 to 2023 based on the high-tech enterprise certificate issued on November 30, 2021, by the Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology, and the State Taxation Administration Jiangsu Provincial Tax Bureau (Certificate No. GR202132003582, valid for three years).

(7) Jiangsu Sierbang Petrochemical Co., Ltd.

Jiangsu Sierbang Petrochemical Co., Ltd. is eligible for a reduced income tax rate of 15% from 2021 to 2023 based on the high-tech enterprise certificate issued on November 30, 2021, by the Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology, and the State Taxation Administration Jiangsu Provincial Tax Bureau (Certificate No. GR202132003995, valid for three years).

(8) According to the *Announcement on the Value-added Tax Super-deduction Policy for Advanced Manufacturing Enterprises* issued by the Ministry of Finance and State Taxation Administration (Announcement of the Ministry of Finance and State Taxation Administration [2023] No.43), from January 1, 2023 to December 31, 2027, advanced manufacturing enterprises are allowed add an extra 5% based on the deductible input tax for the current period for deduction of the VAT payable. Jiangsu Sierbang Petrochemical Co., Ltd., Jiangsu Ganghong Fiber Co., Ltd, Jiangsu Guowang Hi-Tech Fiber Co., Ltd, Suzhou Shenghong Fiber Co., Ltd., Jiangsu Zhonglu Technology Development Co., Ltd, and Suzhou Suzhen Biological Engineering Co., Ltd, subsidiaries of the Company, were entitled to such tax preference during the reporting period.

## VII. Notes to the items of consolidated financial statements

### 1. Monetary funds

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Cash on hand	20,057.98	9,157.98
Bank deposits	7,859,393,048.03	7,361,200,696.04
Other monetary funds	2,773,992,289.35	2,646,400,456.66
Interest on unexpired time deposits	2,100,283.91	2,129,413.14
Total	10,635,505,679.27	10,009,739,723.82

Including: total amount of deposit abroad	102,337,667.45	148,365,709.87
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## 2. Financial assets held for trading

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Financial assets measured at fair value through the current profit or loss	68,696,232.51	84,874,411.43
Including:		
Equity instrument investments	67,452,486.66	73,750,917.76
Derivative financial assets	1,243,745.85	11,123,493.67
Total	68,696,232.51	84,874,411.43

## 3. Notes receivable

### (1) Presentation of notes receivable by category

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Bank acceptance bills	669,895,848.89	307,173,337.74
Total	669,895,848.89	307,173,337.74

### (2) Pledged notes receivable of the Company as at June 30, 2024

None

### (3) Notes receivable of the Company as at June 30, 2024 that have been endorsed or discounted but not matured on the balance sheet date

Monetary Unit: RMB

Item	Amount derecognized as at June 30, 2024	Amount not derecognized as at June 30, 2024
Bank acceptance bills		654,412,610.75
Total		654,412,610.75

## 4. Accounts receivable

### (1) Disclosure by aging

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Within 1 year (including 1 year)	2,232,875,393.25	1,521,141,871.33
1 - 2 years	210,092.92	629,747.43
Over 3 years	554,632.00	554,632.00
Sub-total	2,233,640,118.17	1,522,326,250.76
Less: provision for bad debts	71,194,075.98	43,001,470.49
Total	2,162,446,042.19	1,479,324,780.27

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

Monetary Unit: RMB

Type	Balance as at June 30, 2024					Balance as at January 1, 2024				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Including:										
Accounts receivable with provision for bad debts based on portfolio:	2,233,640,118.17	100.00%	71,194,075.98	3.19%	2,162,446,042.19	1,522,326,250.76	100.00%	43,001,470.49	2.82%	1,479,324,780.27
Total	2,233,640,118.17	100.00%	71,194,075.98	3.19%	2,162,446,042.19	1,522,326,250.76	100.00%	43,001,470.49	2.82%	1,479,324,780.27



## Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2024		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	63,813,353.77		
Accounts receivable with the provision for bad debts made by the aging analysis method	1,412,631,132.45	71,194,075.98	5.04%
Portfolio of those with high credit rating	434,055,829.75		
Portfolio of trade payment of overseas companies	323,139,802.20		
Total	2,233,640,118.17	71,194,075.98	

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses:

Applicable Not applicable

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2024	Increase or decrease in current period				Balance as at June 30, 2024
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	43,001,470.49	28,192,605.49				71,194,075.98
Total	43,001,470.49	28,192,605.49				71,194,075.98

**(4) Top 5 of accounts receivable and contract assets as at June 30, 2024, presented by debtor**

Monetary Unit: RMB

Enterprise name	Balance of accounts receivable as at June 30, 2024	Proportion in the balance of total accounts receivable as at June 30, 2024	Balance of provision for bad debts of accounts receivable assets as at June 30, 2024
Entity No.1	494,884,502.25	22.16%	24,744,225.11
Entity No.2	413,898,539.35	18.53%	226,212.37
Entity No.3	321,846,288.00	14.41%	
Entity No.4	126,209,559.89	5.65%	6,310,477.99
Entity No.5	82,597,517.01	3.70%	4,129,875.85
Total	1,439,436,406.50	64.45%	35,410,791.32

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Notes receivable	685,178,424.44	319,225,113.32
Total	685,178,424.44	319,225,113.32

**(2) Pledged receivables financing of the Company as at June 30, 2024**

None

**(3) Receivables financing endorsed or discounted by the Company as at June 30, 2024 but not expiring on the balance sheet date**

Monetary Unit: RMB

Item	Amount derecognized as at June 30, 2024	Amount not derecognized as at June 30, 2024
Endorsed receivables financing	517,924,555.38	
Discounted receivables financing	364,443,698.54	
Total	882,368,253.92	

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

Monetary Unit: RMB

Item	Balance as at December 31, 2023	Changes in the current period	Balance as at June 30, 2024	Loss reserves accumulatively recognized in the other comprehensive income
Notes receivable	319,225,113.32	365,953,311.12	685,178,424.44	

**6. Other receivables**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Other receivables	851,586,770.58	717,755,781.89
Total	851,586,770.58	717,755,781.89

**(1) Other receivables****1) Category of other receivables by nature**

Monetary Unit: RMB

Nature of payment	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Receivables from government	793,021,441.75	669,362,486.74
Advances and current accounts	49,903,661.67	33,573,993.22
Various deposit and security deposit	24,009,057.33	35,881,181.33
Imprest	1,235,311.75	234,461.86
Others		30,986.35

Total	868,169,472.50	739,083,109.50
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**2) Changes in book balance of other receivables**

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2024	15,574,084.61			15,574,084.61
Balance as at January 1, 2024 in the current period				
Provision in the current period	5,750,961.99			5,750,961.99
Charge-off in the current period	2,564.00			2,564.00
Other changes	-4,845.01			-4,845.01
Balance as at June 30, 2024	21,327,327.61			21,327,327.61

**3) Disclosure by aging**

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Within 1 year (including 1 year)	842,042,255.32	703,715,684.69
1 - 2 years	1,369,960.59	16,621,280.16
2 - 3 years	19,376,300.17	5,080,396.86
Over 3 years	5,380,956.42	13,665,747.79
Sub-total	868,169,472.50	739,083,109.50
Less: provision for bad debts	16,582,701.92	21,327,327.61
Total	851,586,770.58	717,755,781.89

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

☐Applicable ☐Not applicable

Monetary Unit: RMB

Type	Balance as at June 30, 2024					Balance as at January 1, 2024				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Including:										
Provision for bad debts made by portfolio	868,169,472.50	100.00%	16,582,701.92	1.91%	851,586,770.58	739,083,109.50	100.00%	21,327,327.61	2.89%	717,755,781.89
Total	868,169,472.50	100.00%	16,582,701.92	1.91%	851,586,770.58	739,083,109.50	100.00%	21,327,327.61	2.89%	717,755,781.89

Categories of provision for bad debts made by portfolio: related-party portfolio, portfolio of receivables from government and aging portfolio

Monetary Unit: RMB

Name	Balance as at June 30, 2024		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of government receivables	793,021,441.75		
Aging portfolio	75,148,030.75	16,582,701.92	22.07%
Total	868,169,472.50	16,582,701.92	

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

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2024	21,327,327.61			21,327,327.61
In the current period, balance as at January 1, 2024				
Other changes	-4,744,625.69			-4,744,625.69
Balance as at June 30, 2024	16,582,701.92			16,582,701.92

Significant changes in the book balance of loss provisions for the current period

Applicable Not applicable

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2024	Increase or decrease in current period				Balance as at June 30, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	21,327,327.61		4,744,625.69			16,582,701.92
Total	21,327,327.61		4,744,625.69			16,582,701.92

**6) Information about top 5 other receivables as at June 30, 2024, presented by debtors**

Monetary Unit: RMB

Enterprise name	Nature of payment	Balance as at June 30, 2024	Aging	Proportion in the total amount of the ending balance of other receivables (%)	Balance of provision for bad debts as at June 30, 2024
Entity No.1	Tax rebates receivable	442,860,631.69	Within 1 year	51.01%	
Entity No.2	Grants receivable and payment for transfer of assets, etc	351,040,810.06	Within 1 year	40.43%	440,000.00
Entity No.3	Money advanced	25,905,945.71	Within 1 year	2.98%	1,188,579.40
Entity No.4	Deposit and security deposit	15,000,000.00	2 - 3 years	1.73%	7,500,000.00
Entity No.5	Current amounts	2,364,200.00	0 - 1 years	0.27%	1,104,700.00
Total		837,171,587.46		96.42%	10,233,279.40

**7. Advances to suppliers****(1) Advances to suppliers presented by aging**

Monetary Unit: RMB

Aging	Balance as at June 30, 2024		Balance as at January 1, 2024	
	Amount	Proportion	Amount	Proportion
Within 1 year	904,901,015.15	97.87%	854,472,746.98	97.48%
Over 1 year	19,723,810.57	2.13%	22,088,928.21	2.52%
Total	924,624,825.72		876,561,675.19	

**(2) Top 5 of advances to suppliers as at June 30, 2024, presented by advance receiver**

Monetary Unit: RMB

Advance receiver	Balance as at June 30, 2024	Proportion in the total ending balance of advances to suppliers
Entity No.1	142,921,243.39	15.46%
Entity No.2	134,532,942.70	14.55%
Entity No.3	46,198,109.52	5.00%
Entity No.4	37,925,644.14	4.10%
Entity No.5	36,419,679.20	3.94%
Total	397,997,618.95	43.05%

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024			Balance as at January 1, 2024		
	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value
Raw materials	9,343,741,345.11	1,000,913.36	9,342,740,431.75	8,671,221,942.41	199,070,888.18	8,472,151,054.23
Goods in process and semi-finish	1,582,136,571.40	1,550,687.94	1,580,585,883.46	1,579,264,007.42	85,353,616.65	1,493,910,390.77
Stock commodities	6,894,155,567.05	70,265,053.52	6,823,890,513.53	5,658,489,219.00	312,520,835.46	5,345,968,383.54
Goods dispatched				388,552,972.10		388,552,972.10
Materials in transit	5,722,940,955.26		5,722,940,955.26	2,546,478,191.61	38,866,524.39	2,507,611,667.22
Total	23,542,974,438.82	72,816,654.82	23,470,157,784.00	18,844,006,332.54	635,811,864.68	18,208,194,467.86

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

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period		Decrease in the current period		Balance as at June 30, 2024
		Provision	Others	Reversal or write-off	Others	
Raw materials	199,070,888.18	-7,744,129.66	577,174.30	190,903,019.46		1,000,913.36
Goods in process and semi-finish	85,353,616.65	79,418,681.97		163,221,610.68		1,550,687.94
Stock commodities	312,520,835.46	508,391,842.42	4,986,099.28	753,770,358.76	1,863,364.88	70,265,053.52
Materials in transit	38,866,524.39			38,866,524.39		
Total	635,811,864.68	580,066,394.73	5,563,273.58	1,146,761,513.29	1,863,364.88	72,816,654.82

**(3) Specific bases for determining net realizable value and reasons for reversal or write-off of provision for inventory depreciation in the current period**

Item	Specific basis of determining net realization value	Reason for reversal of provision for inventory depreciation in the current period	Reason for write-off of provision for inventory depreciation in the current period
Raw materials	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2024 have been sold in the current period
Goods in process and semi-finished products	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2024 have been sold in the current period
Stock commodities	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2024 have been sold in the current period

**(4) Notes to ending balance of inventories containing amount of capitalization of borrowing costs**

No capitalized borrowing costs were included in the cost of inventories in the current period.

