

2023 恒力石化股份有限公司 年度报告

HENGLI PETROCHEMICAL
2023 ANNUAL REPORT

 恒力石化
HENGLI PETROCHEMICAL
股票代码：600346

专注创新品质 创造美好生活

Focus on innovative nature
build a better life



恒力
HENGLI

Letter to shareholders, partners and employees

Dear shareholders, partners and employees:

Time is like one circle after another of annual rings, regardless of thickness, they are markers of our growth process. Farewell to 2023, a year filled with both challenges and opportunities. Despite facing difficulties and setbacks, we worked together to overcome various obstacles and successfully navigated through them.

The world is undergoing profound changes unseen in a century, with geopolitical competition becoming more intense, and history and human civilization standing at a crucial crossroads. Meanwhile, the global economy is still in the midst of recovery and reboot processes, while the external environment remains fraught with uncertainty and risk. However, all the obstacles are just stepping stones for the successful ones to move forward, and cannot deter the brave ones from forging ahead. As the old Chinese poem says, "Don't mind the sound of the wind whistling through the trees; why not walk leisurely while singing?" No matter what difficulties and challenges we face, even when barefoot or facing strong enemies or arduous situations, we can maintain courage and determination, and persevere and move forward relentlessly. Hengli has consistently adhered to its core business while embracing a patriotic spirit rooted in industrial service to the nation. They have navigated through multiple economic cycles, continually moving forward. Now, Hengli maintains this unwavering commitment, staying true to their original aspirations, and continues to advance towards deeper levels of industrial development.

Mountains do not hinder our aspirations, and deep rivers do not prevent our actions.

This year, we have made progress day by day, regardless of the difficulties and challenges we encountered. The PTA project with an annual output of 5 million tons at Hengli (Huizhou) Industrial Park has been fully commissioned; the first phase of Hengli New Material Science and Technology Park and Hengli Chemical Fiber's 400,000 tons per year intelligent industrial yarn production project are rapidly advancing and have been partially commissioned in stages. **This year, we have worked diligently and innovated with brilliant achievements.** Hengli Chemical Fiber has won the China Patent Excellence Award and the "Jiangsu Science and Technology Award". Hengli New Materials has won the "CMAI Silver Prize for Outstanding Patents". Kanghui New Material's self-developed "ultra-thin carbon tape base film" became the first in China and unique in the industry, while its "solar back-sheet base film" received international authoritative certification. **This year, we have made significant achievements through our journey.** Hengli Chemical Fiber was recognized as a nationally certified "Industrial Product Green Design Demonstration Enterprise". Hengli New Materials was awarded the title of a nationally recognized "Outstanding Scenario of Intelligent Manufacturing". Hengli Chemical was honored with the national accolade of being a "Green Factory". Kanghui New Materials was designated as an "Intelligent Factory in Liaoning Province". **This year, we have written the responsibility of a big enterprise with the heart of**

"gratitude" and "responsibility". Hengli continues to be passionate about poverty alleviation, education support, and disaster relief as well as other philanthropic projects. For those with determination, perseverance, and relentless effort, time will eventually reward them accordingly. In 2023, Hengli achieved revenue of 234.8 billion yuan, an increase of 5.61% year-on-year, net profit reached 6.9 billion yuan, an increase of 197.83% year-on-year. All business sectors of Hengli demonstrate strong vitality and resilience.

The achievement demonstrates a strong business resilience and development tenacity of our company, the continuous efforts and hard work of the people at Hengyi during day and night, and the support from all shareholders and partners. Hengyi will continue to provide high dividends to investors based on reasonable management of the company's development, allowing everyone to share in the benefits of the company's growth.

The past is rich in splendor, and the future is even more promising.

A bright future awaits us to explore and cultivate. In pursuing our ideals, we must also focus on practical operations. All of us need to deeply consider how to better save costs, to create benefits, to change, to innovate, and to break through. Whether the road ahead of us is smooth or still fraught with difficulties, we will face it with the determination and courage to win, moving forward without hesitation, never backing down. We will continue to answer the questions that are essential for our team and explore ways to enhance the value of our team.

In the new year, we should always keep our original aspiration and be in sync with the country.

We will Fully implement the development philosophy of the Party Central Committee, accelerate the construction of a new development pattern, promote high-quality development and balance development and security. We will also adhere to seeking progress while maintaining stability, using progress to maintain stability, establishing a new system before breaking down the old one, developing in a positive direction, and maintaining long-term stability. In the new year, we need to maintain our determination and perseverance, working towards creating an enduring power that lasts for a century. We are going to continue to focus on one purpose, implement two major strategies, consolidate three foundational pillars, specialize in four key industries, perfect six comprehensive systems, accelerate innovation and development, increase innovative management, speed up technological advancement, and promote high-quality, steady progress in all Hengli operations. In the new year, we should continuously refine our professional skills and qualities, just like craftsmen carefully carving every detail, thus shaping a unique brand advantage. We are advocates for the craftsman's spirit, continuously studying and innovating to perfect our products. We are determined to take our products to the ultimate level, ensuring that their quality is outstanding, highlighting our advantage in quality, accumulating brand effects, and consolidating our market position. In the new year, we will have unwavering faith, believing that we can make new contributions in this era. We will have a clear goal and our steps must be consistent. We need determination and courage - just as the old saying goes "If one does not defeat the

enemy, one will not return to their hometown." - to ensure that our work can proceed smoothly and achieve a good beginning. We need to fully leverage our comprehensive advantages, turn them into a winning edge in development, and break through time and space constraints to maximize benefits.

Behind every beautiful thing lies relentless effort and sacrifice.

We believe that spring will eventually reward those who persevere and put forth effort in winter. Their actions not only affect the present but also have a profound impact on the future. These actions are like constantly flickering, updating flames, which may disappear in an instant, yet contain immense power. We believe that despite the challenges and detours we may encounter in pursuit of our goals, these experiences are not meaningless, on the contrary, they are designed to help us grow and develop better, ultimately reaching higher targets. We believe that with unwavering faith and a spirit of persistence, one can overcome obstacles and achieve one's goals. In the future, we will still choose to keep climbing upwards regardless of what difficulties and dangers we might face. The experiences of our struggles are arduous and challenging, but only through ultimate victory can our hearts be truly inspired.

In the new year, let us ignite the fireworks of hope, hoist the sails of courage, and proceed unstoppable towards a vast blue horizon where we will meet again!

Chairman:

A handwritten signature in black ink, appearing to be 'J. Li' with the year '2023' written below it.

Important notice

I. The company's board of directors, board of supervisors, directors, supervisors, and senior managers guarantee that the content of the Annual report is true, accurate, and complete, and that there are no false records, misleading statements, or major omissions, and assume individual and joint legal responsibilities.

II. All directors of the company attended the board meeting.

III. Zhonghui Certified Public Accountants (Special General Partnership) issued a standard unqualified audit report for the company.

IV. Fan Hongwei, the person in charge of the company, Liu Xuefen, the person in charge of accounting work, and Zheng Minxia, the person in charge of the accounting department (accounting supervisor), declare that they guarantee the authenticity, accuracy and completeness of the financial report in the annual report.

V. Profit distribution plan for the reporting period approved by the board of directors or plan for capitalization of public reserve funds

The company's profit distribution plan for 2023 is as follows: based on the total share capital (excluding the company's cash share repurchases) on the equity distribution registration date, a cash dividend of 0.55 yuan per share (including tax) will be distributed to all shareholders.

This profit distribution plan has been deliberated and approved at the nineteenth meeting of the ninth board of directors and the thirteenth meeting of the ninth board of supervisors of the company, and needs to be submitted to the company's 2023 annual general meeting of shareholders for consideration.

VI. Disclaimer of Forward-Looking Statements

适用 不适用

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

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

No

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

No

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

No

X. Significant risk warning

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

XI. Others

适用 不适用

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

Content

Chapter 1	Definitions.....	7
Chapter 2	Company Profile and Key Financial Indicators	10
Chapter 3	Management Discussion and Analysis.....	15
Chapter 4	Corporate Governance	50
Chapter 5	Environmental and Social Responsibility	70
Chapter 6	Important events.....	83
Chapter 7	Share Changes and Shareholders	93
Chapter 8	Information of Preferred Shares.....	102
Chapter 9	Information of Bonds	103
Chapter 10	Financial report	106

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

Chapter 1 Definitions

I. Definition

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

Definition of Frequently-Used Terms		
Reporting Period	Refer to	From 1/1/2023 to 31/12/2023
Company, the Company, or Hengli Petrochemical	Refer to	Hengli Petrochemical Co., Ltd.
CSRC	Refer to	China Securities Regulatory Commission
Ministry of Industry and Information Technology	Refer to	Ministry of Industry and Information Technology of the People's Republic of China
SSE	Refer to	Shanghai Stock Exchange
《Company Law》	Refer to	《Company Law of the People's Republic of China》
《Securities Law》	Refer to	《Securities Law of the People's Republic of China》
《Articles of Association》	Refer to	《Hengli Petrochemical Co., Ltd. Articles of Association》
Hengli Group	Refer to	Hengli Group Co., Ltd., controlling shareholder of the listed company
Hailaide	Refer to	Hailaide International Investment Ltd., person acting-inconcert with controlling shareholder of the listed company
Tak Shing Li	Refer to	Tak Shing Li International Holdings Ltd., person acting-inconcert with controlling shareholder of the listed company
Hegao Investment	Refer to	Jiangsu Hegao Investment Co., Ltd., person acting-inconcert with controlling shareholder of the listed company
Hengneng Investment	Refer to	Hengneng Investment (Dalian) Co., Ltd., person acting-inconcert with controlling shareholder of the listed company
Hengfeng Investment	Refer to	Hengfeng Investment (Dalian) Co., Ltd., person acting-inconcert with controlling shareholder of the listed company
Hengli Chemical Fiber	Refer to	Jiangsu Hengli Chemical Fiber Co., Ltd., subsidiary to the listed company
Susheng Thermal Power	Refer to	Suzhou Susheng Thermal Power Co., Ltd., subsidiary to the Hengli Chemical Fiber, sub-subsidiary to the listed company
Hengke Advanced Materials	Refer to	Jiangsu Hengke Advanced Materials Co. Ltd., subsidiary to the Hengli Chemical Fiber, sub-subsidiary to the listed company
Deli Chemical Fiber	Refer to	Jiangsu Deli Chemical Fiber Co., Ltd., subsidiary to the Hengli Chemical Fiber, sub-subsidiary to the listed company
Kanghui New Material	Refer to	Kanghui New Material Technology Co., Ltd., subsidiary to the listed company
Kanghui Dalian New Material	Refer to	Kanghui Dalian New Material Technology Co., Ltd, subsidiary to the Kanghui New Material, sub-subsidiary to the listed company
Hengli Petrochemical Chemical	Refer to	Hengli Petrochemical (Dalian) Chemical Co., Ltd., subsidiary to the listed company
Hengli Investment	Refer to	Hengli Investment (Dalian) Co., Ltd., subsidiary to the listed company
Hengli Petrochemical (Dalian)	Refer to	Hengli Petrochemical (Dalian) Co., Ltd., subsidiary to the Hengneng Investment, sub-subsidiary to the listed company
Hengli Petrochemical (Huizhou)	Refer to	Hengli Petrochemical (Huizhou) Co., Ltd., subsidiary to the Hengneng Investment, sub-subsidiary to the listed company
Hengli Petrochemical Refining	Refer to	Hengli Petrochemical (Dalian) Refining Co., Ltd., subsidiary to the listed company
Crude Oil	Refer to	Crude oil is petroleum directly exploited from an oil well without being processed, and is a dark-brown or dark-green viscous liquid or semisolid flammable substance that is composed of various hydrocarbons.

Aromatic Hydrocarbon	Refer to	A hydrocarbon containing a benzene ring structure in its molecule. Aromatic hydrocarbons, mainly including benzene, methylbenzene, xylene, etc., are one of the most important basic raw materials for the production of petrochemicals.
Ethylene	Refer to	A compound consisting of two carbon atoms and four hydrogen atoms. It is the basic chemical raw material of synthetic fiber, synthetic rubber, synthetic plastic- (polyethylene and polyvinyl chloride), synthetic ethanol (alcohol), and also used in manufacturing chloroethylene, styrene, ethylene oxide, acetic acid, acetaldehyde, ethanol, and explosives, etc.
Polyethylene	Refer to	A thermoplastic resin obtained by polymerization of Ethylene. Polyethylene is odorless, non-toxic, feels like wax, has excellent low temperature resistance, good chemical stability, and is resistant to most acids and alkalis.
POLYPROPYLENE (PP)	Refer to	A semi-crystalline synthetic resin material with strong acid and alkali resistance, excellent electrical insulation performance, harder and higher melting point than PE.
Styrene	Refer to	An organic compound, usually a colorless, aromatic liquid, used primarily in the production of plastics, resins, and rubber.
Butadiene	Refer to	An organic compound, a colorless gas with a special smell, the main raw material for the production of synthetic rubber.
PARAXYLENE (PX)	Refer to	A kind of Aromatic Hydrocarbon, a colorless transparent liquid, is one of the raw materials for the production of purified terephthalic acid (PTA), which is used to produce plastics, Polyester Fiber and films.
PURIFIED TEREPHTHALIC ACID (PTA)	Refer to	It is white crystal or powder at normal temperature, non-toxic, flammable, if mixed with air within a certain limit, it will burn when exposed to fire.
METHYLENE GLYCOL (MEG OR EG)	Refer to	Colorless, odorless, sweet, viscous liquid, mainly used in the production of Polyester Fiber, antifreeze, unsaturated polyester resin, lubricants, plasticizers, non-ionic surfactants and explosives.
BDO, 1, 4-Butanediol	Refer to	Colorless oily liquid, flammable, miscible with water. Soluble in methanol, ethanol, acetone, slightly soluble in ether.
Acetic Acid	Refer to	Organic compound, a colorless liquid with a pungent odor. It is the raw material for the manufacture of rayon, film, aspirin, etc.
Polyester, Polyester Chip or PET	Refer to	Polyethylene terephthalate (referred to as polyester) is a fiber-forming high polymer prepared from PTA and MEG as raw materials through transesterification or esterification and polycondensation reactions. Fiber-grade polyester chips are used to make polyester staple fiber and Polyester Filament Yarn (PFY), and film-grade chips are used to make various film products.
PBAT	Refer to	Polybutylene terephthalate-adipate, a petrochemical-based biodegradable plastic, has excellent biodegradability. It is very active in the research of biodegradable plastics and one of the best degradable materials in the market.
PBS	Refer to	Polybutylene succinate, polymerized from succinic acid and 1, 4-butanediol (BDO), has good thermal performance and mechanical processing performance, and is easily destroyed by various microorganisms in nature or animals and plants. Enzyme decomposes, metabolizes, and finally decomposes into carbon dioxide and water, which is a typical fully biodegradable material.
Polyester Fiber	Refer to	Synthetic fiber obtained by spinning polyester obtained by polycondensation of organic dibasic acid and dibasic alcohol.

		Industrialized mass-produced Polyester Fiber is made of polyethylene terephthalate, and the trade name in China is polyester. It is the largest variety of synthetic fibers at present.
Polybutylene Terephthalate (PBT), PBT	Refer to	Also known as polytetramethylene terephthalate, it is a condensation polymer of terephthalic acid and 1, 4-butanediol. It can be obtained by polycondensation through transesterification or direct esterification. Together, PBT and PET are known as thermoplastic polyesters.
Biaxially-Oriented Polyethylene Terephthalate (BOPET), BOPET	Refer to	Biaxially-Oriented Polyethylene Terephthalate (BOPET) has the characteristics of high strength, good rigidity, transparency, high gloss, excellent wear resistance, folding resistance, pinhole resistance and tear resistance, etc.; heat shrinkage is extremely small and has good antistatic properties.
Denier (D)	Refer to	A fiber of 9, 000 meters in length weighs 1 gram and is called 1 Denier (D).
Polyester Filament Yarn (PFY)	Refer to	Filament with a length of more than one kilometer, the filament is wound into a ball.
PFY for Civil Use, Textile Yarn	Refer to	Polyester Filament Yarn (PFY) for apparel or home textiles.
PFY for Industrial Use, Industrial Yarn	Refer to	It is a polyester long fiber with high strength, high modulus and large denier used in industrial fields.
Differential Fiber	Refer to	Through chemical modification or physical deformation, mainly to improve the wearing performance, there are great innovations in technology or performance, or new fiber varieties with certain characteristics that are different from conventional varieties.
POY	Refer to	Polyester pre-oriented yarn, full name PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN, is an incompletely drawn Polyester Filament Yarn (PFY) obtained by high-speed spinning with an orientation degree between the unoriented yarn and the drawn yarn.
DTY	Refer to	Stretched textured yarn, also known as polyester stretched yarn, full name DRAW TEXTURED YARN, is made of POY as raw yarn, stretched and false twisted, and often has a certain degree of elasticity and shrinkage.
FDY	Refer to	Full drawn yarn, also known as polyester drawn yarn, full name FULL DRAWN YARN, is a synthetic fiber filament further prepared by spinning and drawing process. The fiber has been fully drawn and can be directly used for textile processing.