**9. Other current assets**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
VAT retained for future offsetting	1,054,857,420.98	490,264,517.09
Input tax to be certified	102,404,901.45	91,426,718.01
Prepaid income tax, etc.	3,639,240.53	204,028,864.46
Total	1,160,901,562.96	785,720,099.56



**10. Other equity instrument investments**

Monetary Unit: RMB

Item name	Balance as at January 1, 2024	Gains included in other comprehensive income in the current period	Losses included in other comprehensive income in the current period	Accumulated gains included in other comprehensive income as at June 30, 2024	Accumulated losses included in other comprehensive income as at June 30, 2024	Dividend income recognized in the current period	Balance as at June 30, 2024	Reason for being designated as the item measured at fair value through the other comprehensive income
Investment in equities of Goldstate Securities Co., Ltd.	582,098,160.00			89,598,160.00			582,098,160.00	The investment is held by the Company for long-term strategy
Total	582,098,160.00			89,598,160.00			582,098,160.00	

**11. Long-term equity investments**

Monetary Unit: RMB

Investee	Balance (Book value) as at January 1, 2024	Balance of provision for impairment as at January 1, 2024	Increase or decrease in current period								Balance (Book value) as at June 30, 2024	Balance of provision for impairment as at June 30, 2024
			Additional investment	Reduced investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Joint ventures												
II. Associates												
Jiangsu New Vision Advanced Functional	1,760,223.34				-5,332,321.90						3,572,098.56	

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Fiber Innovation Center Co., Ltd.												
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.					1,465,331.39					58,836,687.08	60,302,018.47	
Tianjiao Technology Venture Capital Co., Ltd.	21,008,984.26				150,462.21						21,159,446.47	
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	54,333,864.92				142,829.62			333,679.48			54,143,015.06	
Lianyungang Fanghong Port Storage and Transportation Co., Ltd.	5,748,616.09				2,199.42						5,750,815.51	
Sub-total	82,851,688.61				-3,571,499.26			333,679.48		62,408,785.64	141,355,295.51	
Total	82,851,688.61				-3,571,499.26			333,679.48		62,408,785.64	141,355,295.51	

The recoverable amount is determined at the net amount of fair value less costs of disposal

Applicable Not applicable

The recoverable amount is determined at the present value of estimated future cash flows

Applicable Not applicable

## 12. Investment properties

### (1) Investment properties measured at cost

Applicable Not applicable

Monetary Unit: RMB

Item	Buildings and constructions	Land use right	Construction in progress	Total
I. Original book value				
1. Balance as at January 1, 2024	691,058,408.06	400,218,272.54		1,091,276,680.60
2. Increase in the current period				
3. Decrease in the current period				
4. Balance as at June 30, 2024	691,058,408.06	400,218,272.54		1,091,276,680.60
II. Accumulative depreciation and accumulative amortization				
1. Balance as at January 1, 2024	267,307,976.18	159,526,882.58		426,834,858.76
2. Increase in the current period	12,076,875.05	7,277,461.75		19,354,336.80
(1) Provision or amortization	12,076,875.05	7,277,461.75		19,354,336.80
3. Decrease in the current period				
4. Balance as at June 30, 2024	279,384,851.23	166,804,344.33		446,189,195.56
III. Provision for impairment				
1. Balance as at January 1, 2024				
2. Increase in the current period				
(1) Provision				
3. Decrease in the current period				
(1) disposal				

(2) Other transfers				
4. Balance as at June 30, 2024				
IV. Book value				
1. Book value as at June 30, 2024	411,673,556.83	233,413,928.21		645,087,485.04
2. Book value as at January 1, 2024	423,750,431.88	240,691,389.96		664,441,821.84

The recoverable amount is determined at the net amount of fair value less costs of disposal

Applicable Not applicable

The recoverable amount is determined at the present value of estimated future cash flows

Applicable Not applicable

### (2) Investment properties measured at fair value

Applicable Not applicable

### (3) Investment properties with pending certificate of title

None

## 13. Fixed assets

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Fixed assets	125,732,588,132.02	123,427,551,751.16
Total	125,732,588,132.02	123,427,551,751.16

### (1) Breakdown of fixed assets

Monetary Unit: RMB

Item	Buildings and constructions	Machinery equipment	Means of transportation	Office equipment and other equipment	Total
I. Original book value:					
1. Balance as at January 1, 2024	41,490,617,176.29	95,528,115,748.10	182,462,894.05	4,861,541,744.87	142,062,737,563.31
2. Increase in the current period	1,805,758,050.26	3,683,757,410.88	24,587,690.38	550,113,608.45	6,064,216,759.97
(1) Purchase	1,250,794.27	33,069,871.76	18,935,870.31	5,157,110.78	58,413,647.12
(2) Transfer-in of construction in progress	1,256,222,807.78	3,296,264,382.62	3,754,289.07	507,457,797.15	5,063,699,276.62
(3) Increase due to business	548,284,448.21	354,421,363.34	1,897,531.00	37,469,921.78	942,073,264.33

combination					
(4) Others		1,793.16		28,778.74	30,571.90
3. Decrease in the current period	182,394,091.21	13,826,185.40	3,368,147.57	144,638,239.53	344,226,663.71
(1) Disposal or scrapping	181,987,442.16	12,192,415.50	3,368,147.57	144,636,446.37	342,184,451.60
(2) Others	406,649.05	1,633,769.90		1,793.16	2,042,212.11
4. Balance as at June 30, 2024	43,113,981,135.34	99,198,046,973.58	203,682,436.86	5,267,017,113.79	147,782,727,659.57
II. Accumulated depreciation					
1. Balance as at January 1, 2024	3,866,997,937.33	13,338,180,659.11	82,672,129.98	1,006,367,336.57	18,294,218,062.99
2. Increase in the current period	710,464,305.95	2,515,972,158.67	15,790,597.01	283,737,501.55	3,525,964,563.18
(1) Provision	695,888,676.10	2,479,152,205.50	15,209,555.91	278,982,347.89	3,469,232,785.40
(2) Others		3,273.31		27,433.64	30,706.95
(3) Increase due to business combination	14,575,629.85	36,816,679.86	581,041.10	4,727,720.02	56,701,070.83
3. Decrease in the current period	56,319,243.66	2,793,419.41	2,234,287.10	49,663,897.61	111,010,847.78
(1) Disposal or scrapping	56,319,243.66	2,793,419.41	2,234,287.10	49,660,548.64	111,007,498.81
(2) Others				3,348.97	3,348.97
4. Balance as at June 30, 2024	4,521,142,999.62	15,851,359,398.37	96,228,439.89	1,240,440,940.51	21,709,171,778.39
III. Provision for impairment					
1. Balance as at January 1, 2024	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
2. Increase in the current period					
(1) Provision					
3. Decrease in the current period					

(1) Disposal or scrapping					
4. Balance as at June 30, 2024	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
IV. Book value					
1. Book value as at June 30, 2024	38,562,863,588.73	83,035,825,455.70	107,356,836.10	4,026,542,251.49	125,732,588,132.02
2. Book value as at January 1, 2024	37,593,644,691.97	81,879,072,969.48	99,693,603.20	3,855,140,486.51	123,427,551,751.16

**(2) Breakdowns of temporarily idle fixed assets**

Monetary Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	35,909,365.63	22,808,636.00		13,100,729.63	

**(3) Fixed assets with pending certificates of title**

Monetary Unit: RMB

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Buildings and constructions, etc.	4,078,109,302.67	Still in process.

**(4) Impairment test of fixed assets**
 Applicable     Not applicable
**14. Construction in process**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Construction in progress	20,501,553,452.83	17,701,862,482.72
Project materials	682,407,902.95	538,134,165.17
Total	21,183,961,355.78	18,239,996,647.89

**(1) Construction in progress**

Monetary Unit: RMB

Item	Balance as at June 30, 2024			Balance as at January 1, 2024		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Refining-chemical	282,409,187.93		282,409,187.93	297,336,123.46		297,336,123.46

integration project with the annual output of 16 million tons						
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons	914,212,766.42		914,212,766.42	1,461,187,782.20		1,461,187,782.20
Guowang (Suqian) super simulation functional fiber project with an annual production capacity of 500,000 tons	750,903,855.71		750,903,855.71	1,138,579,485.02		1,138,579,485.02
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	155,423,272.26		155,423,272.26	196,227,589.85		196,227,589.85
Sierbang Petrochemical propane industry chain project - Phase II	16,505,410.32		16,505,410.32	1,936,797,818.21		1,936,797,818.21
Hongwei Chemical POSM and Polyol Project	2,888,000,391.61		2,888,000,391.61	1,979,142,904.17		1,979,142,904.17
Biodegradable material	290,244,119.96		290,244,119.96	228,011,078.06		228,011,078.06

project (Phase I) of Hongke New Materials					
Hongjing new material project	7,695,811,042.81		7,695,811,042.81	4,369,950,497.82	4,369,950,497.82
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	1,331,720,457.90		1,331,720,457.90	394,446,508.89	394,446,508.89
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	159,025,294.32		159,025,294.32	95,113,888.50	95,113,888.50
1million tons/year Acetic Acid Project	229,432,074.36		229,432,074.36	42,007,255.83	42,007,255.83
Others	5,787,865,579.23		5,787,865,579.23	5,563,061,550.71	5,563,061,550.71
Total	20,501,553,452.83		20,501,553,452.83	17,701,862,482.72	17,701,862,482.72



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

Monetary Unit: RMB

Item name	Budget (0'000)	Balance as at January 1, 2024	Increase in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Balance as at June 30, 2024	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons	265,687.50	1,461,187,782.20	44,118,310.62	591,093,326.40		914,212,766.42	94.11%	Partial operation	76,554,724.41	8,949,710.02	4.42%	Self-owned funds and borrowings
Guowang (Suqian) super simulation functional fiber project with an annual production capacity of 500,000 tons	388,205.10	1,138,579,485.02	20,787,601.87	408,463,231.18		750,903,855.71	105.11%	Put into operation	89,810,085.59			Self-owned funds and borrowings
Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of	353,794.00	196,227,589.85	1,644,938.66	42,449,256.25		155,423,272.26	7.11%	Construction in progress				Self-owned funds and borrowings

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500,000 tons												
Sierbang Petrochemical Propane Industry Chain Project Phase II	227,135.26	1,936,797,818.21	37,214,174.02	1,957,506,581.91		16,505,410.32	86.91%	Put into operation				Self-owned fund
Hongwei Chemical POSM and Polyol Project	603,412.00	1,979,142,904.17	908,857,487.44			2,888,000,391.61	58.26%	Construction in progress	53,124,340.86	32,182,545.05	3.98%	Self-owned funds and borrowings
Hongjing new material project	1,558,082.41	4,369,950,497.82	3,336,440,614.78	10,580,069.79		7,695,811,042.81	53.99%	Construction in progress	207,774,227.66	93,086,777.48	3.28%	Self-owned funds and borrowings
Biodegradable material project (Phase I) of Hongke New Materials	648,188.56	228,011,078.06	62,233,041.90			290,244,119.96	8.44%	Construction in progress				Self-owned funds and borrowings
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	320,987.00	394,446,508.89	937,273,949.01			1,331,720,457.90	38.78%	Construction in progress	12,615,887.68	11,737,830.67	4.85%	Self-owned funds and borrowings
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	1,539,971.03	95,113,888.50	63,911,405.82			159,025,294.32	1.24%	Construction in progress				Self-owned funds
1million tons/year Acetic Acid Project	385,249.77	42,007,255.83	187,424,818.53			229,432,074.36	7.77%	Construction in progress				Self-owned funds

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Total	6,290,712.63	11,841,464,808.55	5,599,906,342.65	3,010,092,465.53	0.00	14,431,278,685.67			439,879,266.20	145,956,863.22		
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**(3) Impairment test of construction in progress**

□Applicable ☒Not applicable

**(4) Project materials**

Monetary Unit: RMB

Item	Balance as at June 30, 2024			Balance as at January 1, 2024		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Project materials	682,407,902.95		682,407,902.95	538,134,165.17		538,134,165.17
Total	682,407,902.95		682,407,902.95	538,134,165.17		538,134,165.17

**15. Right-of-use assets****(1) Right-of-use assets**

Monetary Unit: RMB

Item	Buildings and constructions	Total
I. Original book value		
1. Balance as at January 1, 2024	1,627,984,608.47	1,627,984,608.47
2. Increase in the current period	57,021,298.99	57,021,298.99
(1) New leases	56,882,617.58	56,882,617.58
(2) Others	138,681.41	138,681.41
3. Decrease in the current period	78,715,080.47	78,715,080.47
Disposal	78,715,080.47	78,715,080.47
4. Balance as at June 30, 2024	1,606,290,826.99	1,606,290,826.99
II. Accumulated depreciation		
1. Balance as at January 1, 2024	193,473,665.84	193,473,665.84
2. Increase in the current period	50,474,780.78	50,474,780.78
(1) Provision	50,386,578.61	50,386,578.61
(2) Others	88,202.17	88,202.17
3. Decrease in the current period	10,173,248.63	10,173,248.63
(1) disposal	10,173,248.63	10,173,248.63
4. Balance as at June 30, 2024	233,775,197.99	233,775,197.99
III. Provision for impairment		
1. Balance as at January 1, 2024		
2. Increase in the current period		
3. Decrease in the current period		
4. Balance as at June 30, 2024		
IV. Book value		
1. Book value as at June 30, 2024	1,372,515,628.99	1,372,515,628.99

2. Book value as at January 1, 2024	1,434,510,942.63	1,434,510,942.63
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**(2) Impairment test of right-of-use assets**

Applicable Not applicable

**16. Intangible assets****(1) Breakdowns of intangible assets**

Monetary Unit: RMB

Item	Land use right	Patent right	Software	Concessions (emission rights, coal replacement volume targets and sea area use rights)	Others	Total
I. Original book value						
1. Balance as at January 1, 2024	5,168,813,254.49	59,480,000.00	133,175,925.50	165,524,024.50	1,589,796.76	5,528,583,001.25
2. Increase in the current period	59,731,791.63	1,971,844.66	23,222,380.06			84,926,016.35
(1) Purchase	6,858,076.94		4,362,036.98			11,220,113.92
(2) Internal research and development						
(3) Increase due to business combination	52,873,714.69	1,971,844.66	7,743,102.42			62,588,661.77
(4) Transfer-in of construction in progress			11,117,240.66			11,117,240.66
3. Decrease in the current period				12,685,900.00		12,685,900.00
(1) disposal				12,685,900.00		12,685,900.00
4. Balance as at June 30, 2024	5,228,545,046.12	61,451,844.66	156,398,305.56	152,838,124.50	1,589,796.76	5,600,823,117.60
II. Accumulated amortization						
1. Balance as at January 1, 2024	559,748,345.64	27,763,779.59	42,361,155.76	2,825,065.67	516,683.95	633,215,030.61
2. Increase in	55,485,969.85	1,898,341.99	9,842,126.56	106,258.99	79,489.84	67,412,187.23

the current period						
(1) Provision	51,964,887.34	1,577,864.50	8,888,545.86	106,258.99	79,489.84	62,617,046.53
(2) Increase due to business combination	3,521,082.51	320,477.49	953,580.70			4,795,140.70
3. Decrease in the current period				2,931,324.66		2,931,324.66
(1) disposal				2,931,324.66		2,931,324.66
4. Balance as at June 30, 2024	615,234,315.49	29,662,121.58	52,203,282.32		596,173.79	697,695,893.18
III. Provision for impairment						
1. Balance as at January 1, 2024						
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) disposal						
4. Balance as at June 30, 2024						
IV. Book value						
1. Book value as at June 30, 2024	4,613,310,730.63	31,789,723.08	104,195,023.24	152,838,124.50	993,622.97	4,903,127,224.42
2. Book value as at January 1, 2024	4,609,064,908.85	31,716,220.41	90,814,769.74	162,698,958.83	1,073,112.81	4,895,367,970.64

**(2) Land use right with pending certificates of title**

Monetary Unit: RMB

Item	Book value	Reason for failure to complete the formalities for the certificate of title
East of Petrochemical Sixth Road and South of Zhanshan Road in Xuwei New District	10,942,306.00	Still in process.

East of Gangqian Avenue and South of Suhai Road in Xuwei New Area	20,776,934.46	Still in process.
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**(3) Impairment test of intangible assets**

Applicable Not applicable

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

Monetary Unit: RMB

Name of the investee or matters forming goodwill	Balance as at January 1, 2024	Increase in the current period		Decrease in the current period		Balance as at June 30, 2024
		Amount formed through business combination	Others	Disposal	Others	
Original book value						
Counter purchase	1,008,696,223.14					1,008,696,223.14
Sub-total	1,008,696,223.14					1,008,696,223.14
Provision for impairment						
Counter purchase	316,637,709.90					316,637,709.90
Sub-total	316,637,709.90					316,637,709.90
Total	692,058,513.24					692,058,513.24

**18. Long-term deferred expenses**

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Amortization in the current period	Other decreases	Balance as at June 30, 2024
Others	1,412,795.02	2,337,176.21	1,360,593.13		2,389,378.10
Total	1,412,795.02	2,337,176.21	1,360,593.13		2,389,378.10

**19. Deferred income tax assets and deferred income tax liabilities****(1) Deferred income tax assets before offset**

Monetary Unit: RMB

Item	Balance as at June 30, 2024		Balance as at January 1, 2024	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provisions for impairment of assets	284,727,896.47	47,268,359.36	857,506,763.08	183,983,606.13

Unrealized profits from internal	27,015,280.87	4,052,733.13	59,764,892.63	13,396,207.99
Provision for credit impairment	83,971,762.98	18,077,096.57	61,020,167.11	13,295,475.59
Deferred income	791,686,618.06	141,637,765.30	790,712,507.85	141,869,034.39
Lease liabilities	1,204,158,634.70	301,039,658.68	1,284,736,018.19	320,256,051.52
Losses not recovered	10,373,746,478.81	2,435,289,749.33	7,841,734,561.71	1,796,857,061.40
Others	1,215,320,484.75	284,812,015.31	1,157,847,468.51	278,796,339.84
Total	13,980,627,156.64	3,232,177,377.68	12,053,322,379.08	2,748,453,776.86

**(2) Deferred income tax liabilities without offset**

Monetary Unit: RMB

Item	Balance as at June 30, 2024		Balance as at January 1, 2024	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment from business combination not under common control	434,247,705.08	108,561,926.27	406,037,752.12	101,509,438.03
Changes in fair value of investments in equity	153,095,625.66	38,273,906.42	158,349,077.76	39,587,269.44
Accelerated depreciation	6,966,532,208.11	1,510,589,676.51	6,589,146,908.65	1,425,784,496.79
Right-of-use assets	1,194,036,650.53	298,509,162.63	1,237,328,849.54	308,433,173.10
Convertible bond tax difference	534,332,908.03	133,583,227.01	639,385,714.06	159,846,428.52
Others	992,884,900.16	217,687,886.26	941,499,791.95	208,660,779.43
Total	10,275,129,997.57	2,307,205,785.10	9,971,748,094.08	2,243,821,585.31

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

Monetary Unit: RMB

Item	Ending amount after mutual offset of deferred income tax assets and liabilities	Ending balance after offset of deferred income tax assets and liabilities	Beginning amount after mutual offset of deferred income tax assets and liabilities	Beginning balance after offset of deferred income tax assets and liabilities
Deferred income tax assets	1,779,469,149.26	1,452,708,228.42	1,734,064,200.57	1,014,389,576.29
Deferred income tax liabilities	1,779,469,149.26	527,736,635.84	1,734,064,200.57	509,757,384.74

**(4) Breakdown of unrecognized deferred income tax assets**

Monetary Unit: RMB



Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Deductible temporary differences	39,215,910.82	2,813,544.06
Deductible losses	799,323,068.41	619,414,537.75
Total	838,538,979.23	622,228,081.81

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

Monetary Unit: RMB

Year	Amount as at June 30, 2024	Amount as at January 1, 2024	Remark
2024	59,637,261.08	65,470,151.72	
2025	111,302,734.52	111,310,738.81	
2026	205,367,650.84	205,533,655.12	
2027	149,338,246.46	138,203,222.23	
2028	179,505,898.55	98,896,769.87	
2029	94,171,276.96		
Total	799,323,068.41	619,414,537.75	

**20. Other non-current assets**

Monetary Unit: RMB

Item	Balance as at June 30, 2024			Balance as at January 1, 2024		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payment for purchase and construction of long-term assets	5,093,351,508.18		5,093,351,508.18	6,391,552,903.42		6,391,552,903.42
Total	5,093,351,508.18		5,093,351,508.18	6,391,552,903.42		6,391,552,903.42

**21. Assets with restrictions on the ownership or use right**

Monetary Unit: RMB

Item	As at June 30, 2024	
	Book value	Type of restriction
Monetary funds	2,978,084,135.24	L/C, bank acceptance bill deposit, etc.
Fixed assets	21,734,334,063.25	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,723,620,155.00	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Total	27,436,038,353.49	

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Mortgage borrowings	221,000,000.00	221,000,000.00
Guaranteed borrowings	36,139,182,176.02	25,386,820,210.49
Credit borrowings	10,527,260,038.45	11,994,975,666.09
Guaranteed and pledged borrowings	2,229,440,000.00	1,489,740,000.00
Mortgaged and guaranteed borrowings	2,487,096,593.51	2,526,869,471.26
Interest on short-term borrowings	13,788,700.43	78,299,200.53
Total	51,617,767,508.41	41,697,704,548.37

**23. Financial liabilities held for trading**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Financial liabilities held for trading	4,551,344.95	
Total	4,551,344.95	

**24. Notes payable**

Monetary Unit: RMB

Category	Balance as at June 30, 2024	Balance as at January 1, 2024
Bank acceptance bills		390,550,672.86
Total		390,550,672.86

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Payables for goods	6,093,383,327.72	6,077,500,083.37
Payables for equipment and projects	10,038,775,229.37	9,873,155,210.27
Total	16,132,158,557.09	15,950,655,293.64

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Reason for no payment or carry-forward
Wujiang Meiyuan Construction Engineering Co., Ltd.	60,035,242.52	Project payment not yet settled
Total	60,035,242.52	

**26. Other payables**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Dividends payable		40,000,000.00
Other payables	267,988,342.81	921,911,125.99
Total	267,988,342.81	961,911,125.99

**(1) Dividends payable**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Dividends payable		40,000,000.00
Total		40,000,000.00

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Payment for equity payable		43,205,910.32
Margin, deposit, risk fund	240,489,388.59	484,700,449.35
Accrued expenses	9,194,730.37	12,585,931.75
Collection, payment and transactions	15,364,747.73	379,078,344.86
Others	2,939,476.12	2,340,489.71
Total	267,988,342.81	921,911,125.99

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Reason for no payment or carry-forward
Sinopec Tenth Construction Co., Ltd.	4,989,600.00	Performance bond
China Petroleum 6th Construction Co., Ltd.	2,648,500.00	Performance bond
Total	7,638,100.00	

**27. Advances from customers****(1) Presentation of advances from customers**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Advances from customers	24,796,521.47	32,600,721.32
Total	24,796,521.47	32,600,721.32

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Reason for no payment or carry-forward
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	

**28. Contract liabilities**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Advances from customers	1,943,201,468.34	2,272,577,360.44
Total	1,943,201,468.34	2,272,577,360.44

**29. Employee compensation payable****(1) Presentation of employee compensation payable**

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024
I. Short-term compensation	547,524,916.00	2,191,079,154.15	2,386,744,474.94	351,859,595.21
II. Post-employment benefits - defined contribution plans	124,852.35	140,331,019.72	140,321,776.98	134,095.09
III. Dismissal benefits		4,199,569.46	4,199,569.46	
Total	547,649,768.35	2,335,609,743.33	2,531,265,821.38	351,993,690.30

**(2) Presentation of short-term compensation**

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024
1. Salaries, bonuses, allowances and subsidies	547,411,142.51	1,853,137,677.60	2,048,845,580.65	351,703,239.46
2. Employee welfare fees		197,935,014.15	197,935,014.15	
3. Social insurance premiums	1,230.05	76,367,620.27	76,367,470.57	1,379.75
Including: medical insurance premiums		59,180,770.58	59,180,770.58	
Work-related injury insurance premiums		9,418,405.85	9,418,405.85	
Maternity insurance		7,504,313.66	7,504,313.66	

premiums				
Others	1,230.05	264,130.18	263,980.48	1,379.75
4. Housing provident funds		59,438,665.80	59,438,665.80	
5. Labor union expenditures and employee education funds	112,543.44	4,200,176.33	4,157,743.77	154,976.00
Total	547,524,916.00	2,191,079,154.15	2,386,744,474.94	351,859,595.21

**(3) Presentation of defined contribution plans**

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024
1. Basic endowment insurance premiums	124,852.35	136,104,466.23	136,095,223.49	134,095.09
2. Unemployment insurance premiums		4,226,553.49	4,226,553.49	
Total	124,852.35	140,331,019.72	140,321,776.98	134,095.09

**30. Taxes and surcharges payable**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
VAT	199,681,392.37	41,467,552.06
Consumption tax	468,515,948.49	690,487,987.15
Enterprise income tax	97,927,529.86	59,561,760.04
Individual income tax	8,644,636.27	14,077,058.84
Urban maintenance and construction tax	33,886,815.42	49,915,298.62
Property taxes	27,013,352.92	24,955,571.89
Educational surtax	24,374,757.90	35,969,974.41
Environmental protection tax	2,272,589.89	2,135,522.65
Land use tax	9,834,395.44	9,395,621.89
Stamp duty	32,791,752.26	31,420,468.94
Total	904,943,170.82	959,386,816.49

**31. Non-current liabilities due within one year**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Long-term borrowings due within one year	13,414,948,384.47	11,833,730,235.76
Long-term payables due within one year	1,140,227,987.68	862,707,828.27

Lease liabilities due within one year	39,938,830.50	125,103,350.17
Interest on long-term borrowings with interest paid by installments and principal paid at maturity	92,882,172.65	105,129,622.42
Interest on bonds payable with interest paid by installments and principal paid at maturity	20,743,758.17	23,347,627.89
Total	14,708,741,133.47	12,950,018,664.51

**32. Other current liabilities**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Output tax to be carried forward	247,393,810.17	291,632,121.40
Total	247,393,810.17	291,632,121.40

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

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Pledged borrowings	1,115,140,197.02	1,083,370,023.30
Mortgage borrowings	61,411,576,074.26	61,367,926,988.70
Guaranteed borrowings	6,644,882,470.08	6,498,037,118.84
Less: interest adjustment	204,332,580.37	204,353,912.61
Total	68,967,266,160.99	68,744,980,218.23

**34. Bonds payable****(1) Bonds payable**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Convertible corporate bonds	4,474,631,306.19	4,367,874,125.48
Total	4,474,631,306.19	4,367,874,125.48

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

Monetary Unit: RMB

Bond name	Par value	Coupon rate	Date of issue	Term of bond	Amount issued	Balance as at January 1, 2024	Bonds issued in the current period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in the current period	Conversion into shares in the current period	Balance as at June 30, 2024	Whether or not in breach of contract
Shenghong Convertible Bond	100.00	See description below	March 22, 2021	6	5,000,000,000.00	4,367,874,125.48		27,382,165.28	106,770,480.71		13,300.00	4,474,631,306.19	No
Total					5,000,000,000.00	4,367,874,125.48		27,382,165.28	106,770,480.71		13,300.00	4,474,631,306.19	

**(3) Description of convertible corporate bonds**

As approved by the *Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXX [2021] No.512), the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB100 on March 22, 2021. These convertible corporate bonds amount to RMB5,000.00 million, and are called "Shenghong Convertible Bond" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB14.20/share.

Due to the implementation of the Company's 2020 annual equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.20/share to RMB14.10/share, with the adjusted conversion price effective from June 18, 2021 (ex-rights and ex-dividend date).

According to the CSRC's *Reply to Approve the Issue of Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Limited to Purchase Assets and Raise Matching Funds* (ZJXX [2021] No.4179), the Company issued RMB ordinary shares to Shenghong Petrochemical Group Co., Ltd., and Lianyungang Bohong Industry Co., Ltd. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 14.10/share to RMB 13.53/share, and the effective date of the adjustment of the conversion price was January 27, 2022

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

With the approval of the China Securities Regulatory Commission in the *Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXX [2021] No.4179), the Company non-publicly issued 266,714,109 RMB ordinary shares to raise supporting funds. The new shares were listed on the Shenzhen Stock Exchange on July 20, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's *Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The new shares were listed on the Shenzhen Stock Exchange on December 28, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.46/share to RMB13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

According to the resolution of the 2022 annual general meeting of the Company, the Company implemented the 2022 annual dividend distribution program in May 2023. After the implementation of this dividend distribution, the conversion price of "Sheng Hong Convertible Bonds" was adjusted from RMB13.41/share to RMB13.31/share, and the effective date of the adjustment of the conversion price was May 22, 2023.