Chapter 2 Company Profile and Key Financial Indicators

I. Company information

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

II. Contacts and contact information

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

III. Basic information

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

IV. Information disclosure and location

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

V. Company stock profile

Company stock profile				
Stock category	Stock exchange	Stock name	Stock code	Stock abbreviation before change

A share	Shanghai Stock Exchange	Hengli Petrochemical	600346	Hengli Stock
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VI. Other relevant information

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

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

(I) Key Accounting Data

Unit: ten thousand yuan Currency: RMB

Key Accounting Data	2023	2022	Increase/decrease (%)	2021
Revenue from operations	23,479,067.24	22,232,358.40	5.61	19,797,034.49
Net profit attributable to shareholders of listed company	690,460.39	231,830.32	197.83	1,553,107.67
Net profit attributable to shareholders of listed company after deduction of non-recurring gains and losses	599,723.27	104,528.51	473.74	1,452,069.80
Net cash flows from operating activities	2,353,579.01	2,595,397.08	-9.32	1,867,017.37
Key Accounting Data	2023	2022	Increase/decrease (%)	2021
Net assets attributable to shareholders of listed company	5,999,240.10	5,286,254.36	13.49	5,723,138.30
Total assets	26,059,902.09	24,143,047.46	7.94	21,029,622.56

(II) Key Financial Indicators

Key Accounting Data	2023	2022	Increase/decrease (%)	2021
Basic earnings per share (Yuan/Share)	0.98	0.33	196.97	2.21
Diluted earnings per share (Yuan/Share)	0.98	0.33	196.97	2.21
Basic earnings per share after deducting non-recurring gains and losses (Yuan/Share)	0.85	0.15	466.67	2.07
Weighted average return on equity	12.24	4.30	Increase by 7.94	30.07

(%)			percentage points	
Weighted average return on equity after deducting non-recurring gains and losses (%)	10.63	1.94	Increase by 8.69 percentage points	28.11

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

适用 不适用

VIII. Differences in accounting data under domestic accounting standards

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

适用 不适用

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

适用 不适用

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

适用 不适用

IX. Main financial data by quarter in 2023

Unit: ten-thousand-yuan Currency: RMB

	First quarter (January to March)	Second Quarter (April-June)	Third quarter (July- September)	Fourth quarter (October- December)
Revenue from operations	5,614,445.19	5,328,498.67	6,368,288.06	6,167,835.32
Net profit attributable to shareholders of listed company	101,969.79	202,931.44	265,151.32	120,407.84
Net profit attributable to shareholders of listed company after deducting non-recurring gains and losses	58,390.96	169,108.31	270,208.58	102,015.42
Net cash flows from operating activities	1,192,172.54	21,629.14	1,181,809.09	-42,031.76

Explanation of differences between quarterly data and disclosed periodic report data

适用 不适用

X. Non-recurring gains and losses items and amount

适用 不适用

Unit: yuan Currency: RMB

Item of non-recurring gains and losses	2023	N o t	2022	2021

		e		
Gain or loss on disposal of non-current assets, including the write-off portion of the provision for asset impairment	-4,564,909.89		-8,794,093.17	1,788,290.01
Government subsidies included in the current profit or loss, except for government subsidies that are closely related to the company's normal business operations, comply with national policies and regulations, and are continuously enjoyed in accordance with certain standards or quantities	638,569,056.98		1,594,250,334.30	760,570,495.82
Except for the effective hedging business related to the Company's normal business operations, gains and losses on fair value changes arising from non-financial enterprises holding financial assets and financial liabilities, as well as gains and losses on disposal of financial assets and financial liabilities	431,893,116.94		-46,001,895.50	375,366,888.97
Gain on investment costs in acquisition of subsidiaries, associates and joint venture less than the fair value of identifiable net assets of the investees			79,415,493.16	
Other non-operating income/(expenses), net	-25,075,119.31		10,695,487.35	-5,096,728.57
Other gain or loss items met the definition of non-recurring item	7,339,987.53		3,692,791.90	45,080,477.29
Less: Impact on income tax	140,790,996.05		360,240,063.26	183,394,674.73
Impact on minority interests (after tax)	-			-16,064,003.29
Total	907,371,136.20		1,273,018,054.78	1,010,378,752.08

XI. Items measured at fair value

√适用 □不适用

Unit: ten-thousand-yuan Currency: RMB

Item	Beginning balance	Closing balance	Changes in the period	Impact on profit for the current period
Debt instruments investments	200.00	13,126.55	12,926.55	-
Equity instrument investments	4,698.39	8,102.24	3,403.85	-35.13
Derivative financial assets	49,043.06	4,865.22	-44,177.84	37,090.17
Wealth management products and structured deposits	6,500.00	3,789.00	-2,711.00	-

Receivable financing	228,727.12	417,004.76	188,277.64	-
Derivative financial liabilities	34,602.07	19,032.43	-15,569.64	-18,828.23
Total	323,770.64	465,920.20	142,149.56	18,226.81

XII. Others

适用 不适用

Chapter 3 Management Discussion and Analysis

I. Business discussion and analysis

In 2023, the global economy will enter a recovery process, with developing economies showing strong performance and becoming an important force supporting the global economy's positive development. At the same time, global geopolitical conflicts continue to escalate, international trade frictions continue, risks accumulate and challenges increase, energy and commodity prices and major product prices continue to fall, economic recovery is weak, and economic growth still faces multiple risks and challenges. The International Monetary Fund predicts that the world economy will grow at a rate of 3% in 2023.

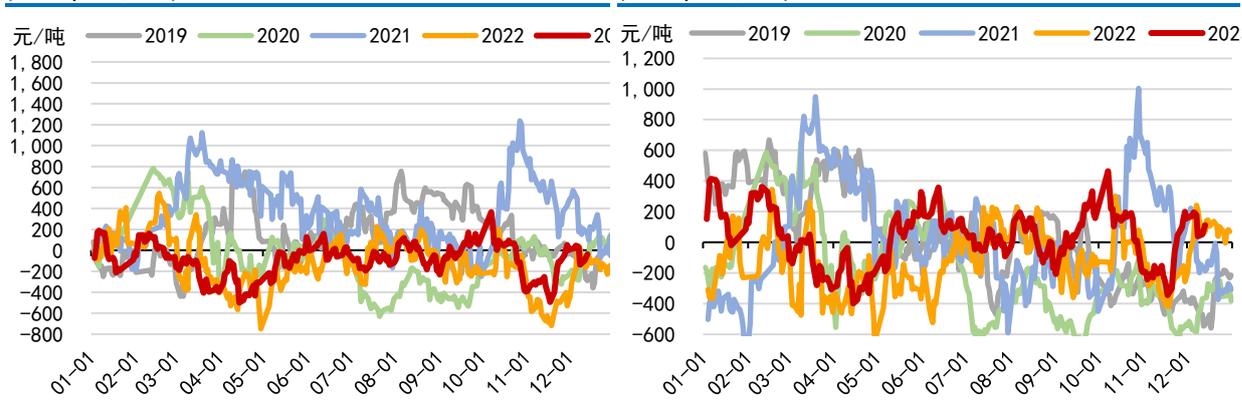
"The basic trend of our country's economic recovery and long-term improvement has not changed and will not change." Faced with complex and severe internal and external environment, China adheres to the general tone of "seeking progress while maintaining stability" and fully, accurately and comprehensively implements the new development concept. The main goals and tasks of economic and social development for the whole year have been successfully completed, and high-quality development has been solidly promoted. The overall economic recovery of our country is good and the growth momentum continues to increase. In 2023, the gross domestic product exceeded 126 trillion yuan, with a year-on-year growth rate of 5.2%, ranking among the top in the world's major economies. The Central Economic Work Conference proposed that in 2024, economic work should adhere to the principle of seeking progress while maintaining stability, promoting stability through progress, and establishing first and then breaking down. We should actively advance in transforming the mode, adjusting the structure, improving quality, and increasing efficiency, and constantly consolidate the foundation of stability and improvement. We should focus on expanding domestic demand, stimulating potential consumption, expanding profitable investment, and forming a virtuous cycle of mutual promotion between consumption and investment. As the country implements a comprehensive package of policies and follow-up measures to stabilize the economy, the advantages of the super-large market and domestic demand potential will continue to provide broad development space for the chemical industry. Promoting industrial innovation through technological innovation and vigorously developing new productivity will add new momentum to the steady growth of the chemical industry.

Returning to the industry, due to the impact of external environment, macroeconomic slowdown, insufficient domestic market demand and other factors, the industry still faces great difficulties and challenges in 2023, showing a situation of "increasing production and sales without increasing profits". The overall industry benefit in the whole year shows a trend of low in the beginning and high in the end. From the perspective of sectors, the refining sector has achieved double growth in operating income and profit due to the low base in 2022. The chemical sector has achieved double decline in operating income and profit due to the significant price decline of crude oil, natural gas and most chemical products. According to the National Bureau of Statistics, the refining sector achieved operating income of 4.96 trillion yuan, with a 2.1% year-on-year growth; realized profit of 65.6 billion yuan, with a 192.3% year-on-year growth; the chemical sector achieved operating income of 9.27 trillion yuan, with a 2.7% year-on-year reduction; realized profit of 486.26 billion yuan, with a 31.2% year-on-year reduction.

Specifically, in the "aromatics-PTA-polyester chemical fiber" industrial chain, aromatics still occupy the vast majority of profits in the entire industrial chain, and the overall operation is relatively strong throughout the year. Due to the impact of supply and demand, the processing fee of PTA is generally low. Polyester chemical fiber shows a positive trend, with production and sales basically stable, the market relatively stable, and export volume continues to grow. The profitability is gradually restored. According to the National Bureau of Statistics, in 2023, the retail sales of clothing, shoes and hats, and needle textile products of units above the national quota increased by 12.9% year-on-year, with a significant increase of 19.4 percentage points compared with 2022. With

the recovery of domestic demand in the downstream and the gradual recovery of export orders, the price difference of various products in the polyester industrial chain is gradually improved.

Figure 1 Average profit of POY150D/48F in East China (unit: yuan/ton) Figure 2 Average profit of FDY150D/96F in East China (unit: yuan/ton)



Data source: Wind Hengli Futures Research Institute Data source: Wind Hengli Futures Research Institute

In the olefin chemical industry chain, which important end-consumers are real estate and infrastructure, carry a huge consumption volume. Affected by multiple factors, the deep adjustment trend of the real estate market has not changed. According to the National Bureau of Statistics, the national real estate development investment in 2023 was 11.0913 trillion yuan, decrease 9.6% from the previous year (calculated on a comparable basis). Chemical products such as polyethylene, styrene, and polypropylene have difficulty in boosting prices, with narrowing price differences and declining gross margins. As the domestic economic recovery trend continues to improve, measures such as "actively and steadily resolving real estate risks" and "promoting the exchange of old consumer goods for new ones" are gradually implemented, which are expected to support the demand for upstream chemical products and drive the gradual repair of product price differences.

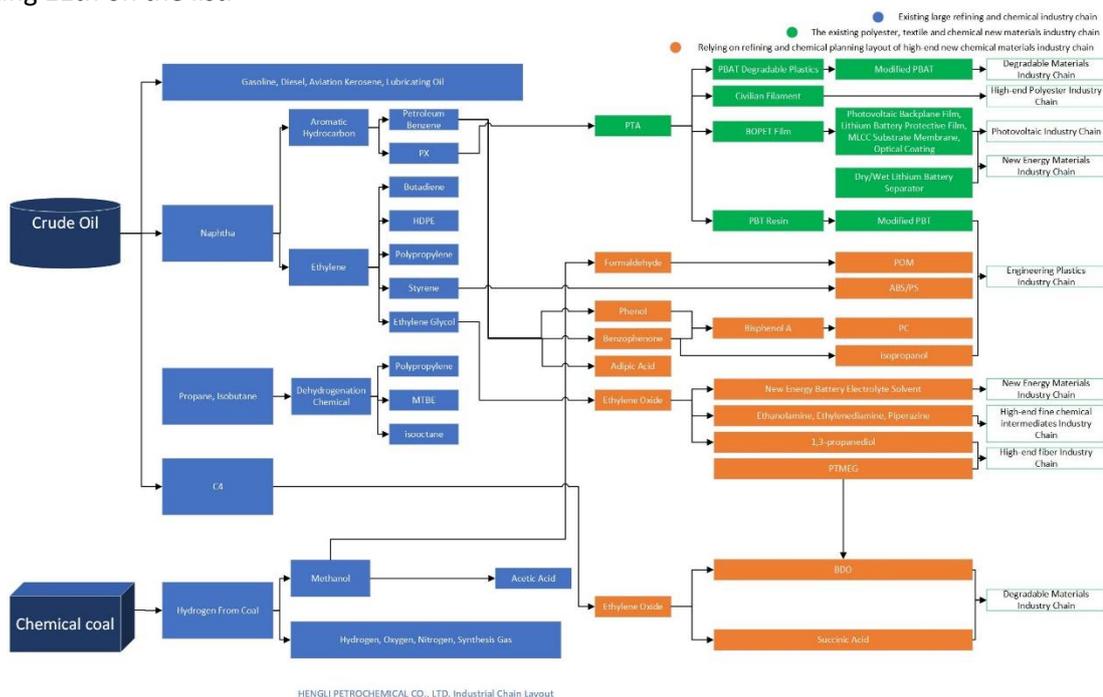
Enterprises with integrated whole industry chain can achieve self-sufficiency in raw materials, and can absorb the boom and bust of intermediate chemicals within the enterprise, which has a relatively considerable cost advantage and risk resistance ability. The synergy of the whole industry chain plays a core role in smoothing fluctuations, resisting risks, and stabilizing profits. The basic support of the domestic super-large-scale market and the continuous empowerment of high-quality industry development also provide enterprises with a broad space for maneuvering and sustained development momentum in response to increasing macroeconomic uncertainty.

2024 is a crucial year for achieving the goals and tasks of the 14th Five-Year Plan. "High-quality development is the primary task in the comprehensive construction of a modern socialist country." As an important pillar industry of the national economy, the petrochemical industry is also a resource-based energy industry and an important supporting industry for basic industries. In the process of accelerating the transition to high-quality development, technological innovation, digital upgrading, green and low-carbon transformation, and other measures will be taken to accelerate the cultivation and expansion of new productivity, bringing new development opportunities for structural optimization and sustainable transformation and upgrading of the industrial structure.

With the continuous promotion of the "dual carbon" strategy, the rapid development of strategic emerging industries such as new energy vehicles, new generation information technology, energy conservation and environmental protection, smart grid, 3D printing, green and low-carbon consumption transformation, and downstream industry demand, the demand for high-performance resins, high-performance synthetic rubber, high-performance fibers, functional membrane materials, degradable materials, high-end specialty chemicals, electronic chemicals and other new chemical materials continues to grow. Leading enterprises in the industry, represented by Hengli, have implemented the vertical and horizontal integration development of the entire industrial chain. Relying on the rich basic chemical raw material warehouse of the refining and chemical integration

project, they have rapidly extended their layout to downstream new material fields such as high-end polyolefin, lithium battery materials, engineering plastics, petroleum-based degradable plastics, etc., strengthening the efforts to extend, supplement and strengthen the chain, improving the level of product refinement, specialization and serialization, enhancing product added value, enriching product supply varieties, and cultivating new driving forces for enterprise development.

In recent years, the company has closely focused on the development of innovation chain with the transformation of national industrial strategic, and on the layout of the industrial chain around the innovation chain, focusing on "supplementing and strengthening the chain" and "research and development innovation". Based on the unique advantages of the "oil, coal, and chemical" deep integration of the "big chemical platform" in the industry, relying on the fine chemical park project, it has accelerated the construction of high-end fine chemical industry clusters, further expanded the industrial support and development foundation role of high-end chemical raw materials, and continuously consolidated the platform role and operational efficiency of upstream "big chemical" industries. It actively targets the downstream new material application demand generated by the integration of new consumption, new energy and new intelligent manufacturing, consolidates the advantages of traditional markets, benchmarks key new material breakthrough areas, and focuses on creating PBS/PBAT degradable materials, functional polyester materials, high-performance materials resin materials, high-end fiber materials, new energy materials, etc. It deeply anchors the high-tech barriers and high-value-added high-growth tracks, actively builds the "Dalian Changxing Island" fine chemical and new material industry chain ecosystem, and strives to build a platform-based chemical new material research and development and manufacturing industry chain leading enterprise. On July 24, 2023, the US Chemical and Engineering News (C&EN) released the list of the top 50 global chemical companies for 2023, and Hengli Petrochemical was listed for the fourth consecutive year, ranking 11th on the list.



During the reporting period, facing the complex and volatile market environment, under the correct leadership of the company's board of directors, the company's management made plans according to the situation, acted in response to the situation, and followed the trend. They maintained strategic focus, made steady progress, and went all out to take the high-quality development path. They continued to strengthen their strengths, fill their weaknesses, and cultivate new strengths. They successfully completed the annual business performance goals and key development indicators, and achieved phased results in all aspects of work. In 2023, the company

achieved operating revenue of 234.791 billion yuan, an increase of 5.61% year-on-year; net profit attributable to shareholders of listed companies was 6.905 billion yuan, an increase of 197.83% year-on-year. The company's profitability improved significantly compared to the previous period.

During the reporting period, the company's key work is as follows:

I. We will implement cost reduction and efficiency improvement, strengthen the potential of the entire industry chain, and constantly consolidate the advantage of cost moat.

As a "new productivity" in the domestic refining and chemical industry, the core advantage of private large-scale refining and chemical industry lies mainly in the cost leadership of super-large refinery units and the product management of "oil for oil, olefin for olefin, and aromatic for aromatic". The company has built industry benchmarks and achieved industrial excellence on this basis, continuously building the cost moat advantage of core competitiveness in the industry, implementing continuous cost improvement and endogenous growth based on internal cost reduction and efficiency improvement. This has also become one of the key driving forces for Hengli Petrochemical to achieve performance recovery last year.

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

During the reporting period, the company made full use of its operational advantages of "quality, cost, rapid response, and maximizing profits" as well as its flexible, efficient, and flexible mechanism characteristics to actively adapt to market conditions and quickly respond to market changes. The company strengthened resource planning, optimized production and sales coordination, and timely combined with fluctuations in raw material prices and changes in market demand to flexibly adjust raw materials, equipment, and product structures, giving priority to increasing production of high-benefit products, achieving "oil when oil is suitable, olefin when olefin is suitable, aromatic when aromatic is suitable, and chemical when chemical is suitable". The company made every effort to ensure efficient collaborative operation of major industrial parks in the refining, petrochemical, chemical, and new material industries, maintain a balance between production and sales, smooth operation, and ensure the company's high-quality, endogenous growth with benefits.

From the perspective of integrated production capacity layout, the listed company has a unique "oil, coal, chemical" deep integration platform in the industry. For the first time in the industry, the four major production capacity clusters of 20 million tons of refining, 5 million tons of coal chemical, 1.5 million tons of ethylene and 12 million tons of PTA are arranged in the same industrial park. Various large-scale oil, coal and chemical plants are coupled through pipeline integration in the park to achieve upstream and downstream connectivity, significantly optimizing the redundant transportation, storage and cooling processes, saving a lot of intermediate operating costs and logistics transportation costs. At the same time, the company has built the largest domestic coal-to-hydrogen plant in the park, which can supply 250,000 tons of scarce pure hydrogen raw materials at low cost every year. It has also built a high-power self-contained power plant with a total capacity of 520MW, which is leading in energy efficiency in the industry. It provides a large amount of cheap electricity and steam at all levels for refineries. It has self-operated two 300,000-ton crude oil terminals, 6 million tons of self-contained crude oil tank farms, and other various complete raw material, finished product terminals, tank farms, storage and other public works facilities, significantly reducing various production and operating costs.

The meticulous management of daily operations has led to continuous improvements in energy and material consumption, as well as sustainable cost-effectiveness. The company focuses on reducing costs in key elements, strengthening research and judgment on the market trend of raw materials, and continuously improving its raw material procurement capabilities through domestic and international resource integration, strategic and opportunistic combination, and other measures. It also reasonably controls raw material inventory and reduces financial costs. In terms of equipment management, it strengthens daily maintenance and repair of equipment, implements regular monitoring and testing, and conducts systematic analysis and evaluation to timely identify and eliminate potential risks, ensuring the long-term stable operation of production equipment. Through continuous optimization and innovation of product technology, upgrading and reconstruction of equipment, repairing old and utilizing waste, optimizing evaluation indicators, and other measures, the company achieves product quality improvement, cost control, and benefit increase. Starting from the second half of 2024, the company will basically end the peak period of investment construction and capital expenditure, and the focus of subsequent operations will be more on "optimizing operations, reducing liabilities, and strengthening dividends" under refined cost control, continuing to build a value-added "growth + return" listed company.

II. Relying on the "big chemical industry" platform, the company has implemented the expansion of fine chemical industry and new material industry, high efficiency opens up new tracks and spaces.

The construction of major projects is the "stabilizer" and "ballast" for the high-quality development of enterprises. In recent years, relying on the "big chemical industry" platform, the company has continued to empower and develop new materials for many years, accelerating the layout of downstream high-end chemical new material production capacity, realizing the "optimization, extension, and supplement" of the industry chain, optimizing the company's industrial structure, and enhancing the company's comprehensive competitiveness. After nearly three years of careful organization, hard work, and efficient planning, the company's major projects will gradually enter the peak production period in the first half of this year, and the company will also achieve a significant increase in the production capacity of downstream chemical new material products including high-end fine chemicals, optical films, electronic films, lithium battery separators, battery electrolytes, composite current collector base films, and photovoltaic backplane base films. During the reporting period, the progress of the company's key projects is as follows:

——The 1.6 million tons/year high-performance resin and new material project is expected to be fully operational in the second quarter of 2024. As an important carrier for implementing the company's development strategy of "improving the upstream and strengthening the downstream" and accelerating the upgrade to the "platform + new material" development model, this fine chemical project focuses on the downstream extension of the C2 industrial chain and the improvement of coal chemical related production capacity, mainly including bisphenol A, polycarbonate, electronic grade DMC, propylene glycol, ethanolamine, ethylene amine, polyoxymethylene, acetic acid and other products, achieving efficient penetration and deep connection from raw material supply to process technology to consumer market, reducing the proportion of bulk chemical products in the company, improving the output of fine chemicals and new material products, further consolidating the collaborative depth and industrial thickness of the listed company's chemical new material business sector, and optimizing market coverage.

——Functional film project: The 12-line functional film project at the Suzhou Fenhu base has been put into production one after another, and the other 12-line functional film project at the Nantong base is also under construction in full swing. The project is expected to be put into production in the second half of 2024. The full production of the Fenhu base and Nantong base will lay a solid foundation for Kanghui New Materials to become the world's largest functional film material enterprise with the largest production capacity and the most advanced technology.

——Lithium battery separator project: Yingkou base's annual output of super-strong wet lithium battery separator 440 million square meters' project (including 220 million square meters

of lithium battery separator coating film), after one year, the first production line was fully completed in early June 2023, and the company officially entered the lithium battery separator field, achieving an important layout in the fields of new energy and new materials. The project is expected to reach its production capacity by the first half of 2024.

The Nantong factory has an annual output of 1.2 billion square meters of wet lithium battery separators and 600 million square meters of dry lithium battery separators. The project has already been put into trial production on one production line, which is expected to reach its production capacity in the first half of 2024. The remaining production lines are expected to start trial production in succession in 2024.

—— The launch of new PTA production capacity further consolidates the leading edge of upstream production capacity: Hengli (Huizhou) Industrial Park's 5 million tons/year PTA project has achieved full production. The project adopts industry-leading green and intelligent PTA production technology, focusing on the construction of two 2.5 million tons/year PTA plants and auxiliary facilities, with characteristics of "large investment scale, strong production capacity, high process level, and low energy consumption". It will further consolidate the company's scale and cost advantages in the PTA field.

III. Innovation leads, intelligent manufacturing upgrades, and high standards create new advantages and new driving forces.

The company always adheres to the strategy of "innovation-driven development", continuously promotes the deep integration of innovation chain and industrial chain, and leads the accelerated development of technological innovation in the company. The company adheres to the development ideas of high technology, marketization, sustainability and greening, and has established a technology innovation system covering the entire industrial chain. By continuously deepening the cooperation of industry, academia and research, forming an alliance of industry, academia and research, the company increases its investment in research and development, strengthens the protection of intellectual property rights, cultivates innovative talent teams, and overcomes many "choke point" technologies. It has obtained a large number of international and domestic core patents and effectively promoted the transformation, application and production of scientific and technological achievements. During the reporting period, the company's investment in research and development was 1.371 billion yuan, a year-on-year increase of 15.73%. As of December 31, 2023, the company has obtained 1,331 domestic and foreign patent licenses, including more than 200 authorized patents in 2023.

Leveraging the company's meticulously built research and development platform over the years, and focusing on the development path of market differentiation, high-end technology, and business integration, the company has concentrated its advantageous resources and achieved breakthroughs in the research and development of cutting-edge technologies and products for differentiated functional materials. For instance, the "high uniformity super soft polyester fiber" product's overall technology is at the leading level in China, filling a domestic gap. Kanghui New Materials has successfully developed and mass-produced a 3.9-micron ultra-thin carbon ribbon base film with an annual production capacity of 6,000 tons, becoming the first and only domestic manufacturer using the melt direct-drawing method to produce 3.9-micron ultra-thin films. Hengli Chemical Fiber has developed three new products, including "elastic cotton-like polyester filament", "non-dyeable gray polyester filament", and "low shrinkage flame retardant polyester industrial yarn", which have passed provincial-level appraisal. The first two of these products are at the leading level in China and are pioneering in the industry. During the reporting period, Hengli Chemical Fiber's invention patent for "a method for improving the quality of polyester industrial yarn" won the China Patent Excellence Award; Hengke New Materials' invention patent for "a method for preparing cationic dyeable polyester fiber" won the Silver Award for Excellent Patents of the China National Textile and Apparel Council; Kanghui New Materials' solar backplane base film obtained the German TÜV Rhine certificate, marking the product's performance and quality have been recognized by international authorities. Hengke New Materials and Kanghui New Materials have

been recognized as "National Intellectual Property Advantage Enterprises", becoming another major honor after Hengli Chemical Fiber was recognized as a "National Intellectual Property Demonstration Enterprise".

Continuously deepening the "transformation of intelligence and data", upgrading intelligent manufacturing, and striving to achieve lean production. By deeply integrating intelligent innovation and data management, the company has achieved digital control of the entire process of manufacturing resources, production processes, quality tracking, and production operations, effectively improving quality control levels, reducing production costs, and improving production efficiency. For example, Hengke New Materials vigorously promotes the deep integration of digital technology and the real economy, making full use of information systems such as DeltaV-DCS distributed control system, ERP, MES, WMS, etc., accelerating the construction of data assets, mining data value, providing strong data support for benefit optimization, and improving product quality and production efficiency. For example, Kanghui Dalian New Materials' newly built PBS biodegradable material project adopts digital production workshop standards for the entire process, with automation, digitalization, and intelligent equipment accounting for over 99% of the workshop, all of which are connected to achieve collaborative operations.

During the reporting period, Hengke New Materials made significant achievements in promoting the deep integration of industrialization and informatization, and was awarded the AAA-level two-level integration management system evaluation certificate. Hengke New Materials has been awarded the "National Excellent Demonstration Scenario of Intelligent Manufacturing", "Advanced Enterprise of Intelligent Manufacturing in Chemical Fiber Industry", "Intelligent Manufacturing Demonstration Factory in Jiangsu Province" and other honors; Kanghui New Materials was awarded the "Intelligent Factory in Liaoning Province".

IV. Build a solid foundation, green and low-carbon, and achieve sustainable leadership in the industry with high quality.

Based on high-starting point design planning, construction and operation, and detail management, implementing high-standard intrinsic safety operation and green low-carbon operation is the lifeline, benefit line, and scenic line to promote the stable, efficient, and sustainable development of listed companies.

Firmly and steadily, we will build a strong safety production line. The company adheres to the principle of "safety first, prevention first, comprehensive management", adheres to systematic thinking, and consistently implements it to improve the level of intrinsic safety and build a strong safety production line. We will fully implement the safety and environmental protection responsibility system, implement the HSE management objectives one by one, and sign the safety production target responsibility agreement with all employees. We will continue to improve and perfect the safety standardization and HSE system management work, strengthen safety risk assessment, carry out in-depth investigation and management of hidden dangers, organize regular safety and environmental protection training, fire emergency evacuation drills, etc., to ensure the stable situation of the company's safety production.

Green and low-carbon development, highlighting the distinctive background of high-quality development. "Green development is the foundation of high-quality development, and new-quality productivity itself is green productivity." The company fully implements the concept of "green development, circular development, and low-carbon development across the entire industrial chain", integrating green development into all aspects of project design, process package selection, equipment procurement, installation, and operation to achieve essential energy conservation. **It continues to promote energy conservation and consumption reduction.** Through measures such as system optimization and transformation, optimizing production processes, and fine management, the company makes full use of the joint efforts of upstream and downstream processes, mutual supply of materials, and energy coupling across the entire industrial chain to rationally utilize resources and promote clean production, thereby improving resource utilization efficiency and achieving energy conservation and sustainable development throughout the entire production

process. During the reporting period, Hengli Refining and Chemical implemented the PSA hydrogen deep utilization and improvement project to recover hydrogen-rich gas produced by two sets of ethylene and coal-to-hydrogen plants, increasing hydrogen production and effectively enhancing material value. In order to fully recover and utilize oxygen-containing waste gas from ethylene glycol plants, Hengli Chemical introduced oxygen-containing waste gas discharged into the flare system and TO furnace for combustion treatment into the styrene plant steam superheater for combustion, reducing natural gas consumption and saving fuel. After being put into operation, it reduced natural gas consumption by 0.56 t/h, saving 4,704 tons of natural gas annually, equivalent to 7,940 tons of standard coal. **The company vigorously promoted the construction of photovoltaic projects.** After the fourth phase of photovoltaic projects were put into operation, the fifth phase of photovoltaic projects of Hengke New Materials was put into operation in 2023, with a capacity of 12.5 MW and an area of nearly 70,000 square meters, achieving an annual power generation capacity of 13.44 million kWh. The total installed capacity after operation is approximately 76.5 MW. Kanghui New Materials utilized idle resources such as factory roofs and parking sheds to integrate photovoltaic power generation and buildings according to local conditions, achieving "effective utilization of resources". Currently, the first and second phases of distributed photovoltaic power generation projects have been completed and put into operation, with a power generation capacity of 30.4 MW, making it the largest single-unit distributed photovoltaic project in Liaoning Province. After the first and second phases of projects were put into operation, the current average daily power generation capacity is 160,000 kWh. It is estimated that standard coal can be saved by 11,646.67 tons per year, reducing carbon dioxide emissions by 31,083.24 tons.

During the reporting period, the Ministry of Industry and Information Technology and other agencies jointly released the "List of Key Water-Using Enterprises and Water Efficiency Leaders in Parks in 2022" and the "List of Energy Efficiency 'Leaders' Enterprises in Key Energy-Using Industries in 2022". Hengli Refining and Chemicals and Hengli Chemicals achieved "double leadership", and Hengli Petrochemical (Dalian) was awarded the title of "Energy Efficiency Leader". Hengke New Materials was awarded the title of "Leading Enterprise in Green Development in 2023" jointly issued by the Jiangsu Provincial Department of Ecology and Environment and the Jiangsu Provincial Federation of Industry and Commerce. Five companies under the company have been awarded the title of "National Green Factory".

The company is committed to the future development trend of "carbon neutrality" and will continue to transition to a green and low-carbon development path. It will focus on high-end manufacturing and continue to promote enterprise innovation, intelligence, and green development. It will also make great efforts in environmental, social, and governance responsibilities, and embark on a high-quality, green and sustainable development path that emphasizes both industrial development and ecological environmental protection, as well as economic and social benefits.

V. Take the initiative to strengthen returns and promote value creation and realization in multiple dimensions

Actively promote the spin-off and listing of Kanghui New Material. In order to optimize the business structure and focus on the development of the main business, the company decided to spin off Kanghui New Material and achieve listing through restructuring. Through the spin-off and listing, Kanghui New Material will achieve direct connection with the capital market, give play to the direct financing function and advantages of the capital market, broaden financing channels, improve financing flexibility, and enhance financing efficiency, thereby effectively reducing capital costs and providing sufficient financial support for Kanghui New Material to enhance its market competitiveness. At the same time, it is beneficial for the capital market to rationally evaluate different businesses of the company, so that the value of the company's high-quality assets can be fully reflected in the capital market, thereby improving the overall market value of the company and maximizing the interests of all shareholders. Up to now, the relevant work is being carried out in an orderly manner.

The company attaches great importance to reasonable investment returns for investors. Since its restructuring and listing, the company has always maintained a high proportion of cash dividends, and has maintained continuity and stability in profit distribution while taking into account sustainable development. After consideration by the board of directors, the company's profit distribution plan for 2023 is: cash dividends of 0.55 yuan per share (including tax). The amount of cash dividends accounts for 56.07% of the net profit attributable to shareholders of the listed company in the consolidated statement. This matter still needs to be considered by the shareholders' meeting. After completing this dividend, the company has accumulated dividends of 22.371 billion yuan since its restructuring and listing in 2016, accounting for 41.08% of the accumulated net profit attributable to shareholders, which significantly exceeds the matching funds raised by the company from the capital market.

In the future, as the projects under construction are completed and put into operation, the company will combine the actual business situation and development plan, balance the dynamic balance of business development, performance growth and shareholder returns, continue to improve the "long-term, stable and sustainable" shareholder value return mechanism, and allow shareholders to fully enjoy the company's development achievements and enhance the sense of gain of the majority of investors.

II. Industry situation of the company during the reporting period

See the relevant content of "I. Discussion and Analysis of Business Situation " in this section for details.

III. Business situation of the company during the reporting period

The company's main business includes the production, research and development, and sales of materials products in the fields of refining, aromatics, olefins, basic chemicals, fine chemicals, and various downstream application areas from "one drop of oil to everything". At the same time, relying on the upstream "oil, coal, and chemical" integrated large chemical platform, it deeply anchors the rigid consumer market of "clothing, food, housing, transportation, and use" as well as the high-tech barrier and high-value-added high-growth new material track. It continuously strengthens its internal integration advantages, cost moats, and refined management and control, and continues to build a value-growth listed enterprise of "platform + new materials"

The company has 20 million tons/year crude oil processing capacity, 5 million tons/year coal processing capacity, 1.5 million tons/year ethylene plant, with an annual production capacity of 5.2 million tons of PX and 850,000 tons of acetic acid in the upstream. It has 16.6 million tons of PTA production capacity and 1.8 million tons of fiber-grade ethylene glycol production capacity in the midstream. The self-produced PTA and ethylene glycol products are partially used for self-consumption, while the rest are sold. The downstream chemical new material products are rich in variety and complete in specifications, targeting the mid-to-high-end market demand, covering polyester and chemical new material products such as civilian polyester filament, industrial polyester filament, BOPET, PBT, PBS/PBAT, etc., which are applied in textile, medicine, automotive industry, environmental protection and new energy, electronic and electrical, photovoltaic industry, optical equipment and other large-scale, differentiated and high value-added industrial manufacturing and civilian consumption fields.

With the full production of world-class refining and ethylene key production capacity and the continuous consolidation and expansion of the advantages of the entire industrial chain in the upstream of the company, the company has accelerated the development of a "big chemical" platform supporting and raw material supporting conditions for the downstream high-end new material market, which is long-term, deep-going and refined. Based on internal technology research and development and external industrial cooperation, the company continues to extend the value chain of chemical materials and accelerates its entry into the market demand for "domestic

substitution" and "rigid consumption" represented by advanced manufacturing, new energy, new consumption, new materials and other end-use demand.

IV. Analysis of Core Competitiveness in Reporting Period

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1. Strategic Leadership in Full Industry Chain Development

The company is the industry leader in implementing the strategy of full industry chain development for polyester new materials in China. It actively promotes the coordinated and balanced development of various business segments and vigorously expands high-end capacity in the upstream and downstream. The company is committed to building a world-class integrated platform for the entire industry chain, from "crude oil-aromatics, olefins-PTA, ethylene glycol-polyester-civil filament, industrial filament, films, plastics." The Hengli Integrated Refining and Petrochemical Project with an annual capacity of 20 million tons and the Ethylene Project with a capacity of 1.5 million tons have been fully put into operation, achieving strategic breakthroughs in the refining, aromatics, and olefins segments. The company has become the first enterprise in the industry to achieve integrated operation and development of the entire industry chain from "crude oil-aromatics, olefins-PTA, ethylene glycol-polyester new materials." With the sequential construction and operation of newly built capacities, such as PTA, chemical new materials, PBS/PBAT biodegradable new materials, the company continuously upgrades and optimizes its industrial model, consolidates and expands the advantages of each link's production capacity, promotes the quantitative change in business scale, and the qualitative change in business structure. It establishes a strategic leadership advantage in adapting to the high-quality competitive situation of the industry's full industry chain collaboration, production capacity structure quality, equipment scale cost, technological process accumulation, project start-up speed, and the development of listed platforms.

2. Comprehensive Operation Advantage of Scale, Technology, and Support

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

3. Market Competition Advantage Driven by High-end Research and Development

The company follows a development path that emphasizes market differentiation, high-end technology, and large-scale facilities while integrating business operations. It has a long-term accumulated market-technology innovation mechanism and has established an international R&D team and a high-level scientific research platform. Its technological research and development strength and innovation capability in new products are leading in the industry. The company can

quickly respond to the latest market consumption demand changes and has a stable reserve of mid-to-high-end customer resources. The four main operating entities of the company, Hengli Fibre, Deli Fibre, Hengke New Materials, and Kanghui New Materials, are all national high-tech enterprises. Through fine management of the production process and continuous improvement of technology and processes, the company has independently developed and accumulated a series of differentiated and functional products, holds numerous production patents for various products, and has gained wide market recognition. The company's products are superior to competitors in terms of quality and stability. It is the only company in China that can produce specification 5DFDY products on a large scale. Its market share in MLCC separator films exceeds 65% domestically. It is also the only domestic and the second global enterprise capable of producing 12-micrometer silicon-coated stacked lithium battery protection films online. The company has absolute technological advantages and process accumulation in functional films and civil polyester filament, forming a competitive moat that is difficult to replicate in the industry in the short term.