According to the resolution of the Company's 2023 Annual General Meeting, the Company implemented the 2023 annual dividend distribution plan in June 2024. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.31/share to RMB 13.21/share, and the effective date of the adjustment of the conversion price was June 07, 2024.

In the current period, a total of "Shenghong Convertible Bond" with a par value of RMB 13,300.00 was converted into 998 shares of the Company, and RMB 39.24 was paid in cash for the part less than one share. The capital reserves recognized upon the share conversion amounted to RMB 13,129.96 and the corresponding amount of other equity instruments carried forward was RMB 2,413.09. In the current period, the amortized cost of the liability portion of RMB 106,768,934.82 was adjusted by the effective interest method, and the interest transferred from the conversion was adjusted by RMB 1,545.89 accordingly, totaling RMB 106,770,480.71 in adjustment.

**35. Lease liabilities**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Payables for leases	1,955,316,143.14	2,111,948,205.02
Less: unrecognized financing expenses	570,881,157.98	614,830,049.94
Less: lease liabilities due within one year	39,938,830.50	125,103,350.17
Total	1,344,496,154.66	1,372,014,804.91

**36. Long-term payables**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Long-term payables	3,237,000,551.32	1,226,180,083.70
Total	3,237,000,551.32	1,226,180,083.70

**(1) Long-term payables, presented by nature**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Accounts payable for finance lease	4,644,863,465.26	2,218,615,029.60
Less: unrecognized financing expenses	267,634,926.26	129,727,117.63
Less: the part due within one year	1,140,227,987.68	862,707,828.27
Total	3,237,000,551.32	1,226,180,083.70

**37. Deferred income**

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024	Forming reason
Government grants	2,427,897,284.22	51,306,438.03	51,418,134.24	2,427,785,588.01	Asset-related government grants received
Total	2,427,897,284.22	51,306,438.03	51,418,134.24	2,427,785,588.01	

**38. Other non-current liabilities**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Long-term house rent	16,715,155.21	19,230,096.19
Total	16,715,155.21	19,230,096.19

**39. Share capital**

Monetary Unit: RMB

	Balance as at	Changes during the current period (+, -)	Balance as at
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	January 1, 2024	New shares issued	Share donation	Conversion of capital reserves into share capital	Others	Sub-total	June 30, 2024
Total shares	9,599,613,386.16				998.00	998.00	9,599,614,384.16

Reasons for changes in share capital in the current period:

Shenghong Convertible Bond was converted into 998.00 shares, as described in Note VII.34 Bonds payable.

#### 40. Other equity instruments

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

As approved by the *Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXX [2021] No.512), the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB100 on March 22, 2021. These convertible corporate bonds amount to RMB5,000.00 million, and are called "Shenghong Convertible Bond" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB14.20/share.

Due to the equity distribution implemented by the Company in 2020, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.20/share to RMB14.10/share, and the new price took effect from June 18, 2021 (date of record).

According to the CSRC's *Reply to Approve the Issue of Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Limited to Purchase Assets and Raise Matching Funds* (ZJXX [2021] No.4179), the Company non-publicly issued RMB ordinary shares to Shenghong Petrochemical Group Co., Ltd., and Lianyungang Bohong Industry Co., Ltd. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 14.10/share to RMB 13.53/share, and the effective date of the adjustment of the conversion price was January 27, 2022.

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

With the approval of the China Securities Regulatory Commission in the *Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds* (ZJXX [2021] No.4179), the Company non-publicly issued 266,714,109 RMB ordinary shares to raise supporting funds. The additional shares were listed on the Shenzhen Stock Exchange on July 20, 2022 and the conversion price of Shenghong Convertible Bond was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's *Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depositary Receipts and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The additional shares were listed on the Shenzhen Stock Exchange on December 28, 2022 and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.46/share to RMB13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

According to the resolution of the 2022 annual general meeting of the Company, the Company implemented the 2022 annual dividend distribution program in May 2023. After the implementation of this dividend distribution,

the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB13.41/share to RMB13.31/share, and the effective date of the adjustment of the conversion price was May 22, 2023.

According to the resolution of the Company's 2023 Annual General Meeting, the Company implemented the 2023 annual dividend distribution plan in June 2024. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.31/share to RMB 13.21/share, and the effective date of the adjustment of the conversion price was June 07, 2024.

## (2) Changes in preferred shares, perpetual debt and other financial instruments issued at the end of the current period

Monetary Unit: RMB

Outstanding financial instruments	As at January 1, 2024		Increase in the current period		Decrease in the current period		As at June 30, 2024	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Shenghong Convertible Bond	49,976,805.00	906,756,613.34			133.00	2,413.09	49,976,672.00	906,754,200.25
Total	49,976,805.00	906,756,613.34			133.00	2,413.09	49,976,672.00	906,754,200.25

Other equity instruments decreased by RMB 2,413.09 during the current period, as described in Note VII.34 Bonds payable.

## 41. Capital reserves

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024
Capital (share capital) premium	17,730,121,869.71	13,129.96		17,730,134,999.67
Other capital reserves	11,972,688.03		531,592.14	11,441,095.89
Total	17,742,094,557.74	13,129.96	531,592.14	17,741,576,095.56

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

(1) The capital premium (equity premium) of the Company increased by RMB 13,129.96 during the current period due to the increase in capital surplus as a result of the conversion of the Company's Shenghong Convertible Bond into shares during the current period, as described in Note VII.34 Bonds payable.

(2) Other capital reserves decreased by RMB 531,592.14 in the current period, because the capital increase of the Company under the original equity method was included in the scope of consolidation, and the original capital reserves was transferred out.

## 42. Other comprehensive income

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Current period						Balance as at June 30, 2024
		Amount before income tax in the current period	Less: amount previously included in other comprehensive income and currently transferred to the profit or	Less: amount previously included in other comprehensive income and currently transferred to the retained	Less: income tax expenses	Amount after tax attributable to the Company	Amount after tax attributable to minority shareholders	

			loss	earnings				
I. Other comprehensive income that will not to be reclassified to profit and loss	67,198,620.00							67,198,620.00
Including: changes in re-measurement of the defined benefit plan	67,198,620.00							67,198,620.00
II. Other comprehensive income that will be reclassified to profit or loss	8,410,478.36	-2,552,469.68				-2,552,469.68		5,858,008.68
Translation differences of foreign currency financial statements	8,410,478.36	-2,552,469.68				-2,552,469.68		5,858,008.68
Total of other comprehensive income	75,609,098.36	-2,552,469.68				-2,552,469.68		73,056,628.68

### 43. Special reserves

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024
Work safety expenses	95,610,435.57	161,539,146.73	205,053,956.63	52,095,625.67
Total	95,610,435.57	161,539,146.73	205,053,956.63	52,095,625.67

### 44. Surplus reserve

Monetary Unit: RMB

Item	Balance as at January 1, 2024	Increase in the current period	Decrease in the current period	Balance as at June 30, 2024
Statutory surplus reserves	609,412,557.95			609,412,557.95
Total	609,412,557.95			609,412,557.95

**45. Retained earnings**

Monetary Unit: RMB

Item	Current period	Balance at the end of the last year
Retained earnings at the end of the prior period before the adjustment	6,421,996,498.50	6,298,390,031.62
Adjustment to total retained earnings as at the beginning of the period (+ for increase and - for decrease)		113,117,374.99
Retained earnings at the beginning of the period after adjustment	6,421,996,498.50	6,411,507,406.61
Add: net profit attributable to owners of the Company in the current period	318,574,372.31	717,031,594.87
Less: withdrawal of statutory surplus reserves		5,421,262.78
Common stock dividends payable	661,121,445.00	701,121,240.20
Retained earnings at the end of the period	6,079,449,425.81	6,421,996,498.50

**46. Operating revenue and operating costs**

Monetary Unit: RMB

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
Primary business	69,258,054,427.21	61,649,200,467.48	59,045,056,276.23	50,304,761,314.09
Other business	3,575,507,171.46	3,453,118,169.93	6,888,691,189.24	6,690,716,710.80
Total	72,833,561,598.67	65,102,318,637.41	65,933,747,465.47	56,995,478,024.89

**47. Taxes and surcharges**

Monetary Unit: RMB

Item	Current period	Prior period
Consumption tax	3,470,608,812.69	3,738,475,638.24
Urban maintenance and construction tax	254,842,695.83	278,682,745.15
Educational surtax	182,537,501.74	200,143,049.78
Property taxes	55,205,218.92	39,944,532.38
Land use tax	18,693,095.32	17,854,334.55
Vehicle usage tax	54,320.38	22,754.64
Stamp duty	63,920,460.93	54,989,251.49
Environmental protection tax	4,610,871.80	4,083,398.01
Others	97,192.14	133,732.54
Total	4,050,570,169.75	4,334,329,436.78

**48. General and administrative expenses**

Monetary Unit: RMB

Item	Current period	Prior period
Employee compensation	258,259,658.93	210,584,732.26
Service charges	56,154,207.80	43,570,143.33
Depreciation and amortization	66,070,973.96	46,955,271.55
Others	93,515,034.74	41,116,336.21
Total	473,999,875.43	342,226,483.35

**49. Selling and distribution expenses**

Monetary Unit: RMB

Item	Current period	Prior period
Employee compensation	57,291,853.34	45,647,751.03
Warehousing expenses	78,073,681.88	94,831,435.97
Others	17,471,269.79	19,327,841.54
Total	152,836,805.01	159,807,028.54

**50. Research and development expenses**

Monetary Unit: RMB

Item	Current period	Prior period
Technology development cost	472,476,489.53	252,753,431.01
Total	472,476,489.53	252,753,431.01

**51. Financial expenses**

Monetary Unit: RMB

Item	Current period	Prior period
Interest expenses	2,467,947,309.60	1,350,128,355.04
Less: interest income	78,181,899.96	93,099,807.00
Gains or losses on foreign exchange	-34,374,437.36	448,673.03
Handling charges and others	67,894,265.15	42,022,818.43
Total	2,423,285,237.43	1,299,500,039.50

**52. Other income**

Monetary Unit: RMB

Source of other income	Current period	Prior period
Government grants	84,030,408.46	64,569,461.04
Additional deduction of input tax	171,628,177.91	2,458,608.25
Withholding handling charges on individual income tax	2,574,098.53	3,515,591.73
Total	258,232,684.90	70,543,661.02

**53. Gains from changes in fair value**

Monetary Unit: RMB

Sources of income from changes in fair value	Current period	Prior period
Financial assets held for trading	8,258,021.78	-19,002,860.16
Total	8,258,021.78	-19,002,860.16

**54. Investment income**

Monetary Unit: RMB

Item	Current period	Prior period
Long-term equity investment income calculated under the equity method	-3,571,499.26	-14,600,085.01
Investment income from disposal of financial asset tradable	8,227,526.60	-15,295,713.74
Investment income from trading financial assets during the holding period	2,524,209.48	3,013,859.62
Dividends income from other equity instruments invested during the holding period		976,431.36
Revenue recognition method change from equity to cost	114,908,632.25	
Total	122,088,869.07	-25,905,507.77

**55. Losses from credit impairment**

Monetary Unit: RMB

Item	Current period	Prior period
Losses from bad debts of accounts receivable	-28,161,655.49	2,960,462.57
Losses from bad debts of other receivables	5,096,270.32	-7,703,166.79
Total	-23,065,385.17	-4,742,704.22

**56. Losses from impairment of assets**

Monetary Unit: RMB

Item	Current period	Prior period
I. Loss from inventory depreciation	-580,066,394.73	-621,088,208.09
Total	-580,066,394.73	-621,088,208.09

**57. Income from disposal of assets**

Monetary Unit: RMB

Sources of proceeds from the disposal of assets	Current period	Prior period
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Gains from disposal of non-current assets	49,172,806.50	58,641,884.20
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**58. Non-operating revenue**

Monetary Unit: RMB

Item	Current period	Prior period	Amount included in non-recurring profit or loss in the current period
Revenue from indemnity and fines	22,629,692.96	58,926,479.25	22,629,692.96
Payment not required to be paid	378,657.81	305,941.17	378,657.81
Others	5,529,832.72	1,594,433.07	5,529,832.72
Total	28,538,183.49	60,826,853.49	28,538,183.49

**59. Non-operating expenses**

Monetary Unit: RMB

Item	Current period	Prior period	Amount included in non-recurring profit or loss in the current period
Donations made	22,000.00	1,059,433.00	22,000.00
Compensation, fines, late payment expenses	1,066,212.87	5,607,631.92	1,066,212.87
Losses from the damage and scrapping of non-current assets	771,189.07	1,723,322.41	771,189.07
Others	656,220.05	382,270.51	656,220.05
Total	2,515,621.99	8,772,657.84	2,515,621.99

**60. Income tax expenses****(1) Table of income tax expenses**

Monetary Unit: RMB

Item	Current period	Prior period
Current income tax expenses	136,031,757.59	232,033,923.83
Deferred income tax expenses	-421,279,087.42	101,559,549.03
Total	-285,247,329.83	333,593,472.86

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

Monetary Unit: RMB

Item	Current period
Total profits	18,717,547.96
Income tax expenses calculated at statutory/applicable tax rate	4,679,386.96
Effect of different tax rates applicable to subsidiaries	-138,175,887.67

Effect of adjustments to the income tax for the prior years	95,668.12
Effect of non-taxable income	-20,766,765.96
Effect of non-deductible costs, expenses and losses	22,861,290.69
Effect of deductible losses from using the deferred income tax assets unrecognized in prior periods	-125,475.53
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	17,900,385.05
Impact of deduction of R&D fee	-139,824,317.92
Others	-31,891,613.57
Income tax expenses	-285,247,329.83

## 61. Items in the statement of cash flows

### (1) Cash from operating activities

Cash received from other operating activities

Monetary Unit: RMB

Item	Current period	Prior period
Government grants	104,623,263.03	78,320,770.19
Interest	77,671,541.66	92,654,979.07
Current amounts	171,708,214.06	369,398,431.38
Non-operating revenue	4,817,739.38	43,933,670.94
Recovery of restricted funds	5,880,084,078.15	2,044,570,026.37
Employee shareholding payments received	142,510,000.00	583,110,877.18
Total	6,381,414,836.28	3,211,988,755.13