4. Efficient Management Advantage of Intelligence and Lean Manufacturing

The company strives to promote the deep integration of "Internet, big data, artificial intelligence, and the real economy" and develop advanced manufacturing capacity to regenerate internal growth momentum. It regards "intelligent interconnection" as an important entry point for industrial upgrading and transformation. By gradually implementing methods such as "machine replacing human," "automatic equipment change," "complete set replacement of single machine," and "intelligence replacing digitization," the company transforms its development model from relying on "population dividends" to "technology dividends." Through the integration and application of intelligent manufacturing, the Internet, and the Internet of Things, the company continuously improves the level of intelligent manufacturing throughout the entire process. It seamlessly integrates key links such as control, research and development, manufacturing, business management, and finance through self-developed product testing systems, automatic barcode systems, intelligent warehousing systems, and sales systems, and interfaces with ERP systems to achieve product traceability and full-process control. This promotes the company's transformation from "manufacturing" to "intelligent manufacturing" and from single business management to highly synergistic operation of the industrial chain.

5. Accumulated Talent Management Advantage

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

V. Main operating information in the reporting period

As of the end of 2023, the company's total assets were 260.599 billion yuan, a year-on-year increase of 7.94%, and the net assets attributable to shareholders of listed companies were 59.992 billion yuan, a year-on-year increase of 13.49%.

In 2023, the Company recognised a revenue from operations of 234.791 billion yuan, a year-on-year increase of 5.61%; a net profit attributable to shareholders of listed company of 6.905 billion yuan, a year-on-year increase of 197.83%.

(I) Analysis of Primary operations

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

Unit: ten-thousand-yuan Currency: RMB

Item	Amount in the reporting period	Amount in the same period of last year	Variance (%)
Revenue from operations	23,479,067.24	22,232,358.4	5.61
Cost of sales	20,838,385.19	20,407,759.71	2.11
Selling expenses	29,347.30	39,276.92	-25.28
Administrative expenses	199,736.80	188,929.87	5.72
Financial expense	536,476.39	428,737.15	25.13
Research and development expenses	137,102.85	118,471.10	15.73
Net cash flows from operating activities	2,353,579.01	2,595,397.08	-9.32
Net cash flows from investing activities	-3,881,449.94	-2,629,706.99	Not applicable
Net cash flows from financing activities	990,970.42	1,040,541.64	-4.76

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

适用 不适用

2. Revenue and Cost Analysis

适用 不适用

(1). Segmentation of Main Business by Sector, Product, Region, and Sales Model

Unit: ten-thousand-yuan Currency: RMB

Segmentation of main operations by sector						
By sector	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year change of revenue(%)	Year-on-year change of cost of sales(%)	Year-on-year change of gross margin(%)
Petrochemical industry	22,668,414.46	20,189,829.10	10.93	8.23	5.41	2.38% pts
Other industries	651,548.82	570,713.93	12.41	-46.75	-53.71	13.16% pts
Segmentation of main operations by product						
By product	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year change of revenue(%)	Year-on-year change of cost of sales(%)	Year-on-year change of gross margin(%)
Refining products	11,996,139.48	9,773,674.08	18.53	-3.00	-6.69	3.22% pts
PTA	7,260,732.58	7,359,322.54	-1.36	28.20	22.02	5.13% pts
Polyester products	3,411,542.41	3,056,832.48	10.40	17.09	15.38	1.33% pts
Others	651,548.82	570,713.93	12.41	-46.75	-53.71	13.16%pts
Segmentation of main operations by region						
By region	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year change of revenue(%)	Year-on-year change of cost of sales(%)	Year-on-year change of gross margin(%)
Domestic	21,752,029.48	19,295,205.41	11.29	6.37	3.16	2.76% pts
Overseas	1,567,933.80	1,465,337.62	6.54	-8.78	-12.93	4.45% pts

Description of main business by industry, by product, by region, and by sales model
Revenues, costs and gross margins for refined products, PTA and polyester products include sale revenues, purchase costs and gross margins.

(2). Production and sales volume analysis

适用 不适用

Main products	Unit	Production volume	Sales volume	Inventory quantity	Year-on-year change of production (%)	Year-on-year change of sale (%)	Year-on-year change of inventory (%)
Refining products	10,000 tons	2,465.42	2,164.27	71.88	5.41	1.33	-22.93
PTA	10,000 tons	1,444.37	1,422.20	47.58	25.22	33.99	76.29
New material products	10,000 tons	429.00	409.04	40.18	19.94	25.4	-4.79

Explanation of production and sales volume:

1. Refining and chemical products include all products of Hengli Refining and Hengli Petrochemical;
2. New material products include polyester new materials, engineering plastics, functional films, and biodegradable materials;
3. The sales volume of refining and chemical products and PTA includes trade volume but excludes internal consumption within the company.

(3). Performance of Major Procurement Contracts and Major Sales Contracts

适用 不适用

(4). Cost Analysis

Unit: ten thousand yuan

By Sector							
By sector	Cost composition	Amount in the reporting period	Proportion in total costs of the reporting period (%)	Amount in the same period of last year	Proportion in total costs of the same period of last year (%)	Year-on-year change (%)	Explanation
Petrochemical industry	Direct materials	18,644,485.10	89.81	17,435,956.16	85.52	6.93	
	Direct labor	147,931.07	0.71	168,283.79	0.83	-12.09	
	Power fuel	668,913.47	3.22	703,924.33	3.45	-4.97	
	Manufacturing expenses	728,499.46	3.51	673,959.64	3.31	8.09	
Other industries	Direct materials	535,657.18	2.58	1,154,573.45	5.66	-53.61	
	Direct labor	8,957.68	0.04	176,343.65	0.86	-94.92	
	Power fuel	880.36	-	64,379.42	0.32	-98.63	
	Manufacturing expenses	25,218.71	0.12	9,756.32	0.05	158.49	

By Product							
By product	Cost composition	Amount in the reporting period	Proportion in total costs of the reporting period (%)	Amount in the same period of last year	Proportion in total costs of the same period of last year (%)	Year-on-year change (%)	Explanation
Refining products	Direct materials	8,881,184.28	42.78	9,574,213.92	46.96	-7.24	
	Direct labor	64,564.35	0.31	56,910.15	0.28	13.45	
	Power fuel	335,907.95	1.62	327,732.97	1.61	2.49	
	Manufacturing expenses	492,017.50	2.37	440,075.17	2.16	11.80	
PTA	Direct materials	7,101,089.02	34.20	5,681,885.50	27.87	24.98	
	Direct labor	8,834.21	0.04	24,616.91	0.12	-64.11	
	Power fuel	127,750.10	0.62	143,261.15	0.70	-10.83	
	Manufacturing expenses	121,649.21	0.59	113,145.96	0.55	7.52	
Polyester products	Direct materials	2,662,211.80	12.82	2,179,856.74	10.69	22.13	
	Direct labor	74,532.51	0.36	86,756.73	0.43	-14.09	
	Power fuel	205,255.42	0.99	232,930.21	1.14	-11.88	
	Manufacturing expenses	114,832.75	0.55	120,738.51	0.59	-4.89	
Others	Direct materials	535,657.18	2.58	1,154,573.45	5.66	-53.61	
	Direct labor	8,957.68	0.04	176,343.65	0.86	-94.92	
	Power fuel	880.36	-	64,379.42	0.32	-98.63	
	Manufacturing expenses	25,218.71	0.12	9,756.32	0.05	158.49	

Explanation of cost analysis and other situations

None

(5). Changes in Consolidation Scope Due to Significant Equity Changes in Subsidiaries during the Reporting Period

适用 不适用

(6). Significant Changes or Adjustments in Business, Products, or Services during the Reporting Period

适用 不适用

(7). Key Sales Customers and Key Suppliers Situation

A. Overview of Key Sales Customers

适用 不适用

The sales revenue from the top five customers amounted to 21.28 billion yuan, accounting for 9.07% of the total annual sales. Among the sales revenue from the top five customers, there were no sales made to related parties, representing 0% of the total annual sales.

During the reporting period, the proportion of sales to a single customer exceeded 50% of the total, and among the top five customers there were new customers or heavy reliance on a small number of customers

适用 不适用

B. Overview of Key Suppliers

适用 不适用

The purchasing amount from the top five suppliers amounted to 64.12 billion yuan, accounting for 28.23 % of the total annual procurement. Among the purchasing amount from the top five suppliers, there were no purchases made from related parties, representing 0% of the total annual procurement.

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

适用 不适用

Other note

None

3. Expenses

适用 不适用

4. Research and Development Investment

(1). Table of Research and Development Investment Status

适用 不适用

Unit: ten thousand yuan

Expensed research and development investment in the current period	137, 102.85
Capitalized research and development investment in the current period	-
Total R&D investment	137, 102.85
Percentage of research and development investment to operating revenue (%)	0.58
Percentage of capitalized research and development investment to total research and development investment (%)	-

5. Cash flows

适用 不适用

(II) Explanation of Significant Profit Changes Due to Non-Core Business

适用 不适用

(III) Analysis of Asset and Liability Situation

适用 不适用

1. Asset and Liability Status

Unit: ten thousand yuan

Item	Closing balance of current period	Ratio of closing balance of current period to total assets (%)	Closing balance of previous period	Ratio of closing balance of previous period to total assets (%)	Percentage change in closing balance compared between current period to previous period(%)	Explanation
Financial assets held for trading	29,883.01	0.11	60,441.44	0.25	-50.56	Mainly due to a decrease in fair value of derivative financial instruments held during the current period.
Accounts receivable	53,841.53	0.21	37,244.59	0.15	44.56	Mainly due to an increase in unsettled receivables for sales within the closing accounting period
Receivable financing	417,004.76	1.60	228,727.12	0.95	82.32	Mainly due to an increase in the amount of holding of bank acceptance bills at the end of accounting period.
Other current assets	679,449.79	2.61	446,872.66	1.85	52.05	Mainly due to an increase in investment in construction in progress during the period, and an increase in VAT retention at the end of accounting period.
Construction in progress	4,882,413.77	18.74	2,728,749.15	11.30	78.92	Mainly due to an increase in investment in the current period for the 1.6 million

						tons per year high-performance resin and new material project and the second phase of the new material industrial park project
Deferred tax assets	27,632.52	0.11	89,222.72	0.37	-69.03	Mainly due to a decrease in deferred tax assets recognized as a result of the provision for decline in value of inventories made at the beginning of the accounting period, because of the written off of the inventory.
Other non-current assets	338,328.79	1.30	632,724.84	2.62	-46.53	Mainly due to a decrease in long-term asset purchase payments related to construction in progress made during the current period.
Financial liabilities held for trading	19,032.43	0.07	34,602.07	0.14	-45.00	Mainly due to a decrease in fair value of unsettled derivative financial instruments at the end of the accounting period
Bills payable	1,200,245.36	4.61	2,060,377.59	8.53	-41.75	Mainly due to a decrease in letters of

						credit issued that have not yet expired at the end of the accounting period
Accounts payable	1,559,866.76	5.99	886,931.00	3.67	75.87	Mainly due to an increase in purchase payable of material and long-term assets at the end of the accounting period
Taxes payable	143,960.17	0.55	103,601.37	0.43	38.96	Mainly due to an increase in payable of enterprise income tax and value-added tax at the end of the accounting period
Non-current liabilities due within one year	1,349,807.17	5.18	934,902.82	3.87	44.38	Mainly due to an increase in the amount of long-term loans payable that will mature within one year.
Other current liabilities	471,835.39	1.81	338,212.76	1.40	39.51	Mainly due to an increase of Hengli Futures that received from currency margin of client with its operation.
Long-term payables	208,546.03	0.80	85,883.33	0.36	142.82	Mainly due to the addition of new financing leases payable during the current period.
Specific reserve	10,935.81	0.04	160.22	-	6,725.50	Mainly due to a

						decrease of input of safety production during the current period.
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Other note

None

2. Overseas Asset Situation

适用 不适用

(1) Assets Scale

Including: Overseas assets 54.57(Unit: hundred million yuan Currency: RMB), accounting for 2.09 % of the total assets.

(2) Explanation of a higher proportion of overseas assets

适用 不适用

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

适用 不适用

Unit: ten thousand yuan Currency: RMB

Item	Carrying value at year end	Reason of restriction
Cash and bank balances	525, 289.58	Pledge cash and bank balances to obtain financing credit from financial institutions
Cash and bank balances	7, 026.95	Security deposits for trading in futures and financial derivatives
Cash and bank balances	11, 960.00	Freezing funds involved in litigation
Receivable financing	287, 353.51	Pledge notes receivable to obtain financing credit from financial institutions
Fixed assets	10, 829, 453.36	Mortgage fixed assets to obtain financing credit from financial institutions
Fixed assets	464, 743.62	Mortgage is used to provide security for the sale and leaseback contract
Intangible assets	506, 712.06	Mortgage intangible assets to obtain financing credit from financial institutions
Construction in progress	2, 401, 409.53	Mortgage construction in progress to obtain financing credit from financial institutions
Total	15, 033, 948.61	

4. Other note

适用 不适用

(IV) Analysis of Industry Operating Information

适用 不适用

Analysis of Operating Information in the Chemical Industry

1 Overview of the Industry

(1). Industry Policies and Their Changes

√适用 □不适用

① 《Work Plan for Stable Growth in Petrochemical and Chemical Industry》

The "Work Plan for Stable Growth in the Petrochemical and Chemical Industry" jointly issued by the Ministry of Industry and Information Technology and other six departments in 2023 pointed out that we should vigorously implement the goals and tasks of the "Guiding Opinions on Promoting High-quality Development of the Petrochemical and Chemical Industry in the 14th Five-Year Plan". The Plan proposed that we should support key enterprises to create an original technology source for the industry, which is mainly based on the needs of strategic emerging industries and the transformation and upgrading needs of traditional industries, to enrich the supply of new chemical materials and specialty chemicals, and increase the supply of key generic technology innovation solutions, so as to effectively play a leading role in supporting and demonstrating the industrial chain.

② 《Guiding Opinions on Promoting the High-Quality Development of the Petrochemical and Chemical Industry During the "14th Five-Year Plan"》

In March 2022, the Ministry of Industry and Information Technology and five other departments jointly issued the Guiding Opinions on Promoting High-Quality Development of the Petrochemical and Chemical Industry during the 14th Five-Year Plan. It proposed that by 2025, the petrochemical and chemical industry should establish a high-quality development pattern characterized by strong independent innovation capability, rational structural layout, green and low-carbon practices. The industry's ability to ensure the supply of high-end products should be significantly improved, core competitiveness should be noticeably enhanced, and substantial progress should be made in achieving self-reliance at a high level.

③ 《Action Plan for Energy Conservation and Carbon Reduction Driven by Strict Energy Efficiency Constraints in the Petrochemical and Chemical Industry (2021-2025 years) 》

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

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

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

④ 《The "14th Five-Year Plan" for the ecological economic development of Liaoning Province》

In January 2022, the General Office of the People's Government of Liaoning Province issued the "14th Five-Year Plan" for the ecological economic development of Liaoning Province. The plan highlights the following key points:

Extending the Petrochemical Industry Chain: The plan aims to maintain the scale advantage of bulk basic chemical raw materials such as ethylene, propylene, PX (paraxylene), and PTA (purified terephthalic acid). It also seeks to promote the development of the petrochemical industry towards higher value-added products, focusing on the olefin, aromatic hydrocarbon, new materials, and fine chemical industrial chains.

Promoting the "Reduction of Oil and Increase of Chemicals" in the Petrochemical Industry: The plan aims to transform the refining and chemical production towards safe, clean, green, and efficient practices. The goal is to achieve intensive, high-end, green, and integrated development of the refining and chemical industry. Key areas of focus include the development of high-end polyolefins, specialty resins, specialty engineering plastics, high-end membrane materials, and other chemical new materials.

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

适用 不适用

① In the petroleum refining and chemical sector

The company has established a processing capacity of 20 million tons of crude oil and 5 million tons of raw coal in the upstream and midstream business sectors, with a main annual output of 5.2 million tons of PX, 1.8 million tons of ethylene glycol, 1.2 million tons of pure benzene, 850,000 tons of polypropylene, 720,000 tons of styrene, 400,000 tons of high-density polyethylene, 850,000 tons of acetic acid, 140,000 tons of butadiene, and other domestically scarce and high-value-added chemical products, as well as Refined oil products such as gasoline, diesel, and aviation kerosene that meet the national standards above China VI. As smaller refineries with higher production costs and outdated facilities are gradually phased out, the concentration of the refining and chemical industry and the competitiveness of large-scale newly built refineries will greatly improve. The company has prominent advantages in policy support, process technology, and industrial synergy. Compared to other refineries, it has characteristics of high quality and low cost, making it highly competitive in the market.

② In the PTA sector

PTA serves as the direct upstream raw material for polyester production, and China is the world's largest producer and consumer of PTA. The company currently has built and put into operation a PTA production capacity of 16.6 million tons/year. It is the largest PTA production supplier in the world in terms of capacity, with the most advanced technology and the most significant cost advantages. It is also the only company in the industry with a capacity of over 10,000 tons per year.

③ In the polyester new materials sector

One of the company's primary operations is the research, production, and sales of related products. The main products include PET (Polyethylene Terephthalate), POY (Partially Oriented Yarn), FDY (Fully Drawn Yarn), DTY (Drawn Textured Yarn), BOPET (Biaxially Oriented PET), PBT (Polybutylene Terephthalate), PBS/PBAT (Polybutylene Succinate/Polybutylene Adipate Terephthalate), and other polyester and chemical new materials products. The company ranks

among the top five in the national civil filament capacity and second in the national industrial filament capacity. It is one of the largest and technologically advanced manufacturers of polyester filament for both civilian and industrial applications in China.

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

In terms of high-performance engineering plastics, Kanghui New Material has an annual production capacity of 210,000 tons of PBT engineering plastics, making it the largest PBT producer in China. It is mainly used in automotive parts, polymer alloys, cable protective sheaths, electronic appliances and other industrial fields. In terms of biodegradable materials, Kanghui New Material has the largest single-set annual production capacity of 33,000 tons of PBAT based on its own technology in China, which is applied to green environmental protection applications such as food-grade shopping bags, tableware and straws for PBS/PBAT.

2 Products and production

(1). Main business model

适用 不适用

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

(1) Petroleum Refining Sector

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

(2) PTA Sector

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

The profit model in the PTA industry is based on producing and selling PTA products to generate profits. Since the fixed investment for the products is significant, improving profitability relies mainly on reducing the fixed cost per unit. Companies achieve this by capitalizing on economies of scale,

adopting advanced processing technologies and equipment, establishing efficient public infrastructure, enhancing production safety and product quality stability, and ultimately lowering production costs to increase profitability.