Cash paid for other operating activities

Monetary Unit: RMB

Item	Current period	Prior period
Current amounts	655,483,349.98	304,777,670.08
Expenditure on selling and distribution expenses and general and administrative expenses	179,379,992.36	142,544,799.98
Financial expenses	96,713,982.66	81,856,015.29
Non-operating expenses and others	2,264,494.96	6,488,516.19
Expenditure on restricted funds	5,299,415,590.66	2,680,762,149.98
Payments for employee stock ownership	142,810,000.00	586,674,241.88
Total	6,376,067,410.62	3,803,103,393.40

### (2) Cash from investing activities

Cash received from other investing activities



Monetary Unit: RMB

Item	Current period	Prior period
Recovery of restricted funds (investment)	291,031,013.88	1,039,122,999.21
Others	611,932.61	7,745,803.74
Total	291,642,946.49	1,046,868,802.95

Cash paid for other investing activities

Monetary Unit: RMB

Item	Current period	Prior period
Expenditure on restricted funds	173,508,932.34	397,763,247.21
Total	173,508,932.34	397,763,247.21

**(3) Cash from other financing activities**

Cash received from other financing activities

Monetary Unit: RMB

Item	Current period	Prior period
Capital of related parties	0.00	9,530,000.00
Finance lease	3,325,920,146.40	550,000,000.00
Total	3,325,920,146.40	559,530,000.00

Cash paid for other financing activities

Monetary Unit: RMB

Item	Current period	Prior period
Capital of related parties	348,000,000.00	9,530,000.00
Finance lease	1,105,502,071.20	907,763,035.71
Payments made by subsidiaries under the business combination under common control	43,205,910.32	0.00
Rental expense of right-of-use assets	114,830,313.81	124,096,477.56
Others	8,989,018.24	14,863,062.50
Total	1,620,527,313.57	1,056,252,575.77

Changes in liabilities arising from financing activities

 Applicable  Not applicable**62. Supplementary information on the statement of cash flows****(1) Supplementary information on the statement of cash flows**

Monetary Unit: RMB

Supplementary information	Amount in this period	Amount in the previous period
1. Net profit adjusted to cash flows from operating activities:		

Net profit	303,964,877.79	1,726,560,009.17
Plus: Credit impairment loss	23,065,385.17	4,742,704.22
Provision for impairment of assets	580,066,394.73	621,088,208.09
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	3,474,306,084.81	1,650,900,181.19
Depreciation of right-of-use assets	41,687,503.19	64,096,582.54
Amortization of intangible assets	51,292,538.99	40,391,387.31
Amortization of long-term deferred expenses	884,983.57	1,454,434.83
Losses from disposal of fixed assets, intangible assets and other long-term assets ("- " for gains)	-49,172,806.50	-58,641,884.20
Losses from scrapping of fixed assets ("- " for gains)	726,732.10	1,344,120.66
Losses from changes in fair value ("- " for gains)	-8,258,021.78	19,002,860.16
Financial expenses ("- " for gains)	2,399,948,611.94	1,421,500,633.37
Investment losses ("- " for gains)	-123,964,506.14	25,248,935.63
Decreases in deferred income tax assets ("- " for increases)	-428,564,709.28	-8,853,982.76
Increases in deferred income tax liabilities ("- " for decreases)	7,285,621.89	110,413,531.83
Decreases in inventories ("- " for increases)	-5,816,243,770.02	4,057,034,242.75
Decreases in operating receivables ("- " for increases)	-2,402,116,628.26	-4,253,971,999.06
Increases in operating payables ("- " for decreases)	4,009,034,423.26	2,463,934,751.51
Others	-43,514,809.90	60,163,922.34
Net cash flows from operating activities	2,020,427,905.56	7,946,408,639.58
2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	7,657,421,544.03	8,698,703,613.83
Less: beginning balance of cash	6,386,357,048.67	10,166,052,126.87

Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	1,271,064,495.36	-1,467,348,513.04

**(2) Breakdown of cash and cash equivalents**

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
I. Cash	7,657,421,544.03	6,386,357,048.67
Including: Cash on hand	20,057.98	9,157.98
Bank deposits available for payment at any time	7,641,127,652.30	6,349,940,696.04
Other monetary funds available for payment at any time	16,273,833.75	36,407,194.65
II. Ending balance of cash and cash equivalents	7,657,421,544.03	6,386,357,048.67

**63. Monetary items in foreign currency****(1) Monetary items in foreign currency**

Monetary Unit: RMB

Item	Balance in foreign currency as at June 30, 2024	Exchange rate for conversion	Balance in RMB converted as at June 30, 2024
Monetary funds			
Including: USD	126,731,415.28	7.1268	903,189,450.42
EUR	2,262,658.40	7.6617	17,335,809.87
HKD	999.08	0.9127	911.84
JPY	2,180,097,902.00	0.0474	103,336,640.55
SGD	270,234.75	5.2461	1,417,678.52
Accounts receivable			
Including: USD	211,609,267.57	7.1268	1,508,096,928.14
EUR	70,963.20	7.6617	543,698.75
Other receivable			
Including: SGD	225,532.20	5.2461	1,183,164.47
Long-term borrowings			
Including: USD	37,000,000.00	7.1268	263,691,600.01
EUR	14,418,793.49	7.6617	110,472,470.08
Accounts payable			
Including: USD	489,458,790.69	7.1268	3,488,274,909.49
EUR	5,482,268.44	7.6617	42,003,496.11

JPY	6,307,793.00	0.0474	281,958.35
Other payables			
Including: USD	856,213.20	7.1268	6,102,060.22
SGD	100.00	5.2461	524.61
Non-current liabilities maturing within one year			
Including: USD	39,183,524.36	7.1268	279,253,141.42
EUR	2,352,513.97	7.6617	18,024,256.29

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

☒ Applicable ☐ Not applicable

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

**64. Leases**

**(1) The Company as the lessee**

☒ Applicable ☐ Not applicable

Variable lease payment not included in the lease liabilities for measurement

☐ Applicable ☒ Not applicable

Rental expenses for short-term leases or low-value assets subject to simplified treatment

☒ Applicable ☐ Not applicable

Monetary Unit: RMB

Item	Amount in this period	Amount in the previous period
Interest expenses on lease liabilities	32,449,386.60	30,614,653.65
Expense on short-term leases under simplified treatment and included in the assets-related cost or the current profit or loss	3,727,831.43	16,620,062.00
Expense on the leases of low-value assets under simplified treatment and included in the assets-related cost or the current profit or loss (except for the expense on short-term leases of low-value assets)	23,774,462.52	16,157,625.80
Total cash outflows relevant to leases	161,826,548.35	70,328,910.20

Sale-and-leaseback deals

**(2) The Company as the lessor**

Operating lease of the Company acting as the lessor

☼Applicable □Not applicable

Monetary Unit: RMB

Item	Amount in this period	Amount in the previous period
Revenue from operating leases	32,626,014.86	30,680,029.47
Total	32,626,014.86	30,680,029.47

Finance lease of the Company acting as the lessor

□Applicable ☼Not applicable

Annual undiscounted lease payments in the next five years

□Applicable ☼Not applicable

The undiscounted lease payments to be received after the balance sheet date are as follows:

Monetary Unit: RMB

Remaining lease term	Amount as at June 30, 2024	Amount as at January 1, 2024
Within 1 year	24,850,317.42	22,411,655.78
1 - 2 years	23,438,938.00	20,223,197.78
2 - 3 years	9,064,931.20	6,692,245.98
3 - 4 years	2,947,930.20	5,986,019.79
4 - 5 years	2,947,930.20	304,629.98
Over 5 years	34,608,390.60	812,346.62
Total	97,858,437.62	56,430,095.93

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

□Applicable ☼Not applicable

**IX. Changes in the scope of consolidation****1. Business combination not under common control****(1) Business combination not under common control in the current period**

Monetary Unit: RMB

Name of acquiree	Time of equity acquisition	Cost of equity acquired	Proportion of equity acquired	Way of equity acquisition	Acquisition date	Determination basis of the acquisition date	Revenue of the acquiree from the acquisition date to June 30, 2024	Net profit of the acquiree from the acquisition date to June 30, 2024	Cash flows of the acquiree from the acquisition date to June 30, 2024
Jiangsu Vision .	New March 21, 2024	62,450,000.00	7.225%	Equity ratio changed	March 31, 2024	Transfer of control	14,910,493.18	-15,525,491.57	-18,051,388.01

The business combination not under common control in the current period involving Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd. is a step-by-step business combination. In July 2018, Zhonglu Technology, Guowang Hi-Tech and other external companies jointly invested in the establishment of Jiangsu New Vision, with a registered capital of RMB100 million. Zhonglu Technology and Guowang Hi-Tech contributed RMB 47 million in cash, with a total equity ratio of 47%. In April 2021, Zhonglu Technology contributed RMB 1 million in cash, and the total equity ratio of Zhonglu Technology and Guowang Hi-Tech was 48%. In March 2024, Jiangsu New Vision completed the change of business registration, increasing the registered capital to RMB 200 million, and Zhonglu Technology and Guowang Hi-Tech increased their capital by a total of RMB 62.45 million. After the capital increase, the total equity of Zhonglu Technology and Guowang Hi-Tech accounted for 55.225%.

**(2) Combination cost and goodwill**

Monetary Unit: RMB

Combination cost	Jiangsu New Vision
-- Cash	62,450,000.00
-- Fair value of non-cash assets	
-- Fair value of debt issued or assumed	
-- Fair value of equity securities issued	
-- Fair value of contingent consideration	
-- Fair value of equity held before the acquisition date on the acquisition date	110,804,941.56
-- Others	
Total combination cost	173,254,941.56
Less: share of fair value of the identifiable net assets acquired	175,878,488.23
Difference of goodwill/the combination cost in short of the fair value of net identifiable assets	-2,623,546.67

Determination method of the fair value of the combination cost:

Based on the fair value of identifiable assets and liabilities of Jiangsu New Vision.

**(3) Identifiable assets and liabilities of the acquiree on the acquisition date**

Monetary Unit: RMB

	Jiangsu New Vision	
	Fair value on the acquisition date	Book value on the acquisition date
Assets:		
Inventories	67,388,215.51	64,888,562.61
Fixed assets	885,571,540.12	881,505,288.99
Intangible assets	57,859,382.67	45,735,189.60
Other current assets	129,586,942.84	129,586,942.84
Other non-current assets	111,937,337.33	107,685,532.63
Total assets	1,252,343,418.47	1,229,401,516.67
Liabilities:		
Current liabilities	660,457,538.95	722,907,538.95
Non-current liabilities	273,409,667.24	471,296,314.74
Total liabilities	933,867,206.19	1,194,203,853.69
Net assets	318,476,212.28	35,197,662.98
Less: minority equity	142,597,724.05	43,721,741.10
Net assets acquired	175,878,488.23	-8,524,078.12

Determination method for fair value of identifiable assets and liabilities:

The Company determined the fair value of identifiable assets and liabilities of Jiangsu New Vision by reference to the Asset Evaluation Report on the Value of All Equity of Shareholders of Jiangsu New Vision Advanced

Functional Fiber Innovation Center Co., Ltd. Involved in the Proposed Capital Increase and Share Expansion (SWLPBZ [2024] No. 1-029) issued by Jiangsu Wanlongyongding Real Estate Land Assets Appraisal Co., Ltd. on March 25, 2024.

#### (4) Gains or losses arising from the re-measurement of equity held before the acquisition date at fair value

Whether there is a transaction that achieves a business combination step by step through multiple transactions and by which control is obtained during the reporting period.

Yes  No

Monetary Unit: RMB

Name of acquiree	Acquisition time point of the original equity held before the acquisition date	Proportion of the original equity held before the acquisition date	Acquisition cost of the original equity held before the acquisition date	Acquisition method of the original equity held before the acquisition date	Book value on the acquisition date of the original equity held before the acquisition date	Fair value on the acquisition date of the original equity held before the acquisition date	Gains or losses arising from the re-measurement of the original equity held before the acquisition date at fair value	Methods to determine and major assumptions for the fair value on the acquisition date of the original equity held before the acquisition date	Amount of other comprehensive income related to the original equity held before the acquisition date transferred to investment income or retained earnings
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	July 19, 2018	48.00%	48,000,000.00	Establishment	0.00	110,804,941.56	114,377,040.11	Asset-based evaluation	0.00

Other description:

The amount of net assets corresponding to the original equity held before the acquisition date was RMB - 3,572,098.56.

#### 2. Business combination under common control

None

#### 3. Counter purchase

None

#### 4. Disposal of subsidiaries

None

#### 5. Changes in the scope of consolidation for other reasons

##### (1) Subsidiaries and other operating entities newly included in the scope of consolidated statements for the current period

None

##### (2) Subsidiaries and other operating entities that are no longer included in the scope of consolidated statements for the current period for other reasons

Company	Date of establishment	Time-point for equity withdrawal	Basis of time-point for equity withdrawal
Shenghong New Energy (Suzhou) Co., Ltd.	August 30, 2022	June 2024	Business deregistration

**X. Equity in other entities****1. Equity in subsidiaries****(1) Structure of the enterprise group**

Subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	Suzhou	Suzhou	Energy sales and management	100.00%		Established by investment
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Electricity and heat supply	100.00%		Established by investment
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Suzhou	Suzhou	Petrochemical industry investment	100.00%		Established by investment
Suzhou Shenghong Data Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology service	100.00%		Established by investment
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Established by investment
Shenghong (Shanghai) New Material Technology Co., Ltd.	Shanghai	Shanghai	New material technology research and development	100.00%		Established by investment
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Established by investment
Shenghong (Jiangsu) Advanced Materials Research	Lianyungang	Lianyungang	New material technology research and development	100.00%		Established by investment



Institute Co., Ltd.						
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	Shanghai	Shanghai	Technology development in the field of new chemical materials	100.00%		Business combination under common control

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

None

## 3. Equity in joint venture arrangements or associates

Name of joint venture or associate	Main business place	Registered place	Business nature	Shareholding ratio		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
Tianjiao Technology Venture Capital Co., Ltd.	Suzhou	Suzhou	Venture capital	33.33%		Accounting by the equity method
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	Tianjin	Tianjin	Chemical materials and chemical products manufacturing		36.05%	Accounting by the equity method
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Suzhou	Suzhou	Gas operation		49.00%	Accounting by the equity method
Lianyungang Fanghong Port Storage and Transportation Co., Ltd.	Lianyungang	Lianyungang	Port storage and transportation		40.00%	Accounting by the equity method

## XI. Government grants

### 1. Government grants recognized at the amount receivable as at June 30, 2024

Applicable Not applicable

Balance of accounts receivable as at June 30, 2024: RMB 194,988,142.19.