(3) Polyester Sector

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

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

(4) Polyester Film Sector

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

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

(5) Engineering Plastics Sector

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

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

Main situation of adjusting the business model during the reporting period

适用 不适用

(2). Main products

适用 不适用

Product	Business sector	Primary upstream raw materials	Applications of major downstream materials	Main factors affecting prices

Refined oil	Petroleum refining	Crude Oil	Aviation kerosene, gasoline, and diesel and other power fuels	Upstream raw materials like crude oil and downstream demand
PX	Chemical raw materials and chemicals manufacturing	Crude Oil	PTA	Upstream raw materials like crude oil and downstream demand
Ethylene	Chemical raw materials and chemicals manufacturing	Crude Oil	Polyethylene, ethylene glycol	Upstream raw materials like crude oil and downstream demand
PTA	Chemical raw materials and chemicals manufacturing	PX	Polyester fiber, bottle grade chips, film grade chips, etc.	Crude oil and PX supply and downstream demand
Polyester Filament Yarn (PFY)	Polyester manufacturing	PTA, MEG	Advertising light box cloth, geotextile, conveyor belt, automobile fiber and tire meridian, clothing and home textiles, etc.	Upstream raw materials like crude oil and downstream textile prosperity
Polyester Filament	Polyester manufacturing	PTA, MEG	Filature	Upstream raw materials like crude oil and downstream demand
BOPET	Plastics product manufacturing	PTA, MEG	Packaging film, insulating film, capacitor film, etc.	Upstream raw materials like crude oil and downstream demand
PBT	Plastics product manufacturing	PTA, BDO	Auto parts, electronic appliances, aerospace materials, etc.	Upstream raw materials like crude oil and downstream demand
PBS/PBAT	Plastics product manufacturing	PTA, BDO, Adipic acid	Packaging materials, shrink film, agricultural film, etc.	Upstream raw materials like crude oil and downstream demand

(3). R&D and innovation

适用 不适用

As of the end of 2022, the company has accumulatively held 1,331 patents, of which 215 were newly approved during the reporting period.

(4). Production Technology and Process

适用 不适用

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

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

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

(5). Production capacity and construction work

√适用 □不适用

Unit: hundred million yuan Currency: RMB

Major plants/projects	Designed capacity	Capacity utilization(%)	Capacity under construction	Investment in capacity under construction	Planned completion time
Polyester Filament Yarn (PFY) of Suzhou plant	1, 400, 000 tons/Year	100	High-performance industrial yarn project with an annual output of 400, 000 tons	22.93	Currently in the trial operation stage
PFY for civil use of Nantong plant	1, 750, 000 tons/Year	100	Annual output of 1.5 million tons of green multi-functional textile new materials project	82.28	The production of 150,000 tons/year elastic fiber, 150,000 tons/year environmental protection fiber, 300,000 tons/year full matting POY and 300,000 tons/year cationic POY has been completed
PFY for civil use of Suqian plant	200, 000 tons/Year	100			
Polyester film of Kanghui New Material (Yingkou) Industrial Park	386, 000 tons/Year	100			
Engineering plastics of Kanghui New Material (Yingkou) Industrial Park	210, 000 tons/Year	100			
PBS bio-degradable advanced materials project of Kanghui New Material	33, 000 tons/Year	100			

(Yingkou) Industrial Park					
PTA of Dalian plant	1, 1600, 000 tons/Year	99.44			
Refining and chemical project of Dalian plant	20, 000, 000 tons/Year	102.44			
Ethylene project of Dalian plant	1, 500, 000 tons/Year	106.06			
PBS biodegradable plastics in Kanghui Dalian plant	/	/	450, 000 tons/Year	26.77	Expected to be put into production gradually in the first half of 2024
Lithium battery separator in Kanghui Yingkou Plant	/	/	440 million square meters/Year	9.85	Gradually put into production in the middle of 2023, and currently in the trial production stage
PTA of Huizhou Plant	/	/	2 sets of 2, 500, 000 tons/year PTA plant	107.72	Fully put into production in the middle of 2023, and currently in the trial production stage
Hengli Petrochemical Chemical New Material Supporting Chemical Project	/	/	300, 000 tons/Year Adipic acid, etc.	28.70	Gradually put into production in the middle of 2023
Annual output of 1.6 million tons of high-performance resin and new material projects	/	/	Bisphenol A, isopropanol, ethylene oxide, electronic grade DMC (including EC, EMC and DEC), ABS, etc.	159.48	Gradually put into production in the third quarter of 2023, and expected to be fully put into production in the second quarter of 2024
Annual output of 800, 000 tons of functional films	/	/	The first phase of the project plans to build a 470,000	46.25	The first phase of the project will be

and functional plastics			tons/year high-end functional polyester film plant (totaling 12 lines), and the second phase includes a 100,000 tons/year functional film modification plant, a 150,000 tons/year modified PBT plant, and a 80,000 tons/year modified PBAT plant, etc.		put into production line by line in 2023. By the end of 2023, production and debugging of 9 out of 12 lines have been completed. It is expected that all lines will reach their production capacity in the second half of 2024. The follow-up will be the second phase of the project
Annual output of 600, 000 tons of functional films and functional plastics, functional film and 3 billion square meters lithium battery separator project			The first phase of the project plans to build a 500,000 tons/year polyester film production line, a 100,000 tons/year polyester film coating production line, a 1.5 billion square meters/year lithium battery separator production line, and a 600 million square meters/year coating production line	33.23	Expected to be put into production line by line in the second half of 2024

Note: 1. The designed capacity of the plants and the projects listed above refers to what has been put into production, excluding those under construction.

2. The date of the invested amount of production capacity under construction is as of the end of 2023

Increase and decrease of production capacity

适用 不适用

1. The annual production capacity of Kanghui New Material Yingkou factory's super wet lithium battery separator of 440 million square meters has been gradually put into production in mid-2023 and is currently in the trial production stage.

2. Hengli (Huizhou) Industrial Park has fully put into operation of the 5 million tons/year PTA and is currently in the trial production stage.

3. The 300,000 tons/year adipic acid and other new material supporting chemical projects of Hengli Chemical have been gradually put into production in mid-2023.

4. The project of annual producing 1.6 million tons of high-performance resin and netting materials has been gradually put into production in the third quarter of 2023, and is expected to be fully put into production in the second quarter of 2024.

Adjustment of product line and production capacity structure optimization

适用 不适用

Abnormal shutdown

适用 不适用

3 Raw materials procurement

(1). Basic situation of main raw materials

适用 不适用

Unit:10, 000 tons

Major raw materials	Procurement model	Settlement model	Year-on-year price change ratio(%)	Procurement quantity	Consumption quantity
Crude Oil	Contract, spot	Letter of credit, Cable transfer	-14.90	2, 101.06	2, 199.04
PX	Contract, spot	Cable transfer, Letter of credit, Bank acceptance bills	-0.13	366.87	961.38
MEG	Contract, spot	Cable transfer		6.17	117.6
BDO	Contract, spot	Bank acceptance bills	-41.28	16.22	17.05

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

(2). Basic situation of main energy

适用 不适用

Major energy	Procurement model	Settlement model	Year-on-year price change ratio(%)	Procurement quantity	Consumption quantity
Electricity	Market-oriented procurement	Monthly settlement		4, 316.7939 million kwh	6, 083.5231 million kwh
Thermal coal	Market-oriented procurement	Monthly settlement		7, 587, 800 tons	7,914, 000 tons
Natural gas	Market-oriented procurement	Monthly settlement		309.4508 million meters	309.6087 million cubic meters

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

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

√适用 □不适用

To reasonably mitigate the significant price fluctuations of major raw materials, the company and its subsidiaries engaged in hedging activities during the reporting period. The hedging primarily involved commodities related to production and operations, such as Crude Oil, petroleum products, PTA, and chemicals (including but not limited to Styrene, Ethylene Glycol, Polypropylene).

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

□适用 √不适用

4 Product sales**(1). Basic situation of the company's main operations by segment**

√适用 □不适用

Unit: ten thousand yuan Currency: RMB

Business segment	Revenue from operations	Cost of sales	Gross margin (%)	Year-on-year changes in operating revenue(%)	Year-on-year changes in operating cost(%)	Year-on-year changes in gross margin(%)	Gross margins among the peers
Petrochemical segment	22,668,414.46	20,189,829.10	10.93	8.23	5.41	2.38	
Other segments	651,548.82	570,713.93	12.41	-46.75	-53.71	13.16	

(2). Basic situation of the company's main operations by sales channel

□适用 √不适用

Note to accounting policies

□适用 √不适用

5 Environmental protection and safety situation**(1). Basic Situation of Major Safety Production Accidents During the Company's Reporting Period**

□适用 √不适用

(2). Major environmental violations

□适用 √不适用

(V) Investment Status Analysis**General Analysis on External Equity Investment**

□适用 √不适用

1. Major equity investments

□适用 √不适用

2. Major non-equity investment

适用 不适用

3. Financial assets measured at fair value

适用 不适用

For details, see note of this report.

Securities investment situation

适用 不适用

Securities Investment Situation

适用 不适用

Private Equity Fund Investment Situation

适用 不适用

Derivatives Investment Situation

适用 不适用

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

适用 不适用

(VI) Sale of major assets and equity interests

适用 不适用

(VII) Analysis of Major Holding and Participating Companies

适用 不适用

Unit: hundred million yuan

Company name	Shareholding (%)	Business nature	Registered capital	Total assets	Net assets	Net profit
Hengli Petrochemical Refining	100.00	Manufacturing	175.96	1,109.78	321.39	33.58
Hengli Petrochemical (Dalian)	100.00	Manufacturing	58.90	361.75	115.78	1.62
Hengli Chemical Fiber	100.00	Manufacturing	22.08	451.38	67.69	16.39
Hengli Petrochemical Chemical	100.00	Manufacturing	45.75	610.85	76.92	13.04
Kanghui New Material	100.00	Manufacturing	16.78	212.73	63.47	2.44

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

Hengli Petrochemical (Dalian) Co., Ltd. including its subsidiaries Hengli Shipping (Dalian) Co., Ltd. . HENGLI PETROCHEMICAL CO., LIMITED, and Shenzhen Ganghui Trading Co., Ltd.

Hengli Petrochemical (Dalian) Refining and Chemical Co., Ltd. includes its subsidiaries Hengli Petrochemical International Pte. Ltd., Hengli Oilfield Pte. Ltd., Hengli Shipping International Pte. Ltd., Hengli Energy (Hainan) Co., Ltd., Hengli Oil and Chemical (Hainan) Co., Ltd., Suzhou Hengli Chemical Import and Export Co., Ltd., Shenzhen Shengang Trading Co., Ltd., Hengli Refining and Chemical Product Sales (Dalian) Co., Ltd., Hengli Aviation Oil Co., Ltd., Hengli Oil and Chemical (Suzhou) Co., Ltd., Hengli Energy (Jiangsu) Co., Ltd., Hengli Logistics (Dalian) Co., Ltd. Company, Suzhou Hengli Chemical Polymer Co., Ltd., Suzhou Hengli Energy Chemical Import and Export Co., Ltd.

Hengli Petrochemical (Dalian) Chemical Co., Ltd. includes its subsidiaries Hengli Petrochemical (Dalian) New Materials Technology Co., Ltd., Hengli Petrochemical Public Engineering (Dalian) Co., Ltd., and Dalian Hengzhong Special Materials Co., Ltd.

Kanghui New Materials Technology Co., Ltd. includes its subsidiaries Kanghui International Trade (Jiangsu) Co., Ltd., Suqian Kanghui New Materials Co., Ltd., Jiangsu Kanghui New Materials Technology Co., Ltd., Kanghui Dalian New Materials Technology Co., Ltd., and Kanghui Nantong New Materials Technology Co., Ltd.

(VIII) Structured entities controlled by the company

适用 不适用

On December 31, 2023, structured entities related to the company but not included in the scope of the financial statements are mainly engaged in asset management business, operating client assets, and providing clients with investment management services for securities, futures and other financial products. The total assets of this type of structured entity on December 31, 2023 are 738.5488 million yuan.

VI. Discussions and analysis of the Company's future development**(I) Industrial landscape and trend**

适用 不适用

1. Petrochemical industry

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

Under the "dual carbon" goal, we will vigorously promote the transformation of clean production technology and recycling, promote advanced and applicable energy-saving, low-carbon, water-saving technologies, and comprehensive waste utilization technologies, and attach great importance to the conservation and intensive utilization of various resources. Accelerate the demonstration application of CCUS, effectively reduce carbon emissions, and explore the development of hydrogen production tail gas and catalytic cracking flue gas carbon dioxide direct conversion, carbon dioxide dry reforming, carbon dioxide hydrogenation to produce oil products and chemical technology demonstrations.

Accelerate the integration of new generation information technologies such as 5G, big data, and artificial intelligence with the petrochemical and chemical industry, continuously enhance the ability to obtain chemical process data, enrich data in enterprise production management, process control, product flow, and other aspects, connect production and operation information data "islands", build analysis models for production and operation, market and supply chain, strengthen integrated control of the entire process, promote innovative applications of digital twins, accelerate digital transformation, achieve organizational structure optimization, dynamic and accurate services, assist management decision-making and other management model innovations, improve intrinsic safety, and enhance enterprise management capabilities.

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

Some high-end petrochemical products and new chemical materials in China are currently unable to meet market demand, and the market potential is enormous. Focusing closely on the demand for chemical materials in strategic emerging industries such as new energy vehicles, next-generation information technology, aerospace, rail transit, energy conservation and environmental protection, and big health, we will accelerate the transformation and upgrading of advanced and applicable technologies, increase efforts to extend, supplement, and strengthen the supply chain, and improve the level of product refinement, specialization, and serialization. With the development of downstream industries, the future market development space for chemical new materials is vast.

2. PTA

China is the largest producer and consumer of PTA. Under the competitive landscape of the integrated industrial chain, leading companies in the PTA industry have strong market competitiveness in terms of the scale of a single set of facility, stable production and operation, material consumption, energy consumption, and product quality. As the PTA industry is going through fiercer competition, its concentration will be further increased.

3. Polyester fiber

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

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

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

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

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

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

(II) Development strategy

√ 适用 □ 不适用

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

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

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

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

(III) Operational plan

适用 不适用

2024 is a crucial year for achieving the goals and tasks of the 14th Five Year Plan. The company adheres to the overall tone of seeking progress while maintaining stability, consolidates traditional advantages, develops new driving forces, coordinates development and safety, mobilizes all positive factors, gathers strength, adheres to integrity and innovation, and strives to achieve the company's annual business goals, ensuring high-quality economic growth, and continuing to strive towards the great goal of "century long perseverance". The key work for the whole year will revolve around the following aspects:

1. Strengthen efficient collaboration between production and sales, and make every effort to increase market share.

Continue to strengthen "quality, cost, and quick response", adhere to the business policy of "sales determine production, production promotion", adhere to the business philosophy of "customer centered, market centered, and all staff marketing", quickly identify market changes and customer needs, establish a sound and flexible organizational structure, quickly respond to market changes, continuously optimize product structure, and meet market demand. Fully utilize the two major domestic and international markets, continue to increase market development efforts, expand marketing channels, and enhance market share.

2. Stimulate new productive forces and strengthen innovation driven development.

Deeply implement the innovation driven development strategy, continuously improve the technological innovation system, target key core technology links in the industrial chain, and deepen the integration of industry, academia, research and application to promote industrial innovation. The refining, chemical, petrochemical, and fine chemical sectors should fully utilize the resource advantages of industrial parks, strengthen the extension of products to high-end fields, enhance product competitiveness, and effectively promote green development of enterprises. The polyester new materials sector should continue to leverage its technological advantages, increase efforts in new product development, concentrate advantageous resources, and break through the key core technologies of high-value fiber products.

3. Strengthen management empowerment and build a solid foundation for high-quality development.

Further improve and perfect the safety and environmental protection management system, implement safety production responsibilities and safety management work, and build a higher and stronger safety defense line. Under the guidance of the national dual carbon policy, we will vigorously promote green manufacturing, optimize the industrial system, improve industrial layout, and continue to develop towards high-end, intelligent, and high-quality green development.

Efficiently implement "system management of personnel, process management, and form management efficiency", further improve systems, optimize processes, and enhance management efficiency and execution. Make full use of existing digital platforms, further improve overall research and development capabilities, promote the improvement of intelligent manufacturing level, and help build industry-leading intelligent factories.

(IV) Potential Risks

适用 不适用

Risk of macroeconomic fluctuations

The products involved in the company's business field are closely related to the national economy and people's livelihood, and there is a high degree of linkage between industry development and the prosperity of the national economy. The changes in the macro environment of China's national economy, export policies, and consumer demand to a certain extent affect industry operating rates, product prices, profitability, and so on. The company closely monitors the

macroeconomic situation and market dynamics, makes timely predictions, adjusts business strategies, and minimizes the risks caused by macroeconomic fluctuations.

2. Risk of raw material price fluctuations

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

3. Foreign exchange risk

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

4. Environmental protection and safety risk

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

(V) Others

适用 不适用

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

适用 不适用

Chapter 4 Corporate Governance

I. Notes on Corporate Governance

适用 不适用

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

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

适用 不适用

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

适用 不适用

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

适用 不适用

III. Notes on General Shareholders Meetings

Meeting session	Date of meeting	Inquiry index of the designated website where the resolution is published	Disclosure date of resolution	Meeting resolution
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			publication	
2022 Annual General Meeting	May 19, 2023	http://www.sse.com.cn/	May 20, 2023	For details, please refer to the "Announcement on the Resolutions of Hengli Petrochemical's 2022 Annual Shareholders' Meeting" (Announcement No.: 2023-025)
2023 The first extraordinary general meeting of shareholders	June 27, 2023	http://www.sse.com.cn/	June 28, 2023	For details, please refer to the "Announcement on Resolutions of Hengli Petrochemical's 2023 First Extraordinary General Meeting of Shareholders" (Announcement No.: 2023-036)
2023 The second extraordinary general meeting of shareholders	October 12, 2023	http://www.sse.com.cn/	October 13, 2023	For details, please refer to the "Announcement on Resolutions of Hengli Petrochemical's 2023 Second Extraordinary General Meeting of Shareholders" (Announcement No.: 2023-057)
2023 The third extraordinary general meeting of shareholders	December 29, 2023	http://www.sse.com.cn/	December 30, 2023	For details, please refer to the "Announcement on Resolutions of Hengli Petrochemical's 2023 Third Extraordinary General Meeting of Shareholders" (Announcement No.: 2023-071)

Shareholders of preference shares whose voting rights have been restored request to convene an extraordinary general meeting

适用 不适用

Note to the general meeting of shareholders

适用 不适用

During the reporting period, the company held a total of four shareholder meetings, including one annual shareholder meeting and three extraordinary shareholder meetings. The convening and procedures of the shareholder meetings complied with the provisions of laws, administrative regulations, the "Rules of Shareholders' General Meetings of Listed Companies," and the company's articles of association. The attendees and the convener of the meetings were qualified and valid. The voting procedures and results of the shareholder meetings were legal and effective.