Reasons for failure to receive government grants in the expected amount by the expected date

Applicable Not applicable

**2. Liability items involving government grants**

☒ Applicable ☐ Not applicable

Monetary Unit: RMB

Accounting item	Balance as at January 1, 2024	New grants in the current period	Amount included in non-operating revenues in the current period	Amount transferred to other income in the current period	Other changes in the current period	Balance as at June 30, 2024	Asset/income-related
Deferred income	2,427,897,284.22	51,306,438.03		51,418,134.24		2,427,785,588.01	Assets

**3. Government grants included in the current profit or loss**

☒ Applicable ☐ Not applicable

Monetary Unit: RMB

Accounting item	Current period	Prior period
Other income	204,240,452.13	31,017,935.14

**4. Types, amounts and presentation items of government grants****(1) Asset-related government grants**

Monetary Unit: RMB

Item presented on the balance sheet	Government grants	Amount included in the current profit or loss or used to offset relevant costs		Item included in the current profit or loss or used to offset relevant costs
		Amount in this period	Amount in the previous period	
Deferred income	51,306,438.03	51,418,134.24	36,010,134.15	Other income

**(2) Income-related government grants**

Monetary Unit: RMB

Item included in the current profit or loss or used to offset relevant costs	Government grants	Amount included in the current profit or loss or used to offset relevant costs	
		Amount in this period	Amount in the previous period
Other income	204,240,452.13	204,240,452.13	31,017,935.14

**XII. Risks related to financial instruments**

The Company faces various financial risks in the course of its business operation, including credit risks, market risks and liquidity risks. The Board of Directors of the Company takes full responsibilities for determining the risk management objects and policies and bearing the ultimate liabilities for the same, however, the Board of Directors has authorized the management of the Company to design and implement the procedure capable of ensuring the effective implementation of the risk management objects and policies. The Board of Directors reviews the effectiveness of the enforced procedures and the rationality of risk management objectives and policies by means of the quarter reports submitted by the finance department of the Company. The internal auditors of the Company also will audit the risk management policies and procedures, and report relevant facts to the audit committee.

The overall object of risk management of the Company is to prepare the risk management policies ensuring the risk under control as far as possible without affecting the Company's competitiveness and resilience.

**(I) Credit risk**

Credit risk refers to a risk that one party to the financial instruments suffers financial losses due to the failure of the other party in performing the obligations. The Company mainly faces customer credit risks caused by credit sales. The Company will make assessment on the credit risk of new customers before signing new contracts with them, including the external credit rating and the bank credit certification (if such information can be acquired) in some cases. The Company has set for each customer the credit sale limitation, which is maximum and free of any additional approval.

The Company carries out the quarterly monitoring on credit rating information of existing customers the monthly review on the aging analysis of accounts receivable to make sure that the overall credit risk of the Company is under control. The Company group customers by their credit characteristics while monitoring the customer credit risk. Upon the risk assessment, customers at the “high-risk” level are included in the list of restricted customers, and can obtain the credit sales from the Company in the future only when the additional approval is given; otherwise, they must pay relevant payments in advance as required.

**(II) Liquidity risk**

The liquidity risk refers to the risk of capital shortage of an enterprise taking place in the course of cash payment or settlement via other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under the centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction.

**(III) Market risk**

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

**(1) Interest rate risk**

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

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

**(2) Exchange rate risk**

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

**(3) Other price risks**

As for the equity investments held by the Group in other listed companies, the management believes that the market price risks, to which these investing activities are exposed, are acceptable.

The equity investments held by the Group in the listed companies are listed as below:

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at December 31, 2023
Financial assets held for trading	67,452,486.66	73,750,917.76

Item	Balance as at June 30, 2024	Balance as at December 31, 2023
Total	67,452,486.66	73,750,917.76

On June 30, 2024, on the condition that all the other variables remain unchanged, if the value of equity instruments rises or falls by 30%, the income from changes in fair value of the Company will increase or decrease by RMB 20,235,700. The management believes that 30% reasonably reflects the range of possible changes in the value of equity instruments in the next year.

### XIII. Disclosure of fair value

#### 1. Fair value of assets and liabilities measured at fair value as at June 30, 2024

Monetary Unit: RMB

Item	Fair value as at June 30, 2024			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Financial assets held for trading	68,696,232.51			68,696,232.51
1. Financial assets measured at fair value through the current profit or loss	68,696,232.51			68,696,232.51
(1) Investment in equity instruments	67,452,486.66			67,452,486.66
(2) Derivative financial assets	1,243,745.85			1,243,745.85
◆Receivables financing			685,178,424.44	685,178,424.44
◆Investment in other equity instruments			582,098,160.00	582,098,160.00
Total assets with continuous measurement at fair value	68,696,232.51		1,267,276,584.44	1,335,972,816.95
(II) Financial liabilities held for trading	4,551,344.95			4,551,344.95
Including: derivative financial liabilities	4,551,344.95			4,551,344.95
II. Non-continuous measurement of fair value	--	--	--	--

**2. Basis of determination for market prices of continuous and non-continuous measurements of fair values at level 1**

(1) Investments in equity instruments classified as those measured at fair value through the current profit or loss amounted to RMB 67,452,486.66, and were recognized at the closing price on June 30, 2024 in open market transactions.

(2) Derivative financial assets of RMB 1,243,745.85 were recognized at fair value of the position contract in the futures market on June 30, 2024.

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

None

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

Monetary Unit: RMB

Item	Fair value as at June 30, 2024	Valuation techniques
Receivables financing	685,178,424.44	[Remark]
Other equity instrument investments	582,098,160.00	Market approach

[Remark] The receivables financing represents notes receivable of RMB 685,178,424.44 that are discounted or expected to be transferred by endorsement. The maturity of the notes is usually shorter than 6 months, and the difference between the fair value and the face value is insignificant, and the face amount is used as the fair value measurement.

**IV. Related parties and related transactions****1. Parent company of the Company**

Parent company	Registered place	Business nature	Registered capital	Shareholding ratio of the parent company in the Company	Voting right ratio of the parent company in the Company
Jiangsu Shenghong Technology Co., Ltd.	Suzhou	Investment-based	RMB 2,992,741,100	43.13%	43.13%

Remark: the shareholding ratio includes the parent company's share of GDRs issued by the Company.

The ultimate controllers of the Company are Miao Hangen and Zhu Hongmei.

**2. Subsidiaries of the Company**

See Note X for subsidiaries of the Company.

**3. Joint ventures and associates of the Company**

See Note X for major joint ventures and associates of the Company.

**4. Other related parties**

Other related party	Relationship with the Company
Jiangsu Shenghong New Material Group Co., Ltd.	Parent company of the Company's parent company
Jiangsu Shenghong Technology Co., Ltd.	Parent company of the Company
Shenghong Group Co., Ltd.	Controlled by the same actual controller
Jiangsu Oriental Inta Security System Co., Ltd.	Other related relationship

Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Other related relationship
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Jiangsu Shengze Oriental Textile Market Development Co., Ltd.	Other related relationship
Yu Xiaofang	Other related relationship
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the same actual controller
Suzhou Huaxia Group Co., Ltd.	Other related relationship
Hongwei (Lianyungang) Fine Chemicals Co., Ltd.	Other related relationship
Wujiang Jiayu Industrial Development Co., Ltd.	Other related relationship
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Other related relationship
Suzhou Suzhen Thermal Power Co., Ltd.	Other related relationship
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related relationship
Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Controlled by the same actual controller
Wujiang Pengxiang Real Estate Development Co., Ltd.	Other related relationship
Suzhou Pingwang Bleaching and Dyeing Co., Ltd.	Controlled by the same actual controller
Jiaxing Tianlun Nano Dyeing and Finishing Co., Ltd.	Controlled by the same actual controller
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Controlled by the same actual controller
Suzhou Xinmin Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Controlled by the same actual controller
Suzhou Shengze Urban Organic Renewal Development Co., Ltd.	Other related relationship
Shenghong Holding Group Co., Ltd.	Controlled by the same actual controller
Shenghong Ligend Power Technology (Suzhou) Co., Ltd.	Controlled by the same actual controller

## 5. Related transactions

### (1) Related transaction on purchase or sales of goods and rendering or receipt of services

Purchase of goods/receipt of services

Monetary Unit: RMB

Related party	Content of related transaction	Current period	Transaction limit approved	Whether the transaction limit is exceeded	Prior period
Lianyungang Hongyang Thermoelectricity	Low-pressure steam, steam	2,389,691,781.05	6,031,949,700.00	No	3,063,827,909.76

Co., Ltd.					
Shenghong Group Co., Ltd.	Purchase of goods and electricity	40,345,190.970	100,300,000.00	No	42,511,296.44
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Purchase of goods			No	40,896,635.66
Suzhou Suzhen Thermal Power Co., Ltd.	Steam, production water, and sludge treatment, etc.	3,926,804.70	12,630,000.00	No	4,943,623.50
Jiangsu Oriental Inta Security System Co., Ltd.	Security service			No	173,626.15
Jiangsu Eastern Yingta Security Service Co., Ltd.	Security service	70,839.29	280,000.00	No	
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Expenses on meeting affairs	114,155.09	4,200,583.00	No	45,930.50
Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	Purchase of oil solutions	22,384,409.83	36,679,000.00	No	
Suzhou Shengyuan Science and Technology Innovation Park Management Service Co., Ltd.	Purchase of water and power	53,483.00	794,200.00	No	
Wujiang Pengxiang Real Estate Development Co., Ltd.	Purchase of water and power	990.57	3,000.00	No	
	Total	2,456,587,654.50	6,186,836,483.00	No	3,152,399,022.01

Table of sales of goods/rendering of services

Monetary Unit: RMB

Related party	Content of related transaction	Current period	Prior period
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Sales of goods	103,196,962.52	82,167,717.00

Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Sales of chemical fiber raw materials		23,192,720.35
Shenghong Group Co., Ltd.	Sales of steam and water	25,846,684.34	19,933,592.72
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Sales of steam and water	3,090,207.09	3,058,788.86
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Sales of steam and water	659,534.13	375,031.31
Jiangsu Shengze Oriental Textile Market Development Co., Ltd.	Sales of steam and water	334,500.81	305,976.59
Shenghong Petrochemical Group Co., Ltd.	Domestic water, electricity, sewage treatment	2,896.48	12,907.20
Wujiang Jiayu Industrial Development Co., Ltd.	Warehousing and handling fees	33,693,488.98	30,332,421.81
Suzhou Pingwang Bleaching and Dyeing Co., Ltd.	Testing service	35,738.68	
Jiaxing Tianlun Nano Dyeing and Finishing Co., Ltd.	Testing service	26,997.17	
Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	Testing service	178,600.94	
Suzhou Xinmin Printing and Dyeing Co., Ltd.	Testing service	22,099.06	
Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	Testing service	43,431.13	
Suzhou Shengze Urban Organic Renewal Development Co., Ltd.	Sales of goods	306,871.64	
Shenghong Holding Group Co., Ltd.	Sales of goods	38,938.05	
Shenghong Ligend Power Technology (Suzhou) Co., Ltd.	Sales of goods	604,268.11	
	Total	168,081,219.13	159,379,155.84

**(2) Management on commission/ contract and commissioned management/ sub-contract**

None

**(3) Related-party leases**

The Company acted as the lessor:

Monetary Unit: RMB



Name of lessee	Type of leased assets	Lease revenue recognized in this period	Lease revenue recognized in previous period
Shenghong Group Co., Ltd.	Lease of transformer and its supporting appurtenances	5,335,874.41	5,221,652.12
Shenghong Petrochemical Group Co., Ltd.	House rent	16,497.57	43,137.14
Yu Xiaofang	House rent	73,135.36	72,933.34
Total		5,425,507.34	5,337,722.60

**(4) Related-party guarantees**

The Company as the guarantor

None

The Company as the guarantor:

Monetary Units: RMB'0,000, USD'0,000, EUR'0,000, and GBP'0,000

Guarantor	Currency	Guaranteed amount (total)	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
Sheng Hong Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Hangen, Zhu Hongmei, Tang Jinkui and Zhu Yuqin	RMB	4,150,000.00	November 13, 2020	November 12, 2038	No
Jiangsu Shenghong New Materials Group Co., Ltd., Miao Hangen and Zhu Hongmei	RMB	22,052.31	December 31, 2019	December 20, 2027	No
Miao Hangen and his wife, 136.8 million real estate mortgages	RMB	270,000.00	September 20, 2019	September 20, 2032	No
Shenghong Holding Group Co., Ltd.	RMB	30,000.00	January 19, 2020	January 19, 2028	No
Shenghong Holding Group Co., Ltd.	RMB	30,000.00	March 28, 2024	March 28, 2029	No
Shenghong Holding Group Co., Ltd.	RMB	20,000.00	May 24, 2024	May 24, 2029	No
Shenghong Holding Group Co., Ltd.	RMB	285,000.00	July 26, 2023	June 21, 2033	No
Shenghong Holding Group Co., Ltd.	RMB	80,000.00	October 19, 2023	October 15, 2034	No