IV. Information about directors, supervisors and senior executives

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

√适用 □不适用

Unit: Share

Name	Position (Note)	Sex	Age	Position start date	Position end date	Number of shares held at the beginning of the year	Number of shares held at the end of the year	Increase or decrease of shares during the year	Reason for increase or decrease	The total pre-tax remuneration received from the company within the Reporting Period (10,000 yuan)	Whether to get paid at the company's related party
Fan Hongwei	Chairman of the board	Female	57	2022-04-27	2025-04-27	791,494,169	791,494,169	-		120	No
Wang Zhiqing	Director, General Manager	Male	62	2022-12-29	2025-04-27	-	-	-		165	No
Li Feng	Director, Deputy General Manager, Board Secretary	Male	45	2022-04-27	2025-04-27	-	-	-		108.82	No
Liu Dunlei	Director, Deputy General Manager	Male	52	2022-04-27	2025-04-27	-	-	-		146.49	No
Gong Tao	director	Male	44	2022-04-27	2025-04-27	-	-	-		107.56	No
Liu Jun	Independent Director	Male	60	2022-04-27	2025-04-27	-	-	-		20.00	No
Wu Yongdong	Independent Director	Male	44	2022-04-27	2025-04-27	-	-	-		20.00	No
Xue	Independent	Male	45	2022-04-27	2025-04-27	-	-	-		20.00	No

Wenliang	Director										
Kang Yunqiu	Chairman of the Supervisory Board	Female	44	2022-04-27	2025-04-27	4,640	4,640	-		-	Yes
Shen Guohua	Supervisor	Male	46	2022-04-27	2025-04-27	-	-	-		49.34	No
Tang Fangming	Employee Supervisor	Male	44	2022-04-06	2025-04-27	-	-	-		37.26	No
Liu Qianhan	Deputy General Manager	Male	47	2022-04-27	2025-04-27	-	-	-		72.50	No
Liu Xuefen	Deputy General Manager, Chief Financial Officer	Female	52	2022-04-27	2025-04-27	-	-	-		143.48	No
Zhang Wenyu	Deputy General Manager	Male	49	2023-08-07	2025-04-27	15,000	-	-15,000	Note: Zhang Wenyu has not bought or sold the company's stock since he became the deputy general manager	32.99	No
Total	/	/	/	/	/	791,513,809	791,498,809	-15,000	/	1,043.45	/

Name	Main work experience
Fan	Born in 1967, Chinese nationality, no overseas permanent residence, college degree. From May 1994 to December 2001, he served as the general manager

Hongwei	of Wujiang Chemical Fiber Weaving Factory Co., Ltd.; from January 2002, he served as the director of Hengli Group Co., Ltd.; from November 2002 to August 2011, he served as the director of Jiangsu Hengli Chemical Fiber Limited; From August 2011 to March 2016, served as the vice chairman and general manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; since March 2016, he has served as the chairman of Jiangsu Hengli Chemical Fiber Co., Ltd. From March 2016 to December 2022, he served as the chairman and general manager of the Company; since December 2022, he has served as the chairman of the Company.
Wang Zhiqing	Born in 1962, Chinese nationality, no overseas permanent residence, Doctor of Engineering, professor-level senior engineer. Started to work in 1983, successively served as chief engineer of Luoyang Petrochemical General Plant, deputy manager and manager of Sinopec Luoyang Branch, leader of Sinopec Guangxi Oil Refining Preparatory Team, general manager of Sinopec Jiujiang Branch, Director of Jiujiang Petrochemical Complex, chairman, general manager, and deputy secretary of the party committee of Shanghai Petrochemical Co., Ltd. Since December 2022, he has served as the general manager of the Company, and since June 2023 served as a director of the Company.
Li Feng	Born in 1979, Chinese nationality, no overseas permanent residence, master's degree, senior economist, member of the third M&A financing committee of China Association of Listed Companies. Served as project manager, office director, and deputy general manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; served as deputy general manager and secretary of the board of directors of Jiangsu Hengli Chemical Fiber Co., Ltd. from August 2011 to March 2016; Since March 2016, he has served as director and deputy general manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; since March 2016, he has served as director, deputy general manager and secretary of the board of directors of the Company.
Gong Tao	Born in 1980, Chinese nationality, no overseas permanent residence, master degree. He used to be a technician of Xianglu Petrochemical (Xiamen) Co., Ltd., a monitor of Zhejiang Yisheng Petrochemical Co., Ltd., and an engineer of Hanbang (Jiangyin) Petrochemical Co., Ltd.; from February 2011 to May 2015 years, he was the director and manager of Hengli Petrochemical (Dalian) Co., Ltd.; From May 2015 to now, he has been the deputy general manager of Hengli Petrochemical (Dalian) Co., Ltd. Since March 2018, he has served as a director of the Company.
Liu Dunlei	Born in 1972, Chinese nationality, no overseas permanent residence, bachelor degree. Served as assistant to the general manager and manager of Qingdao Gaohe Co., Ltd.; successively served as FDY engineer, workshop director, and manager of Area E of the filament department of Jiangsu Hengli Chemical Fiber Co., Ltd.; Since August 2012, he has served as the general manager of Jiangsu Hengke Advanced Materials Co. Ltd.; since March 2016, he has served as the Company's deputy general manager; since March 2018, he has served as the Company's director and deputy general manager.
Liu Jun	Born in 1964, Chinese nationality, no overseas permanent residence, Ph.D. He used to be an associate professor, professor, and vice president of Nanjing Normal University, and served as a member of the party group, vice president, member of the judicial committee, and judge of Yangzhou Intermediate People's Court. He is currently a professor at the Law School of Nanjing Normal University. Since April 2022, he has served as an independent director of the Company.
Wu Yongdong	Born in 1980, Chinese nationality, no overseas permanent residence, bachelor degree, Chinese certified public accountant. Served as senior project manager of Tianjian Certified Public Accountants (Special General Partnership), credit partner of Ruihua Certified Public Accountants (Special General Partnership) Zhejiang Branch, Internal audit director and director of Hangzhou Shunwang Technology Co., Ltd., and financial director of Zhejiang Chuangke Network Co., Ltd. He is currently the financial director of Hangzhou Jierui Air Treatment Equipment Co., Ltd. Since April 2022, he has served as an independent director of the Company.
Xue Wenliang	Born in 1979, Chinese nationality, no overseas permanent residence, Ph.D., once served as an associate researcher and master tutor at the Textile College of Donghua University, and is now a professor and doctoral tutor at the Textile College of Donghua University. Since April 2022, he has served as an independent director of the Company.

Kang Yunqiu	Born in 1980, Chinese nationality, no permanent residence abroad, bachelor degree, senior economist. Served as general ledger accountant of Jiangsu Hengli Chemical Fiber Co., Ltd., financial manager of Jiangsu Boyada Textile Co., Ltd., financial director of Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd. He is currently the assistant to the chief financial officer of Hengli Group Co., Ltd., and the director of Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd. Since April 2022, he has served as the chairman of the Company's board of supervisors.
Shen Guohua	Born in 1978, Chinese nationality, no overseas permanent residence, college degree. Previously served as deputy manager of the general ledger accountant and finance department of Jiangsu Hengli Chemical Fiber Co., Ltd.; from December 2017 to August 2021, he served as the manager of the Company's audit department. Since August 2021, he has served as the Company's audit director. Since April 2022, he has served as a supervisor of the Company.
Tang Fangming	Born in 1980, Chinese nationality, no overseas permanent residence, bachelor degree, senior engineer, successively worked as a technician, engineer, and director of the enterprise management department of Jiangsu Hengli Chemical Fiber Co., Ltd.; he is currently the assistant to the general manager of Jiangsu Hengli Chemical Fiber Co., Ltd. Since April 2022, he has served as the employee supervisor of the Company.
Liu Qianhan	Born in 1977, Chinese nationality, no overseas permanent residence, master degree. Served as business representative, deputy sales manager and sales manager of Jiangsu Hengli Chemical Fiber Co., Ltd.; Deputy General Manager of Jiangsu Hengli Chemical Fiber Co., Ltd. from September 2010 to now; current Deputy General Manager of the Company.
Liu Xuefen	Born in 1972, Chinese nationality, no overseas permanent residence, college degree. Worked as cashier and accountant of Wujiang Silk Sample Factory; teller, loan officer and accounting supervisor of Shengze Branch of China Construction Bank; from April 2004 to April 2012, manager of the audit department of Jiangsu Hengli Chemical Fiber Co., Ltd.; Since April 2012, he has served as the financial director of Hengli Petrochemical (Dalian) Co., Ltd.; from May 2016 to March 2018, he has served as the Company's supervisor; he is currently the Company's deputy general manager and financial director.
Zhang Wenyu	Born in 1975, Chinese nationality, no overseas permanent residence, college degree. He has served as the sales manager of Jiangsu Hengke New Material Co., Ltd. and the sales director of Jiangsu Hengli Chemical Fiber Co., Ltd. He is currently the deputy general manager of Jiangsu Hengli Chemical Fiber Co., Ltd. and the deputy general manager of the company.

Other note

√适用 □不适用

1. The total pre-tax remuneration received by directors, supervisors, and senior management during the reporting period only includes their remuneration during their tenure.
2. The shareholding changes of Zhang Wenyu during the reporting period occurred before he became the deputy general manager, and he has not bought or sold the company's shares since taking office as the deputy general manager.
3. The company held the ninth meeting of the ninth board of directors on June 7, 2023 and the first extraordinary general meeting of shareholders in 2023 on June 27, 2023 to consider and approve relevant proposals, agreeing to elect Wang Zhiqing as a non-independent director of the ninth board of directors. On August 7, 2023, the eleventh meeting of the ninth board of directors was held to consider and approve relevant proposals, agreeing to appoint Zhang Wenyu as the deputy general manager of the company.
or details, please refer to the "Announcement of the Resolution of the Ninth Meeting of the Ninth Board of Directors of Hengli Petrochemical"

(Announcement No. 2023-030), "Announcement of the Resolution of the First Extraordinary General Meeting of Shareholders of Hengli Petrochemical in 2023" (Announcement No. 2023-036), and "Announcement of the Resolution of the Eleventh Meeting of the Ninth Board of Directors of Hengli Petrochemical" (Announcement No. 2023-044) published by the company on June 8, 2023, June 28, 2023, and August 8, 2023 respectively on the designated information disclosure media.

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

√适用 □不适用

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

2. Employment in other entities

√适用 □不适用

Staff name	Name of other entity	Positions held in other entity	Start date of the term	End date of the term
Fan Hongwei	Suzhou Tongli Lake Conference Center Co., Ltd.	Supervisor	April 2015	
Fan Hongwei	Wujiang Huayi Investment Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Jiangsu Boyada Textile Co., Ltd.	Director	January 2014	
Fan Hongwei	Suzhou Kanglian Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Haolan Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Chundao Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Hanci Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Suzhou Zhongkun Investment Co., Ltd.	Supervisor	October 2014	
Fan Hongwei	Wujiang Chemical Fiber Weaving Factory Co., Ltd.	Supervisor	January 2014	

Fan Hongwei	Hengli Import and Export Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Wujiang Tiancheng Real Estate Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Suzhou Kangjia Property Management Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Suzhou Hengli Real Estate Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd.	Director	July 2015	
Fan Hongwei	Yingkou Henghan Investment Co., Ltd.	Supervisor	January 2014	
Fan Hongwei	Hengli Investment (Yingkou) Co., Ltd.	Supervisor	June 2014	
Fan Hongwei	Yingkou Comfort Investment Co., Ltd.	Supervisor	June 2014	
Fan Hongwei	Yingkou Lishun Real Estate Co., Ltd.	Supervisor	July 2014	
Fan Hongwei	Yingkou Lida Real Estate Co., Ltd.	Supervisor	July 2014	
Fan Hongwei	Yingkou Ligang Real Estate Co., Ltd.	Supervisor	July 2014	
Fan Hongwei	Zidian International Investment Co., Ltd.	Director	January 2014	
Fan Hongwei	Suzhou Hengli Intelligent Technology Co., Ltd.	Supervisor	July 2017	
Fan Hongwei	Sichuan Hengli Real Estate Co., Ltd.	Executive Director	November 2019	
Fan Hongwei	Shanghai Yuanyuan Education Technology Co., Ltd.	Director	August 2020	
Kang Yunqiu	Hengli Industrial Investment (Suzhou) Co., Ltd.	Supervisor	November 2019	
Kang Yunqiu	Hengli (Suzhou) Technology R&D Co., Ltd.	Supervisor	July 2020	
Kang Yunqiu	Hengli Industrial Construction (Suzhou) Co., Ltd.	Supervisor	January 2021	
Kang Yunqiu	Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd.	Director	October 2022	July 2024
Kang Yunqiu	Hengli (Shenzhen) Investment Group Co., Ltd	Supervisor	March 2024	
Kang Yunqiu	Suzhou Jiebang Real Estate Co., Ltd	Supervisor	November 2023	
Kang Yunqiu	Suzhou Beifu Real Estate Co., Ltd	Supervisor	November 2023	
Kang Yunqiu	Suzhou Anjing Real Estate Co., Ltd	Supervisor	November 2023	
Kang Yunqiu	HengAn Internet (Beijing) Information Technology Co., Ltd	Supervisor	December 2023	
Kang Yunqiu	Suzhou Hengli System Integration Co., Ltd	Supervisor	September 2020	
Kang Yunqiu	Suzhou Yuean Real Estate Co., Ltd	Supervisor	November 2023	
Li Feng	Suzhou Yikai Statistics Office Co., Ltd	Supervisor	May 2015	
Liu Jun	Guangxi Ruiyi New Energy Co., Ltd	Director	October 2020	
Wu Yongdong	Hangzhou Jierui Air Treatment Equipment Co., Ltd.	Chief Financial Officer	December 2021	

Note to employment in other organizations	
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(III) Remuneration of Directors, Supervisors and Senior Management

√适用 □不适用

Decision-making procedures for the remuneration of directors, supervisors and senior executives	The compensation plan for the company's directors and the salary distribution plan for senior executives proposed by the Remuneration and Appraisal Committee, and reported to the Board of Directors for approval
Whether the director withdraws when discussing his own remuneration in the board meeting	Yes
Specific details of the recommendations made by the Remuneration and Evaluation Committee or the special meeting of independent directors on the remuneration of directors, supervisors, and senior management personnel	The Remuneration and Evaluation Committee evaluated the annual performance of the company's directors and senior executives by understanding the company's main financial indicators and the completion of business objectives, reviewing the company's directors and senior executives' personal performance reports, and convening a meeting to review their remuneration plans. They concluded that the remuneration plan was reasonable and that the management team's remuneration was in line with market-based salaries.
Basis for Determination of Remuneration of Directors, Supervisors and Senior Management	According to the company's overall operating conditions and the annual salary level of previous years, it is determined by comparing the director and executive salary levels of similar listed companies and Others companies in the same industry
Actual Payment of Remuneration to Directors, Supervisors and Senior Management	The payment has been completed according to the results of the performance appraisal. For details, please refer to the "Statement of Shareholding Changes and Remuneration of Directors, Supervisors and Senior Management"
Total remuneration actually received by all directors, supervisors and senior management at the end of the reporting period	10.4345 million yuan

(IV) Changes in Directors, Supervisors and Senior Management of the Company

√适用 □不适用

Name	Position held	Changes	Reason for change
Wang Zhiqing	Director	Election	Company work arrangement
Zhang Wenyu	Deputy General Manager	Appointment	General Election of the Board of Directors

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

□适用 √不适用

(VI) Others

□适用 √不适用

V. Relevant information on board meetings held during the reporting period

Meeting session	Date of Meeting	Meeting resolutions
Announcement of the Resolution of the Seventh Meeting of the Ninth Board of Directors	2023-2-12	<ol style="list-style-type: none"> 1. "Proposal on Changing the Asset Management Institution of the Third Phase Employee Stock Ownership Plan" 2. "Proposal on Changing the Asset Management Institution of the Fifth Employee Stock Ownership Plan"
Announcement of the Resolution of the 8th Meeting of the 9th Board of Directors	2023-4-26	<ol style="list-style-type: none"> 1. "General Manager Work Report for 2022" 2. "Work Report of the Board of Directors for 2022" 3. "Annual Report 2022 and Abstract" 4. "Financial Final Account Report for 2022" 5. "Proposal on Not Proposing Profit Distribution in 2022" 6. "Company's 2022 Annual Internal Control Evaluation Report" 7. "Proposal on the Remuneration of Directors and Senior Management in 2022" 8. "2022 Social Responsibility Report" 9. "Proposal on the Estimated Situation of Daily Related Transactions in 2023" 10. "Proposal on Conducting Foreign Exchange Derivatives Trading Business in 2023" 11. "Proposal on Carrying out Futures Hedging Business in 2023" 12. "Proposal on the 2023 Entrusted Investment Plan" 13. "Proposal on the 2023 Guarantee Plan" 14. "Proposal on Applying for Comprehensive Credit Line in 2023" 15. "Proposal on Renewal of Appointment of Accounting Firm" 16. "First Quarterly Report of 2023" 17. "Proposal on Revising the Information Disclosure Suspension and Exemption Management System" 18. "Proposal on the Revision of the Investor Relations Management System" 19. "Proposal on Changes in Accounting Policies" 20. "Proposal on Convening the 2022 Annual General Meeting of Shareholders of the Company"
Announcement of the Resolution of the 9th Meeting of the 9th Board of Directors	2023-6-7	<ol style="list-style-type: none"> 1. "Proposal on Increasing the Number of Board of Directors and Amending Some Provisions of the Articles of Association" 2. "Proposal on Amending the Rules of Procedure of the Board of Directors" 3. "Proposal on the Renaming of the Strategy and Investment Committee of the Board of Directors and the Revision of the Relevant Implementation Rules" 4. "Proposal on the election of Mr. Wang Zhiqing as a non-independent director of the 9th Board of Directors of the Company" 5. "Proposal on Adjusting the Members of the Special Committee of the Board of Directors" 6. "Proposal on Convening the First Extraordinary General Meeting of Shareholders of the Company in 2023"