Jiangsu Shenghong New Material Group Co., Ltd.	RMB	30,000.00	November 28, 2022	November 27, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	20,000.00	December 14, 2022	November 13, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	10,000.00	January 05, 2023	November 04, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	25,000.00	January 11, 2023	January 10, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	35,000.00	February 01, 2023	January 01, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	35,000.00	January 19, 2024	January 26, 2028	No
Shenghong (Suzhou) Group Co., Ltd.	RMB	15,000.00	December 21, 2023	April 11, 2028	No
Jiangsu Shenghong Technology Co., Ltd.	RMB	20,000.00	March 23, 2024	March 25, 2030	No
Shenghong (Suzhou) Group Co., Ltd., Miao Hangen, Zhu Hongmei	RMB	119,000.00	June 28, 2019	June 27, 2028	No
Shenghong Holding Group Co., Ltd.	GBP	21.62	July 17, 2023	August 20, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	933.27	July 18, 2023	March 10, 2027	No
Shenghong Holding Group Co., Ltd.	RMB	46,000.00	September 06, 2021	August 30, 2044	No
Shenghong Holding Group Co., Ltd.	RMB	55,000.00	January 28, 2022	December 21, 2044	No
Jiangsu Shenghong New Materials Group Co., Ltd. and Shenghong Petrochemical Group Co., Ltd.	RMB	50,000.00	June 25, 2019	June 19, 2029	No
Shenghong Holding Group Co., Ltd.	RMB	22,500.00	September 23, 2022	November 22, 2034	No
Shenghong Holding Group Co., Ltd.	RMB	130,000.00	December 12, 2023	December 15, 2033	No
Jiangsu Shenghong Technology Co., Ltd.	RMB	40,000.00	October 15, 2014	October 11, 2026	No
Shenghong Holding Group Co., Ltd.	RMB	30,000.00	December 15, 2021	December 13, 2035	No

Jiangsu Shenghong Technology Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen, and Zhu Hongmei	RMB	611,500.00	April 25, 2014	April 24, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen, and Zhu Hongmei	USD	32,500.00	June 10, 2014	April 24, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen, and Zhu Hongmei	RMB	47,000.00	June 30, 2016	April 24, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd., Shenghong Holding Group Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen and Zhu Hongmei	RMB	213,262.00	June 27, 2018	June 27, 2029	No
Miao Hangen, Zhu Hongmei	RMB	84,000.00	April 15, 2024	April 14, 2028	No
Shenghong Holding Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Hangen, and Zhu Hongmei	RMB	500,000.00	May 13, 2021	April 18, 2034	No
Shenghong Holding Group Co., Ltd.	EUR	164.57	August 24, 2023	May 16, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	597.00	November 13, 2023	September 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	571.40	December 25, 2023	June 06, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	311.50	January 30, 2024	September 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	753.50	March 05, 2024	August 16, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	787.65	March 13, 2024	March 22, 2027	No

Shenghong Holding Group Co., Ltd.	EUR	128.31	March 13, 2024	August 22, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	1,260.28	March 18, 2024	March 22, 2027	No
Shenghong Holding Group Co., Ltd.	EUR	313.50	March 22, 2024	September 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	40.83	April 17, 2024	July 24, 2026	No
Shenghong Holding Group Co., Ltd.	USD	116.35	May 10, 2024	July 30, 2026	No
Shenghong Holding Group Co., Ltd.	EUR	108.80	June 17, 2024	March 10, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	12,000.00	March 25, 2024	August 24, 2025	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	12,000.00	March 26, 2024	August 25, 2025	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	8,782.00	April 01, 2024	August 31, 2025	No
Miao Hangen, Zhu Hongmei	RMB	150,000.00	June 07, 2023	April 25, 2028	No
Miao Hangen, Zhu Hongmei	RMB	19,200.00	June 07, 2023	May 07, 2028	No
Miao Hangen, Zhu Hongmei	RMB		June 03, 2024	June 02, 2025	No
Jiangsu Shenghong Technology Co., Ltd., Miao Han'gen and Zhu Hongmei	RMB	43,000.00	January 30, 2018	December 25, 2028	No
Shenghong Holding Group Co., Ltd.	RMB	75,000.00	December 15, 2020	June 08, 2032	No
Shenghong (Suzhou) Group Co., Ltd.	RMB	50,000.00	November 20, 2023	February 28, 2025	No
Guaranteed by Shenghong (Suzhou) Group Co., Ltd., Jiangsu Shenghong Technology Co., Ltd., and Miao Hangen and his wife	RMB	300,000.00	November 30, 2021	November 29, 2027	No
Shenghong (Suzhou) Group Co., Ltd.	RMB	66,400.00	November 29, 2021	November 29, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	RMB	40,000.00	May 28, 2021	May 28, 2028	No
Jiangsu Shenghong	RMB	6,000.00	September 20,	October 22,	No

New Material Group Co., Ltd.			2023	2027	
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**(5) Loans from and to related parties**

Monetary Unit: RMB

Related party	Balance as at December 31, 2023	Lending/borrowing amount	Repayment in the current period	Balance as at June 30, 2024	Provision in the current period Interest on lending/borrowing
Shenghong Petrochemical Group Co., Ltd.	306,763,200.00	0.00	306,763,200.00	0.00	0.00
Hongwei (Lianyungang) Fine Chemicals Co., Ltd.	41,236,800.00	0.00	41,236,800.00	0.00	0.00
Total	348,000,000.00	0.00	348,000,000.00	0.00	0.00

**(6) Remuneration of key officers**

Monetary Unit: RMB'0,000

Item	Current period	Prior period
Remuneration of key officers	868.41	774.98

**(7) Other related party transactions**

None

**6. Receivables from and payables to related parties****(1) Receivables**

Monetary Unit: RMB

Item name	Related party	Balance as at June 30, 2024		Balance as at January 1, 2024	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Shenghong Petrochemical Group Co., Ltd.	46,662.65		35,224.46	
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	39,246,404.32		252,246,880.64	
	Wujiang Jiayu Industrial Development Co., Ltd.	19,450,284.34		19,071,672.43	

	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.			50,974,773.26	
	Shenghong Group Co., Ltd.	4,375,466.81		5,543,062.55	
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	584,075.65		808,747.31	
	Jiangsu Shengze Oriental Textile Market Development Co., Ltd.			2,316.32	
	Jiaxing Jiasheng Printing and Dyeing Co., Ltd.	13,746.00			
	Jiaxing Tianlun Nano Dyeing and Finishing Co., Ltd.	9,180.00			
	Suzhou Xinmin Printing and Dyeing Co., Ltd.	10,652.00			
	Suzhou Pingwang Bleaching and Dyeing Co., Ltd.	9,686.00			
	Xintiandi Textile Printing and Dyeing (Jiaxing) Co., Ltd.	67,196.00			
	Sub-total	63,813,353.77		328,682,676.97	
Advance payment					
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.			11,115,017.87	
	Liangyungang Hongyang Thermoelectricity Co., Ltd.	35,903,323.75			
Other receivable					
	Jiangsu New Vision Advanced Functional Fiber Innovation			1,281,236.13	

	Center Co., Ltd.				
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**(2) Payables**

Monetary Unit: RMB

Item name	Related party	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Accounts payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	216,631,756.26	1,763,699,075.82
	Suzhou Suzhen Thermal Power Co., Ltd.	1,325,034.95	629,950.84
	Shenghong Group Co., Ltd.	670,997.75	
	Tianjin Polytechnic University Textile Auxiliaries Co., Ltd.	3,881,396.20	
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.		1,884.00
	Sub-total	222,509,185.16	1,764,330,910.66
Other payables			
	Yu Xiaofang	15,500.00	
	Shenghong Petrochemical Group Co., Ltd.		349,969,110.32
	Hongwei (Lianyungang) Fine Chemicals Co., Ltd.		41,236,800.00
	Shenghong Holding Group Co., Ltd.	5,124.96	
	Sub-total	20,624.96	391,205,910.32
Dividends payable			
	Shenghong Petrochemical Group Co., Ltd.		40,000,000.00
	Sub-total		40,000,000.00
Advances from customers			
	Yu Xiaofang	61,481.93	134,617.29
	Sub-total	61,481.93	134,617.29
Contract liabilities and other current liabilities			
	Jiangsu Shengze Oriental Textile Market Development Co., Ltd.	50,000.00	
	Wujiang Oriental Market Supply Chain Service Co.,	80,000.00	63,807.68

	Ltd.		
	Sub-total	130,000.00	63,807.68

## XV. Commitments and contingencies

### 1. Significant commitments

#### Significant commitments on the balance sheet date

Miao Han'gen, Zhu Hongmei and their controlled enterprises and other related parties provided the maximum joint and several liability guarantee of RMB 1.5 billion for Jiangsu Guowang Hi-Tech Fiber Co., Ltd., the maximum joint and several liability guarantee of RMB 192 million for Jiangsu Zhonglu Technology Development Co., Ltd., the maximum joint and several liability guarantee of RMB 430 million for Jiangsu Ganghong Fiber Co., Ltd., the maximum joint and several liability guarantee of RMB 1.52 billion for Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., the maximum joint and several liability guarantee of RMB 3.65 billion and the guarantee of RMB 2.7 billion for the syndicated loans for Jiangsu Honggang Petrochemical Co., Ltd., the maximum joint and several liability guarantee of RMB 300 million for Lianyungang Hongyang Port Storage and Transportation Co., Ltd., the maximum joint and several liability guarantee of RMB 500 million for the quota shared by four companies including Jiangsu Guowang Hi-Tech Fiber Co., Ltd., Shenghong Refining & Chemical (Lianyungang) Co., Ltd., Jiangsu Honggang Petrochemical Co., Ltd. and Jiangsu Sierbang Petrochemical Co., Ltd., the guarantee of RMB 41.5 billion for the syndicated loans for Jiangsu Shenghong Refining & Chemical (Lianyungang) Co., Ltd., the maximum joint and several liability guarantee of RMB 840 million and the guarantee of RMB 13,247,620,000 for the syndicated loans for Jiangsu Sierbang Petrochemical Co., Ltd., the maximum joint and several liability guarantee of RMB 664 million for Jiangsu Eastern Shenghong Co., Ltd. and the maximum joint and several liability guarantee of RMB 60 million for Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.

### 2. Contingencies

#### (1) Significant contingencies existing on balance-sheet date

##### 1) Contingent liabilities arising from pending litigation and their financial impacts

As at June 30, 2024, there was no material pending litigation.

##### 2) Contingent liabilities arising from debt guarantee provided for other units and financial impact thereof

As at the end of the reporting period, the guarantees provided between the Company and its subsidiaries and between subsidiaries are as follows:

Monetary Unit: RMB'0,000

Guarantor	Guaranteed party	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee has been completed
<b>Between the Company and subsidiaries</b>					
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	3,824,818.22	November 13, 2020	November 12, 2038	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	344,000.00	June 30, 2022	June 29, 2036	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	146,711.77	December 16, 2022	June 27, 2029	No



Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	220,000.00	January 08, 2024	September 10, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	149,231.00	September 25, 2023	September 25, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	150,000.00	July 26, 2022	July 28, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	106,902.24	June 26, 2023	December 11, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	127,426.97	March 24, 2024	July 14, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	60,000.00	May 24, 2024	June 27, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	479,911.80	February 26, 2024	October 21, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	32,000.00	March 24, 2024	July 14, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	138,930.00	January 11, 2024	May 16, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	179,020.51	September 26, 2022	May 30, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	30,000.00	February 08, 2024	August 13, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	181,138.43	June 05, 2024	October 11, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	126,395.43	May 22, 2023	August 16, 2027	No

	Ltd.				
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	41,025.00	October 07, 2023	December 16, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	49,875.00	October 07, 2023	December 16, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	43,000.00	September 15, 2023	June 14, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	108,089.83	November 10, 2023	May 21, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	56,725.83	October 11, 2023	August 20, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	68,014.40	March 15, 2024	March 14, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	237,565.24	December 01, 2023	November 24, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	54,200.00	September 20, 2019	September 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	20,000.00	September 20, 2019	September 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	60,416.67	September 20, 2019	September 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	40,277.78	September 20, 2019	September 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	24,166.67	September 20, 2019	September 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	12,083.33	September 20, 2019	September 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	99,200.00	January 05, 2023	June 21, 2028	No

Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	3,796.53			
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	30,000.00	July 24, 2023	April 23, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	20,000.00	February 06, 2024	October 29, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	3,360.00	December 02, 2022	July 19, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	13,822.36	December 04, 2023	September 20, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	95,242.87	March 26, 2024	March 21, 2034	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	60,000.00	February 29, 2024	February 28, 2030	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	50,000.00	February 08, 2024	February 08, 2029	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	9,900.00	November 09, 2023	April 11, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	30,000.00	March 11, 2024	February 27, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	30,000.00	May 12, 2022	May 16, 2029	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	24,000.00	October 17, 2022	November 04, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	9,567.24	September 26, 2023	December 24, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	60,000.00	November 29, 2022	November 28, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	22,800.00	December 26, 2022	September 18, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	19,212.08	March 25, 2024	March 31, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	42,973.00	April 09,	April 21, 2028	No

Ltd.	Ltd.		2024		
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	4,166.67	August 06, 2021	August 11, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	235,230.00	August 23, 2021	March 01, 2031	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	13,218.22	December 07, 2022	Two years from the maturity date of main debt performance	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	67,302.50	December 21, 2021	December 20, 2031	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	67,364.74	January 20, 2022	January 20, 2032	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	108,355.74	March 24, 2022	March 24, 2033	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	37,104.83	June 01, 2022	May 31, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	350,000.00	January 03, 2024	December 24, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	20,000.00	October 20, 2023	December 31, 2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	150,000.00	September 11, 2023	September 11, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	30,009.46	June 12, 2023	No maturity date	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	58,674.52	July 19, 2023	December 31, 2024	No
Jiangsu Eastern	Jiangsu Hongjing	640,500.00	March 24,	March 23,	No