Announcement of the Resolution of the 10th Meeting of the 9th Board of Directors	2023-7-4	<ol style="list-style-type: none"> 1. "Proposal on Approving the Restructuring and Listing of the Company's Subsidiary, Kanghui New Material Technology Co., Ltd." 2. "Proposal on the Restructuring and Listing of the Subsidiary Kanghui New Material Technology Co., Ltd. in Compliance with Relevant Laws and Regulations" 3. "Proposal on the Restructuring and Listing Plan for the Spin-off of the Subsidiary Kanghui New Material Technology Co., Ltd." 4. "Plan on Restructuring and Listing of the Subsidiary Kanghui New Material Technology Co., Ltd." 5. "Proposal on the Restructuring and Listing of the Subsidiary Kanghui New Material Technology Co., Ltd. in Accordance with the "Split Rules for Listed Companies (Trial Implementation)" 6. "Proposal on the Restructuring and Listing of the Subsidiary Kanghui New Material Technology Co., Ltd. to Safeguard the Legitimate Rights and Interests of Shareholders and Creditors" 7. "Proposal on the Maintenance of Independence and Continuous Operation Capacity of Listed Companies" 8. "Proposal on the Ability of New Companies Formed by Spin-off to Operate in a Standardized Manner" 9. "Proposal on the completeness and compliance of the legal procedures for this spin-off and the validity of the legal documents submitted" 10. "Proposal on the Purpose, Commercial Rationality, Necessity and Feasibility Analysis of This Spin-off" 11. "Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors and Its Authorized Personnel to Handle Matters Related to This Spin-off" 12. "Proposal on Not Convening a Shareholders' Meeting to Review the Restructuring and Listing of the Company's Subsidiaries"
Announcement of the Resolution of the 11th Meeting of the 9th Board of Directors	2023-8-7	"Proposal on Appointment of Deputy General Manager of the Company"
Announcement of the resolution of the 12th meeting of the 9th Board of Directors	2023-8-22	"Full Text and Abstract of the 2023 Semi-annual Report"
Announcement of the resolution of the 13th meeting of the 9th Board of Directors	2023-9-11	<ol style="list-style-type: none"> 1. "Proposal on Approving the Restructuring and Listing of the Company's Subsidiary, Kanghui New Material Technology Co., Ltd" 2. "Proposal on the Restructuring and Listing of the Subsidiary Company Kanghui New Material Technology Co., Ltd. in Accordance with Relevant Laws and Regulations" 3. "Proposal on the Restructuring and Listing Plan for the Spin-off of Subsidiary Kanghui New Material Technology Co., Ltd" 4. "Proposal on the Plan (Revised Draft) of Hengli Petrochemical Co., Ltd. to Split and Restructure its Subsidiary Kanghui New Material Technology Co., Ltd. for Listing"

		<p>5. "Proposal on the Restructuring and Listing of the Subsidiary Kanghui New Material Technology Co., Ltd. in Accordance with the "Listed Company Spin-off Rules (Trial Implementation)"</p> <p>6. "Proposal on the Restructuring and Listing of the Subsidiary Kanghui New Material Technology Co., Ltd. to Safeguard the Legitimate Rights and Interests of Shareholders and Creditors"</p> <p>7. "Proposal on the Maintenance of Independence and Continuous Operation Capacity of Listed Companies"</p> <p>8. "Proposal on the Ability of New Companies Formed by Spin-off to Operate in a Standardized Manner"</p> <p>9. "Proposal on the Completeness and Compliance of the Legal Procedures for the Performance of This Spin-off and the Validity of the Legal Documents Submitted"</p> <p>10. "Proposal on the purpose, commercial rationality, necessity and feasibility analysis of this spin-off"</p> <p>11. "Proposal on Requesting the General Meeting of Shareholders to Authorize the Board of Directors and Its Authorized Personnel to Handle Matters Related to This Spin-off"</p> <p>12. "Proposal on Convening the Second Extraordinary General Meeting of Shareholders in 2023"</p>
Announcement of the Resolution of the 14th Meeting of the 9th Board of Directors	2023-10-27	"Third Quarterly Report of 2023"
Announcement of the Resolution of the 15th Meeting of the 9th Board of Directors	2023-12-13	<p>1. "Proposal on Amending the Working System of Independent Directors"</p> <p>2. "Proposal on Amending the Implementation Rules of the Special Committees of the Board of Directors"</p> <p>3. "Proposal on Amending the Special Management System for Raised Funds"</p> <p>4. "Proposal on the Revision of the Foreign Exchange Derivatives Trading Business Management System"</p> <p>5. "Proposal on Revising the Management System of Foreign Guarantees"</p> <p>6. "Proposal on Establishing the Accounting Firm Selection and Employment System"</p> <p>7. "Proposal on Adjusting the Members of the Special Committee of the Ninth Board of Directors"</p> <p>8. "Proposal on Convening the Third Extraordinary General Meeting of Shareholders in 2023"</p>

VI. Performance of duties by directors

(I) Participation of Directors in the Board of Directors and General Meetings of Shareholders

Director's name	Whether independent director	Participation in the board of directors						Participation in the general meeting of shareholders
		Number	In-	Participation	Entrusted	Number	Did not	Attendance

	Director	Number of board meetings attended in person this year	Number of board meetings attended by means of communication	Total number of board meetings attended	Number of absences	Number of meetings attended in person in a row	Number of meetings attended at general meetings of shareholders		
	Fan Hongwei	No	9	9	2	0	0	No	3
	Wang Zhiqing	No	6	6	4	0	0	No	1
	Li Feng	No	9	9	2	0	0	No	4
	Liu Dunlei	No	9	9	7	0	0	No	2
	Gong Tao	No	9	9	7	0	0	No	1
	Liu Jun	Yes	9	9	7	0	0	No	2
	Xue Wenliang	Yes	9	9	7	0	0	No	2
	Wu Yongdong	Yes	9	9	7	0	0	No	2

Explanation for failing to attend two board meetings in person in a row

适用 不适用

Number of board meetings held during the year	9	10
Including: Number of on-site meetings	0	0
Number of meetings held by means of communication	2	2
Number of meetings held on site combined with communication	7	8

(II) Situation where directors raise objections to relevant matters of the company

适用 不适用

(III) Others

适用 不适用

VII. Special committees under the board of directors

适用 不适用

(I). Membership of special committees under the board of directors

Special committee	Members
Audit Committee	Wu Yongdong, Liu Jun, Gong Tao
Nominating Committee	Liu Jun, Xue Wenliang, Liu Dunlei
Remuneration and Appraisal Committee	Xue Wenliang, Wu Yongdong, Li Feng
Strategy Committee	Fan Hongwei, Wang Zhiqing, Xue Wenliang

(II). During the reporting period, the Audit Committee held 6 meetings

Date of meeting	Meeting content	Material comments and suggestions	Other performance of duties
April 20, 2023	The second annual audit communication meeting was held to express opinions on matters such as the preliminary audit opinions to be issued by the annual	Nil	Nil

	audit accountants on the company's financial and accounting statements.		
April 26, 2023	Deliberate the Company's 2022 Annual Financial Accounting Statement, the Summary Report of the Audit Committee of the Board of Directors on the 2022 Annual Audit Work, the Company's 2022 Annual Internal Control Evaluation Report, the Proposal for Renewing the Accounting Firm, the 2022 Annual Report and its Summary, the Proposal on the Estimated Daily Related Transactions in 2023, the Company's First Quarter Financial Accounting Statement for 2023, and the First Quarter Report for 2023, and issue written audit opinions	Nil	Nil
August 22, 2023	Review the "2023 Semi-annual Report" and provide written review comments	Nil	Nil
October 27, 2023	Review the Third Quarterly Report of 2023 and provide written review opinions	Nil	Nil
December 1, 2023	The first annual review communication meeting for the 2023 annual report was held	Nil	Nil
December 12, 2023	The company will review the "Accounting Firm Selection and Employment System" and provide audit opinions	Nil	Nil

(III). During the reporting period, the Nomination Committee held 2 meetings

Date of meeting	Meeting content	Material comments and suggestions	Other performance of duties
June 7, 2023	The company conducted a review of the qualifications of Wang Zhiqing, a non-independent director candidate who was elected by the company, and reviewed his resume and other information to determine whether he had the qualifications and abilities to hold the position. An audit opinion was issued	Nil	Nil
August 7, 2023	The qualification review of Zhang Wenyu, the candidate for the deputy general manager of the company, was conducted by reviewing his resume and other information to determine whether he has the qualifications and abilities to assume the position, and an audit opinion was issued	Nil	Nil

(IV). During the reporting period, the Remuneration and Appraisal Committee held 1 meeting

Date of meeting	Meeting content	Material comments and suggestions	Other performance of duties
April 25, 2023	Deliberate "the Proposal on the Remuneration of Directors and Senior Management of the Company in 2022"	Nil	Nil

(V). During the reporting period, the Strategy and Investment Committee held 2 meeting

Date of meeting	Meeting content	Material comments and suggestions	Other performance of duties
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July 3, 2023	Deliberate the restructuring and listing of the company's spin-off subsidiary Kanghui New Material Technology Co., Ltd., and issue audit opinions	Nil	Nil
September 10, 2023	Deliberate the matters related to the restructuring and listing of the company's spin-off subsidiary Kanghui New Material Technology Co., Ltd., and issue audit opinions	Nil	Nil

(VI). Specific circumstances of objections

适用 不适用

VIII. Explanation of the Board of Supervisors' discovery of risks in the company

适用 不适用

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

IX. Employees of the parent company and major subsidiaries at the end of the reporting period**(I) Employees**

The number of employees employed by the parent company	32
The number of employees in the main subsidiary	35,975
Total Number of Employees	39,615
Number of retired employees whose parent company and main subsidiaries need to bear the expenses	428
Professional composition	
Professional composition category	Headcount
Production staff	29,854
Sales staff	390
Technical staff	5,539
Financial officer	258
Administrative staff	1,544
Others	2,030
Total	39,615
Education level	
Education level category	Headcount
Doctor	
Master	17
Undergraduate	277
College and below	5,979
Total	33,342
	39,615

(II) Remuneration policy

适用 不适用

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

The company's compensation and benefits primarily include basic salary, position-based salary, seniority-based salary, piecework wages, bonuses, overtime pay, night shift allowances,

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

(III) Training plan

适用 不适用

(IV) Labor outsourcing

适用 不适用

X. Profit distribution or capital reserve conversion plan

(I) Formulation, implementation or adjustment of cash dividend policy

适用 不适用

During the reporting period, there was no adjustment to the company's cash dividend policy. The company strictly follows the relevant provisions of the "Articles of Association" and "Shareholder Return Plan for the Next Five Years (2020-2024)".

(II) Special Notes on Cash Dividend Policy

适用 不适用

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

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

适用 不适用

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

适用 不适用

Unit: Ten thousand Yuan Currency: RMB

Bonus shares for every 10 shares (shares)	0
Dividend per 10 shares (yuan) (tax included)	5.5
Number of conversions per 10 shares (shares)	0

Cash dividend amount (tax included)	387,150.49
Net profit attributable to ordinary shareholders of listed companies in the annual consolidated statement of dividends	690,460.39
Ratio of net profit attributable to ordinary shareholders of listed companies in the consolidated statements (%)	56.07
Repurchase of shares in cash is included in the amount of cash dividends	0
Total dividend amount (tax included)	387,150.49
The ratio of the total dividend amount to the net profit attributable to ordinary shareholders of the listed company in the consolidated statement (%)	56.07

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

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

适用 不适用

Event	Index
Proposed to change the asset management institution of the third and fifth employee stock ownership plans	For details, please refer to the "Announcement of Hengli Petrochemical on Changing the Asset Management Institution of the Third and Fifth Employee Stock Ownership Plans" (Announcement No. 2023-003) disclosed by the company on the website of the Shanghai Stock Exchange on February 18, 2023
The lock-up period of the sixth employee stock ownership plan has expired	For details, please refer to the "Indicative Announcement of Hengli Petrochemical on the Expiration of the Lock-up Period for the Sixth Employee Stock Ownership Plan" (Announcement No. 2023-023) disclosed by the company on the website of the Shanghai Stock Exchange on May 10, 2023
The asset management institution for the third and fifth employee stock ownership plans has been changed	For details, please refer to the announcement of Hengli Petrochemical on the completion of the change of asset management institutions for the third and fifth employee stock ownership plans disclosed on the website of the Shanghai Stock Exchange on May 27, 2023 (Announcement No. 2023-027)

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

Equity Incentive Situation

适用 不适用

Other note

适用 不适用

Employee Stock Ownership Plan Status

适用 不适用

Other incentives

适用 不适用

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

适用 不适用

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

√适用 □不适用

The company has established a senior management performance evaluation and incentive mechanism, with a compensation and assessment committee under the board of directors. This committee is responsible for studying and formulating the standards and procedures for evaluating senior management personnel and reviewing their compensation policies and plans. The company continuously improves its long-term incentive policies based on actual circumstances, aiming to motivate senior management to fulfill their responsibilities diligently and responsibly.

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

√适用 □不适用

During the reporting period, the company strictly adhered to various laws and regulations, such as the "Company Law," "Basic Norms for Enterprise Internal Control," "Listing Rules of the Shanghai Stock Exchange," and "Self-regulatory Guidelines for Listed Companies of the Shanghai Stock Exchange - Standard Operations." The company also followed internal control system standards to operate and manage risks effectively. The company established a robust internal control management system, taking into account industry characteristics and actual business operations. The internal control system was continuously optimized and improved to ensure the lawful and compliant operation and management of the company, asset security, and the accuracy and integrity of financial reporting and related information. These measures aimed to enhance operational efficiency, actual results, and protect the interests of the company and all shareholders.

Explanation on major deficiencies in internal control during the reporting period

□适用 √不适用

XIII. Management and control over subsidiaries during the reporting period

√适用 □不适用

In compliance with the requirements of the "Company Law," the company has established and continuously improved a modern corporate system. Through the shareholders' meeting, the board of directors, and the supervisory board, effective management of subsidiary companies has been implemented. The company has developed a comprehensive management system that covers its major business areas, achieving institutionalization of management practices. The management system has also been disseminated to the subsidiary companies, which have formulated their own management systems based on it.

XIV. Explanation on the relevant situation of the internal control audit report

√适用 □不适用

According to the "Basic Norms for Enterprise Internal Control" and its supporting guidelines, as well as other internal control regulatory requirements, the company, in conjunction with its internal control system and evaluation methods, conducted an assessment of the effectiveness of internal controls as of the benchmark date for the internal control evaluation report. The company prepared the "2023 Annual Internal Control Evaluation Report" in accordance with the format, content, and requirements specified by the China Securities Regulatory Commission (CSRC) and the Shanghai Stock Exchange (SSE).

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

Whether to disclose the internal control audit report: Yes

Type of internal control audit report opinion: standard unqualified opinion

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

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

XVI. Others

适用 不适用

Chapter 5 Environmental and Social Responsibility

I. Environmental information

Whether to establish relevant mechanisms for environmental protection	Yes
Investment in environmental protection funds during the reporting period (unit: ten thousand yuan)	23, 297

(I) Explanation on the environmental protection status of companies and their major subsidiaries that belong to the key pollutant discharge units announced by the environmental protection department

适用 不适用

1. Sewage Information

适用 不适用

The Company pays great heed to environmental protection, and strictly acts upon the Environmental Protection Law of the People's Republic of China, the Law of the People's Republic of China on Promoting Clean Production, and the Law of the People's Republic of China on the Prevention and Control of Environmental Pollution by Solid Wastes and other relevant laws and regulations. The key pollutant discharging companies and their subsidiaries mainly include Hengli Refining and Chemical, Hengli Chemical, Hengli Petrochemical (Dalian), Kanghui New Materials, Kanghui Dalian New Materials, Hengli Chemical Fiber, Deli Chemical Fiber, Hengke New Materials, and Su Sheng Thermal Power.

During the reporting period, each pollutant discharging subsidiary carried out self-monitoring of their environmental impact and engaged professional third parties to test various pollutant factors. The test results showed that the emission concentrations of various pollutants were in compliance with national and local pollutant discharge standards and other relevant standards. The total discharge of pollutants is under the required limit as outlined by operation permits. (Due to the switch between old and new pollutant discharge licenses, there were some changes in the approved total annual pollutant discharge amount and discharge calculation methods of some key pollutant discharge subsidiaries.)

The specific pollutant discharge is as follows:

1. Hengli Petrochemical Refining

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge reports	Thedischarge characteristics	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation

				rt s					
Wa ste wa ter	Wastewater volume	Co nti nu ou s em issi on	1	DW011 discharge port	/	1684208	/	/	Nil
	Chemical oxygen demand		1		26.416667mg/L	30.348308	237.42	DB21/1627-2008 Comprehensive Wastewater Discharge Standard	
	Ammonia nitrogen		1		0.2525mg/L	0.086613	17.97	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry	
	Total Phosphorus		1		0.2775mg/L	0.445129	/	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry	
	Total nitrogen		1		8.7675mg/L	13.838439	70.9	DB21/1627-2008 Comprehensive Wastewater Discharge Standard	
Ex ha ust gas	Sulfur dioxide	Or ga niz ed em issi on s	14	-	9.9379mg/m ³	1189.749534	2449.38	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry	
	Nitrogen oxides		12		25.81195mg/m ³	2394.016197	5091.54		
	particulate matter		16		1.10555mg/m ³	117.585235	1051.2		
	Non-methane total hydrocarbons		11		2.3925mg/m ³	103.592676	2785.57		

2. Hengli Chemical

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge reports	The distribution of discharge reports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
W a s t e w a t e r	Wastewater volume	Co nti nu ou s em issi on	1	DW001 discharge port	/	1585987	/	/	Nil
	Chemical oxygen demand		1		22.526mg/L	37.7575	204.3	DB21/1627-2008 Comprehensive Wastewater Discharge Standard	
	Ammonia nitrogen		1		0.075mg/L	0.15644	32.7	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry	
	Total Phosphorus		1		0.182mg/L	0.28337	/	GB31570-2015 Pollutant Discharge Standard for	

							Petroleum Refining Industry	
	Total nitrogen		1		6.997mg/L	11.0088	61.3	DB21/1627-2008 Comprehensive Wastewater Discharge Standard
Exhaust gas	Sulfur dioxide	Organized emissions	5	/	2.4105mg/m ³	55.881175	116.5	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry
	Nitrogen oxides		5		25.8145mg/m ³	434.712418	974.4	
	particulate matter		21		0.4141mg/m ³	9.182814	149	
	Non-methane total hydrocarbons		19		8.0292mg/m ³	38.748273	745.6	