Shenghong Co., Ltd.	New Materials Co., Ltd.		2023	2041	
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	20,000.00	February 18, 2024	September 22, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	60,000.00	June 28, 2023	August 22, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	3,058.82	March 08, 2024	March 05, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	8,000.00	March 08, 2024		No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	41,952.03	March 07, 2023	February 12, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	10,600.00	April 20, 2022	December 28, 2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	25,686.00	June 26, 2023	June 08, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	52,524.77	December 27, 2022	December 31, 2026	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	9,206.46	December 06, 2023	December 31, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	32,083.33	January 29, 2023	January 15, 2029	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	41,250.00	February 07, 2024	February 15, 2030	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	60,000.00	April 15, 2024	April 14, 2028	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	7,800.00	November 22, 2023	November 27, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	10,500.00	November 22, 2023	September 25, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	24,000.00	June 25, 2023	June 25, 2031	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	5,000.00	March 28, 2024	March 28, 2028	No

Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	30,000.00	March 28, 2024	December 31, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	25,000.00	April 28, 2024	April 28, 2027	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongwei Chemical Co., Ltd.	196,289.46	February 06, 2023	March 23, 2037	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	49,000.00	September 10, 2019	September 10, 2037	No
<b>Between subsidiaries</b>					
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	3,824,818.22	November 13, 2020	November 12, 2038	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	5,000.00	November 09, 2023	March 18, 2025	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	17,600.00	January 30, 2018	December 25, 2028	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	14,267.67	January 07, 2019	January 08, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	46,579.50	June 28, 2021	July 06, 2031	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	20,000.00	February 27, 2024	March 13, 2028	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	5,000.00	November 09, 2023	March 26, 2028	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	30,000.00	October 26, 2023	October 25, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	22,900.00	January 13, 2024	July 12, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	28,257.78	December 20, 2023	December 05, 2028	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	25,300.00	January 05, 2023	June 27, 2028	No

Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	484.22			No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	35,000.00	February 27, 2023	November 20, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	10,000.00	November 09, 2023	December 14, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	5,000.00	December 08, 2022	January 16, 2028	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	15,997.38	December 20, 2023	November 21, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	20,000.00	December 29, 2022	November 20, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	10,000.00	June 28, 2023	November 01, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	5,601.66	June 08, 2023	November 13, 2024	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	3,732.12	May 22, 2024	May 20, 2025	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.		April 15, 2023	April 15, 2025	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	70,000.00	February 05, 2024	July 09, 2028	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	30,000.00	September 06, 2023	December 03, 2027	No
Shenghong Petrochemical (Lianyungang) Port Storage and Transportation Co., Ltd.	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	33,000.00	June 25, 2019	June 19, 2029	No

Shenghong Petrochemical (Singapore) International Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	9,753.32	June 24, 2024	December 20, 2024	No
<b>Between subsidiaries and the Company</b>					
Jiangsu Sierbang Petrochemical Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	114,000.00	February 25, 2022	November 29, 2027	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	126,400.00	January 01, 2022	December 28, 2029	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	16,590.00	February 28, 2022	December 28, 2029	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	15,900.00	March 29, 2022	December 28, 2029	No
Jiangsu Guowang Hi-Tech Fiber Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	63,900.00	April 15, 2022	December 28, 2029	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	119,900.00	December 08, 2023	December 01, 2028	No
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	49,300.00	January 01, 2024	December 01, 2028	No

**(2) Notes should be given even though there were no contingencies required to be disclosed by the Company**

The Company has no significant contingencies required to be disclosed.

**XVI. Other significant events**

**1. Segment information**

**(1) Determination basis and accounting policies for reportable segments**

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system and the report segment based on the operating segment.

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

Reporting segments of the Company include: (1) fiber segment (2) electricity and heat segment (3) petrochemical segment (4) headquarters and others



Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management. This measurement basis is consistent with the accounting and measurement basis used in preparing the financial statements.

## (2) Financial information of reportable segments

Monetary Unit: RMB

Item	Fiber segment	Electricity and heat segment	Petrochemical segment	Headquarters and others	Sub-total	Inter-segment offset	Total
Operating revenue	13,021,977,657.66	479,880,539.68	64,132,852,076.12	3,189,921,016.64	80,824,631,290.10	-7,991,069,691.43	72,833,561,598.67
Operating costs	11,880,361,147.08	327,227,254.28	57,708,864,768.32	3,140,772,248.15	73,057,225,417.83	-7,954,906,780.42	65,102,318,637.41
Total assets	32,749,995,157.42	2,235,131,870.94	170,300,737,220.93	63,366,640,384.28	268,652,504,633.57	-66,222,270,553.30	202,430,234,080.27
Total liabilities	21,484,530,693.10	1,026,209,949.49	133,196,393,776.73	24,278,767,025.25	179,985,901,444.57	-12,786,734,344.52	167,199,167,100.05

## XVII. Notes to the main items of the parent company's financial statements

### 1. Accounts receivable

#### (1) Disclosure by aging

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Within 1 year (including 1 year)	872,653,340.86	136,212,780.30
1 - 2 years	27,843,765.26	244.25
Over 3 years	554,632.00	554,632.00
Sub-total	901,051,738.12	136,767,656.55
Less: provision for bad debts	2,603,964.16	3,203,308.69
Total	898,447,773.96	133,564,347.86

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

Monetary Unit: RMB

Type	Balance as at June 30, 2024					Balance as at January 1, 2024				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts based on portfolio:										
Total	901,051,738.12	100.00%	2,603,964.16	0.29%	898,447,773.96	136,767,656.55	100.00%	3,203,308.69	2.34%	133,564,347.86

Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2024		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	859,510,462.96		

Accounts receivable with the provision for bad debts made by the aging analysis method	41,541,275.16	2,603,964.16	6.27%
Total	901,051,738.12	2,603,964.16	

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses:

Applicable Not applicable

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2024	Increase or decrease in current period				Balance as at June 30, 2024
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	3,203,308.69		599,344.53			2,603,964.16
Total	3,203,308.69		599,344.53			2,603,964.16

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

None

### (5) Top 5 of accounts receivable and contract assets as at June 30, 2024, presented by debtor

Monetary Unit: RMB

Enterprise name	Balance of accounts receivable as at June 30, 2024	Proportion in the balance of total accounts receivable as at June 30, 2024	Balance of provision for bad debts of accounts receivable as at June 30, 2024
Entity No.1	627,901,364.76	69.69%	
Entity No.2	117,551,311.48	13.05%	
Entity No.3	58,157,508.00	6.45%	
Entity No.4	50,974,773.26	5.66%	
Entity No.5	7,362,954.57	0.82%	368,147.73
Total	861,947,912.07	95.67%	368,147.73

## 2. Other receivables

Monetary Unit: RMB

Item	Balance as at June 30, 2024	Balance as at January 1, 2024
Other receivables	3,317,325,663.75	2,694,026,900.58
Total	3,317,325,663.75	2,694,026,900.58

### (1) Other receivables

#### 1) Category of other receivables by nature

Monetary Unit: RMB

Nature of payment	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Other receivables	3,317,325,663.75	2,694,026,900.58
Total	3,317,325,663.75	2,694,026,900.58

**2) Disclosure by aging**

Monetary Unit: RMB

Aging	Book Balance as at June 30, 2024	Book Balance as at January 1, 2024
Within 1 year (including 1 year)	2,948,214,599.33	2,527,322,881.08
1 - 2 years	294,410,000.00	101,914,889.04
2 - 3 years	74,710,000.00	64,800,000.00
Over 3 years	30,986.36	30,986.36
Sub-total	3,317,365,585.69	2,694,068,756.48
Less: provision for bad debts	39,921.94	41,855.90
Total	3,317,325,663.75	2,694,026,900.58

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

Monetary Unit: RMB

Type	Balance as at June 30, 2024					Balance as at January 1, 2024				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Provision for bad debts made by portfolio	3,317,365,585.69	100.00%	39,921.94	0.00%	3,317,325,663.75	2,694,068,756.48	100.00%	41,855.90	0.00%	2,694,026,900.58
Total	3,317,365,585.69	100.00%	39,921.94	0.00%	3,317,325,663.75	2,694,068,756.48	100.00%	41,855.90	0.00%	2,694,026,900.58

Category of provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2024		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	3,317,155,887.66		
Aging portfolio	209,698.03	39,921.94	19.04%
Total	3,317,365,585.69	39,921.94	

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

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2024	41,855.90			41,855.90

In the current period, balance as at January 1, 2024				
Other changes	-1,933.96			-1,933.96
Balance as at June 30, 2024	39,921.94			39,921.94

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

Applicable Not applicable

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2024	Increase or decrease in current period				Balance as at June 30, 2024
		Provision	Recovery or reversal	Write-off or charge-off	Others	
Provision for bad debts of other receivables	41,855.90		1,933.96			39,921.94
Total	41,855.90		1,933.96			39,921.94

#### 5) Information about top 5 other receivables as at June 30, 2024, presented by debtors

Monetary Unit: RMB

Enterprise name	Nature of payment	Balance as at June 30, 2024	Aging	Proportion in the total amount of the ending balance of other receivables (%)	Balance of provision for bad debts as at June 30, 2024
Entity No.1	Current amounts	1,896,069,546.00	0 - 1 years	57.16%	
Entity No.2	Current amounts	513,039,027.77	0 - 1 years	15.47%	
Entity No.3	Current amounts	256,130,000.00	0-1 year, 1-2 years, 2-3 years	7.72%	
Entity No.4	Current amounts	233,100,000.00	0-1 year, 1-2 years	7.03%	
Entity No.5	Current amounts	224,393,277.76	0 - 1 years	6.76%	
Total		3,122,731,851.53		94.14%	

### 3. Long-term equity investments

Monetary Unit: RMB

Item	Balance as at June 30, 2024			Balance as at January 1, 2024		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value

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Investments in subsidiaries	53,427,066,165.02		53,427,066,165.02	53,427,066,165.02		53,427,066,165.02
Investments in associates and joint ventures	21,159,446.47		21,159,446.47	21,008,984.26		21,008,984.26
Total	53,448,225,611.49		53,448,225,611.49	53,448,075,149.28		53,448,075,149.28

**(1) Investment in subsidiaries**

Monetary Unit: RMB

Investee	Balance (Book value) as at January 1, 2024	Balance of provision for impairment as at January 1, 2024	Increase or decrease in current period				Balance (Book value) as at June 30, 2024	Balance of provision for impairment as at June 30, 2024
			Additional investment	Reduced investment	Provision for impairment	Others		
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	120,000,000.00						120,000,000.00	
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	235,000,000.00						235,000,000.00	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	37,900,072,645.30						37,900,072,645.30	
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	15,162,999,999.81						15,162,999,999.81	
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	2,993,519.91						2,993,519.91	
Shenghong (Shanghai) New Material Technology Co.,	6,000,000.00						6,000,000.00	

Ltd.											
Total		53,427,066,165.02									53,427,066,165.02

**(2) Investments in associates and joint ventures**

Monetary Unit: RMB

Investee	Balance (Book value) as at January 1, 2024	Balance of provision for impairment as at January 1, 2024	Increase or decrease in current period								Balance (Book value) as at June 30, 2024	Balance of provision for impairment as at June 30, 2024
			Additional investment	Reduced investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Joint ventures												
Tianjiao Technology Venture Capital Co., Ltd.	21,008,984.26				150,462.21							21,159,446.47
Total	21,008,984.26				150,462.21							21,159,446.47

The recoverable amount is determined at the net amount of fair value less costs of disposal

Applicable Not applicable

The recoverable amount is determined at the present value of estimated future cash flows

Applicable Not applicable

**4. Operating revenue and operating costs**

Monetary Unit: RMB

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
Primary business	458,508,025.31	309,607,111.75	474,482,427.87	349,264,803.13
Other business	3,157,084,141.29	3,119,183,635.26	3,315,258,591.53	3,294,765,491.19
Total	3,615,592,166.60	3,428,790,747.01	3,789,741,019.40	3,644,030,294.32

**5. Investment income**

Monetary Unit: RMB

Item	Current period	Prior period
Long-term equity investment income calculated under the equity method	150,462.21	-203,107.65
Investment income from trading financial assets during the holding period	2,524,209.48	3,013,859.62
Investment income from disposal of trading financial assets	1,223,824.64	0.00
Dividends income from other equity instruments invested during the holding period	0.00	976,431.36
Total	3,898,496.33	3,787,183.33

**XVIII. Supplementary information****1. Statement on non-recurring profit or loss in the current period**

☒ Applicable ☐ Not applicable

Monetary Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets	163,354,706.65	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of the Company, in line with the policies and provisions of the State and those that have continuous influence on the Profits and losses of the Company according to the determined standards)	35,186,372.76	
Profit or loss on changes in fair values of financial assets held for trading and financial liabilities held by non-financial enterprises and profit or loss on the disposal of financial assets and financial liabilities, except for effective hedging operations associated with the company's normal operations	18,361,185.45	
Other non-operating revenue and expenses than the above-mentioned items	26,749,025.95	
Less: affected amount of income tax	26,365,614.44	



Affected amount of minority equity (after tax)	782,621.13	
Total	216,503,055.24	--

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

Applicable Not applicable

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

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

Applicable Not applicable

## 2. Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average return on equity of net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	0.90%	0.05	0.05
Net profit attributable to common shareholders of the Company after deducting the non-recurring profit or loss	0.29%	0.02	0.01

## 3. Accounting data difference between the domestic and overseas accounting standards

**(1) Differences between the net profit and net assets in the financial statements disclosed according to the international accounting standards and those disclosed according to the Chinese accounting standards** Applicable Not applicable

Applicable Not applicable

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

Applicable Not applicable

**Jiangsu Eastern Shenghong Co., Ltd.**

**Chairman: Miao Han'gen**

**August 29, 2024**