3. Hengli Petrochemical (Dalian)

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge reports	The distribution of discharge reports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
Waste water	Wastewater volume	Continuous emission	1	DW004 discharge port	/	3485880	/	/	Nil
	Chemical oxygen demand		1		32.916667mg/L	290.40595	559	DB21/1627-2008 "Comprehensive Wastewater Discharge Standard"	
	Ammonia nitrogen		1		0.03mg/L	0.36582	111.8	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry	
	Total Phosphorus		1		0.131923mg/L	1.729	/	GB31570-2015 Pollutant Discharge Standard for Petroleum Refining Industry	
	Total nitrogen		1		4.848462mg/L	63.0157	239.81	DB21/1627-2008 "Comprehensive Wastewater Discharge Standard"	
Exhaust gas	Sulfur dioxide	Organized emissions	2	/	13.76mg/m ³	217.18	477.4409	Emission Standards for Air Pollutants from Coal-fired Power Plants in Liaoning Province	Nil
	Nitrogen oxides		2		28.605mg/m ³	445.71	682.058	Emission Standards for Air Pollutants from Coal-fired Power Plants in Liaoning Province	
	particulate matter		72		1.16mg/m ³	19.7547	319.525	GB31571-2015 "Petrochemical Industry Pollutant Discharge Standard"	
	Non-methane total hydrocarbons		72		1.1317mg/m ³	209.670281	877.2	GB31571-2015 "Petrochemical Industry Pollutant Discharge Standard"	

4. Kanghui New Material

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge reports	The distribution of discharge reports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
Wastewater	Wastewater volume	Continuous emission	1	Facility of the factory area	/	512674	652352	Table 2 standard in Liaoning Province's comprehensive sewage discharge standard DB21-1627-2008	Nil
	Chemical oxygen demand				11.6225mg/L	5.9401	28.808		
	Ammonia nitrogen				0.0705mg/L	0.0356	2.91		
	Total Phosphorus				0.749mg/L	0.384	/		
	Total nitrogen				17.187mg/L	7.273	14.185		
Exhaust gases	Particulate matter	1	1	Factory central chimney	2.8337mg/m ³	1.775	50.591	Emission Standard of Air Pollutants for Boilers GB13271-2014	
	Sulfur dioxide				3.1783mg/m ³	1.931	20.23		
	Nitrogen oxide				32.8725mg/m ³	20.061	89.71	Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015	
	VOCs				15.127mg/m ³	22.46	170.763		

5. Kanghui Dalian New Material

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge ports	The distribution of discharge ports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
Wastewater	Wastewater volume	Indirect emissions	1	Relying on the main wastewater discharge outlet of Hengli Petrochemical	/	37894	/	Liaoning Province Integrated Wastewater Discharge Standard DB21/1627 Emission Standard of Pollutants for Synthetic Resin Industry GB31572	Nil
	Chemical oxygen demand				32.9166mg/L	0.716145	4.15		
	Ammonia nitrogen				4.848mg/L	0.1484	0.42		
	Total Phosphorus				0.03mg/L	0.000838	0.13		
	Total nitrogen				0.131mg/L	0.004216	/		
Exhaust gases	Nitrogen oxide	Direct emissions	5	Each workshop and auxiliary feeding workshop	0	0	7.92		
	Particulate matter				7.745mg/m ³	0.183379	0.342		
	VOCs				5.17mg/m ³	0.044043	5.52		

6. Hengli Chemical Fiber

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge ports	The distribution of discharge ports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
Wastewater	Wastewater volume	Continuous indirect discharge of municipal sewage plant	1	In the factory area	/	54684	132000	Takeover standard of sewage plant	Nil
	Chemical oxygen demand				33.28 mg/L	1.82	6.02		

	Sulfur dioxide	Continuous emission environment	7	In the factory area	1.5mg/m ³	5.34	20.83	Emission Standard of Air Pollutants for Boilers DB32/4385-2022
	Nitrogen oxides		7		30mg/m ³	31.18	58.79	
	Particles		7		2mg/m ³	1.65	30.7	
	VOCs		4		1.5mg/m ³	0.85	46.67	Integrated Emission Standard of Air Pollutants DB32/4041-2021

7. Deli Chemical Fiber

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge reports	The distribution of discharge reports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
Wastewater	Wastewater volume	Indirect emissions	1	/	/	89118	115350	GB/T31962-2015 Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015, Integrated Wastewater Discharge Standard GB8978-1996, Antimony Pollutant Emission Standard for Textile Dyeing and Finishing Industrial Wastewater DB32/3432-2018, Water Quality Standard for Sewage Discharge into Urban Sewers GB/T31962-2015	Nil
	Chemical oxygen demand		1		32.432mg/L	3.013	46.14		
	Ammonia nitrogen		1		1.315mg/L	0.125	0.9577		
	Total phosphorus		1		/	0.009	0.16075		
	Total nitrogen		1		/	0.432	0.5972		
Exhaust gases	Sulfur dioxide	Continuous emissions	1	/	3.08mg/m ³	0.48069	13.2	Integrated Emission Standard of Air Pollutants DB/324041-2021, Emission Standard of Air Pollutants for Boilers DB32/4385-2022, Emission Standard of Odor Pollutants GB14554-93, Emission Standard of Pollutants for Synthetic Resin Industry GB31572-2015, Unorganized Emission Control Standard for Volatile Organic Compounds GB37822-2019	
	Nitrogen oxides		1		24.572mg/m ³	4.01392	22.706		
	Particulate matter		1		2.381mg/m ³	0.39028	2.113		
	Non-methane total hydrocarbons		1		/	0.86792	1.92		

8. Hengke Advanced Materials

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge ports	The distribution of discharge ports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
Waste water	Wastewater volume	Indirect emissions	1	Sewage station	/	67398	/	"Water Quality Standards for Sewage Discharge into Urban Sewers GB/T31962-2015", "Emission Standards for Pollutants in the Synthetic Resin Industry GB31572-2015", "Emission Standards for Water Pollutants in the Textile Dyeing and Finishing Industry GB4287-2012", "Emission Standards for Pollutants in the Petrochemical Industry GB31571-2015", "Comprehensive Sewage Discharge Standards GB8978-1996"	Nil
	Chemical oxygen demand				16.21mg/L	1.122	361.25		
	Ammonia nitrogen				0.55mg/L	0.042	1.21		
	Total Phosphorus				0.165mg/L	0.0083	0.44		
	Total nitrogen				4.38mg/L	0.348	9.41		
Exhaust gas	Sulfur dioxide	Directly discharge	1	Heating	1.65mg/m ³	2.68	69.84	Emission Standards for Air Pollutants from Boilers DB32/4385-2022, Emission Standards for Pollutants from	

	Nitrogen oxides	rg e aft er tre at m ent	u m st at io n	18.4 mg/m ³	8.82	349.39	Synthetic Resin Industry GB31572-2015, Emission Standards for Pollutants from Petrochemical Industry GB31571-2015, Comprehensive Emission Standards for Air Pollutants DB32/4041-2021, Emission Standards for Odor Pollutants GB14554-93
	Particulate matter			3.59 mg/m ³	4.44	52.41	
	Non-methane			2.52 mg/m ³	0.66	28.86	

9. Su Sheng Thermal Power

Type of pollutant	Main Pollutants and Characteristic Pollutants	Emission method	Number of discharge ports	The distribution of discharge ports	Emission Concentration	Total emissions (tons/year)	Approved total emissions (tons/year)	Pollutant Emission Standards Executed	Excessive emission situation
waste water	Waste water volume	Indirect emissions	1	Within the factory area	/	6649.39	11000	Integrated Wastewater Discharge Standard GB8978-1996	Nil
Exhaust gas	Sulfur dioxide	Direct emissions	2		10.11mg/m ³ 10.11mg/m ³	46.34	434.337	DB32/4148—2021 Emission Standard of Air Pollutants for Coal-fired Power Plants DB32/4148-2021	
	Nitrogen oxide				28.99mg/m ³ 28.99mg/m ³	133.17	868.674		
	Particulate matter				1.59mg/m ³ 1.59mg/m ³	7.03	172.424		

2. Construction and operation of pollution prevention and control facilities

适用 不适用

During the reporting period, the above companies who discharged pollutants all built their pollutant control facilities following the requirements for environmental impact assessment of the construction project. Currently, the facilities are under normal operation. The companies carry out daily maintenance of the facilities to ensure their efficient and stable operations of keeping emissions within the standards.

3. Environmental Impact Assessment of Construction Projects and Other Environmental Protection Administrative Licensing

适用 不适用

During the reporting period, the company's construction and renovation projects have been accompanied by the preparation of environmental impact assessment reports by relevant

construction units. These reports have received approval from the corresponding ecological and environmental departments, granting permission for construction. Various pollution prevention and control facilities (including those for air, water, noise, and solid waste classification and disposal) and environmental management during the construction period have been implemented in accordance with the approved content of the environmental impact assessment report. The company strictly adheres to the "design, construction, and production simultaneously" system for environmental protection.

4. Emergency plan for environmental emergencies

√适用 □不适用

Company	Emergency plan	Filing party	Filing number
Hengli Petrochemical Refining	"Hengli Petrochemical (Dalian) Refining Co., Ltd. Emergency plan for environmental emergencies "	Dalian Wafangdian (Changxing Island Economic Zone) Ecological Environment Branch	210281-2021-052-H
Hengli Petrochemical (Dalian)	"Hengli Petrochemical (Dalian) Co., Ltd. Emergency plan for environmental emergencies "	Dalian Wafangdian (Changxing Island Economic Zone) Ecological Environment Branch	210281-2022-068-H
Hengli Petrochemical Chemical	"Hengli Petrochemical (Dalian) Chemical Co., Ltd. Emergency plan for environmental emergencies "	Dalian Wafangdian (Changxing Island Economic Zone) Ecological Environment Branch	210281-2022-069-H
Kanghui New Material	"Kanghui New Material Technology Co., Ltd. Emergency plan for environmental emergencies "	Environmental Protection Bureau of Administrative Committee of Yingkou Xianrendao Economic Development Zone	210881-2021-037-M
Kanghui Dalian New Material	"Kanghui Dalian New Material Technology Co., Ltd Emergency Plan for environmental emergencies"	Dalian Wafangdian (Changxing Island Economic Zone) Ecological Environment Branch	210281-2022-034-L
Hengli Chemical Fiber	"Jiangsu Hengli Chemical Fiber Co., Ltd. Emergency plan for environmental emergencies "	Suzhou Wujiang Ecological Environment Bureau	320509-2022-042-M
	"Daxie Village Factory of Jiangsu Hengli Chemical Fiber Co., Ltd. Emergency plan for environmental emergencies"	Suzhou Wujiang Ecological Environment Bureau	320509-2023-129-L
Deli Chemical Fiber	"Jiangsu Deli Chemical Fiber Co., Ltd. Emergency plan for environmental emergencies "	Suqian Sucheng Ecological Environment Bureau	321302-2023-025-L
Hengke Advanced Materials	《Jiangsu Hengke Advanced Materials Co. Ltd. Contingency plans for environmental emergencies》	Nantong Tongzhou Ecological Environment Bureau	320683-2023-090-H

Susheng Thermal Power	“Suzhou Susheng Thermal Power Co., Ltd. Emergency plan for environmental emergencies “	Suzhou Wujiang Ecological Environment Bureau	320509-2023-138-M
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5. Environmental Self-Monitoring Program

适用 不适用

The company's key pollutant-emitting subsidiaries under its jurisdiction have developed environmental monitoring plans in accordance with relevant national self-monitoring standards and environmental management system requirements. These plans are submitted to the local environmental regulatory authorities for record-keeping while applying for pollutant discharge permits. The company regularly organizes its environmental monitoring station to conduct tests on various pollutants emitted from each workshop's discharge outlets. For projects where the company lacks testing capabilities, it entrusts third-party institutions with environmental monitoring qualifications to conduct emission testing for specific pollutants, such as wastewater and exhaust gases. The company assigns dedicated personnel to inspect and aggregate data on various pollutant indicators. Additionally, data analysis is performed to provide timely feedback to relevant departments as a basis for adjusting process parameters and ensuring compliance with emission standards. This systematic approach ensures that the company achieves standardized emissions.

6. Administrative penalties due to environmental issues during the reporting period

适用 不适用

7. Other environmental information that should be disclosed

适用 不适用

(II) Explanation on environmental protection of companies other than key pollutant discharge entities

适用 不适用

1. Cases of receiving administrative penalties due to environmental issues

适用 不适用

2. Disclose other environmental information with reference to key pollutant discharge entities

适用 不适用

3. Reasons for not disclosing other environmental information

适用 不适用

The company places great importance on environmental protection and strictly implements the "Environmental Protection Law of the People's Republic of China." It is committed to complying with national and local environmental laws and regulations, industry technical specifications, and government management provisions. The company actively carries out daily environmental management work. Non-production subsidiaries under the company have minimal impact on the environment, with their energy consumption and emissions mainly concentrated in daily operational and office activities. The company's subsidiaries

actively assume corporate environmental responsibilities and strictly adhere to various environmental policies. They effectively implement environmental measures to protect the environment.

(III) Relevant information that is conducive to protecting the ecology, preventing pollution, and fulfilling environmental responsibilities

适用 不适用

Please refer to the relevant content in the chapter "03 Energy Conservation and Emissions Reduction, Permanent Protection of Green" of the 2023 Environmental, Social and Governance (ESG) Report disclosed by the company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 10, 2024.

(IV) Measures and effects taken to reduce its carbon emissions during the reporting period

Whether to take carbon reduction measures	Yes
Reduction of carbon dioxide equivalent emissions (unit: tons)	Not applicable
Types of carbon reduction measures (such as using clean energy for power generation, using carbon reduction technologies in the production process, and developing new products that help reduce carbon emissions)	In the production process, use carbon reduction technologies such as carbon dioxide recovery, clean energy generation such as photovoltaics and biogas, and research and development of new green products that help reduce carbon emissions

Specific note

适用 不适用

Please refer to the relevant content in the chapter "03 Energy Conservation and Emissions Reduction, Sustainable Green Protection" of the 2023 Environmental, Social and Governance (ESG) Report disclosed by the company on the website of the Shanghai Stock Exchange (www.sse.com.cn) on April 10, 2024.

II. Social Responsibility Work Situation

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

适用 不适用

The company has prepared and disclosed its separate Annual Corporate Social Responsibility Report for the year 2023. For specific details, please refer to the "2023 Annual Corporate Social Responsibility Report" disclosed by the company on April 10, 2024, on the SSE website (www.sse.com.cn).

(II) Specific situation of social responsibility work

适用 不适用

External donation, public welfare projects	Quantity/Content	Detail
Total investment (ten thousand yuan)	10,200	Subsidiary Hengli Refining and Chemical donated 100 million yuan to help Dalian The construction of medical and educational infrastructure in Changxing Island area; the subsidiary Jiangsu Xuanda Polymer Materials Co., Ltd. donated 2 million yuan to Nantong Hengli Education Development Foundation
Including: capital (ten thousand yuan)	10,200	
Material discount (ten thousand yuan)	0	

thousand yuan)		
Number of people benefited (person)		

Special note

适用 不适用

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

适用 不适用

Poverty Alleviation and Rural Revitalization Projects	Quantity/Content	Details
Total investment (ten thousand yuan)	0.3	Subsidiary Hengli Futures Co., Ltd. donated 3,000 yuan for rural revitalization projects
Including: capital (ten thousand yuan)	0.3	
Material discount (ten thousand yuan)		
Number of people benefited (person)		
Forms of assistance (such as industrial poverty alleviation, employment poverty alleviation, education poverty alleviation, etc.)		

Special note

适用 不适用

Chapter 6 Important events

I. Fulfillment of Commitments

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

适用 不适用

- (II) The company's assets or projects have profit forecasts, and the reporting period is still in the period of profit forecasts. The company shall explain whether the assets or projects have reached the original profit forecasts and the reasons

已达到 未达到 不适用

- (III) Fulfillment of Performance Commitment and Its Impact on Goodwill Impairment Test

适用 不适用

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

适用 不适用

III. Guarantee in violation of regulations

适用 不适用

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

适用 不适用

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

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

适用 不适用

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

适用 不适用

- (III) Communication with the former accounting firm

适用 不适用

- (IV) Approval procedures and other note

适用 不适用

VI. Appointment and Dismissal of Accounting Firms

Unit: ten thousand yuan Currency: RMB

	Currently employed
Domestic accounting firm name	Zhonghui Certified Public Accountants (Special General Partnership)
Domestic accounting firm remuneration	379
Audit period for domestic accounting firms	4
The name of the certified public accountant of the domestic accounting firm	Han Jian, Fang Sai
Consecutive years of audit services of CPAs of domestic accounting firms	Han Jian (5 years), Fang Sai (2 year)

	Name	Remuneration
Internal control audit accounting firm	Zhonghui Certified Public Accountants (Special General Partnership)	60

Explanation on the appointment and dismissal of accounting firms

适用 不适用

Explanation on the change of accounting firm during the audit period

适用 不适用

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

适用 不适用

VII. Situations at risk of delisting

(I) Reasons for delisting risk warning

适用 不适用

(II) Countermeasures the company intends to take

适用 不适用

(III) Circumstances and reasons for facing termination of listing

适用 不适用

VIII. Matters related to bankruptcy and reorganization

适用 不适用

IX. Major litigation and arbitration matters

本年度公司有重大诉讼、仲裁事项 本年度公司无重大诉讼、仲裁事项

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

适用 不适用

The Shanghai Stock Exchange issued the "Decision on the Criticism of the Controlling Shareholder and Actual Controller of Hengli Petrochemical Co., Ltd." on February 15, 2023 (Disciplinary Action Decision [2023] No. 16 of Shanghai Stock Exchange). For details, please refer to the website of Shanghai Stock Exchange (www.sse.com.cn).

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

适用 不适用

XII. Significant related party transactions

(I) Related party transactions related to daily operations

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation

适用 不适用

Matter	Index
Estimated daily related party transactions in 2023	For details, please refer to the "Announcement of Hengli Petrochemical on the Expected Status of Daily Related Transactions in 2023" (Announcement No. 2023-010) disclosed by the company on the website of the Shanghai Stock Exchange on April 28, 2023

2. Matters that have been disclosed in the interim announcement, but have progress or changes in subsequent implementation

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

(II) Related party transactions in asset or equity acquisition and sale

1. Matters that have been disclosed in the temporary announcement and have no progress or

适用 不适用

2. Matters that have been disclosed in the interim announcement, but have progress or changes in subsequent implementation

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

4. If performance agreement is involved, the performance realization within the Reporting Period shall be disclosed

适用 不适用

(III) Significant connected transactions involving joint foreign investment

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation

适用 不适用

2. Matters that have been disclosed in the interim announcement, but have progress or changes in subsequent implementation

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

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

1. Matters that have been disclosed in the temporary announcement and have no progress or change in subsequent implementation

适用 不适用

2. Matters that have been disclosed in the interim announcement, but have progress or changes in subsequent implementation

适用 不适用

3. Matters not disclosed in the interim announcement

适用 不适用

(V) The financial business between the company and the financial company that has a related relationship, the company's holding financial company and related parties

适用 不适用

(VI) Others

适用 不适用

XIII. Significant contracts and their performance

(I) Trusteeship, contracting and leasing

1. Trusteeship

适用 不适用

2. Contracting

适用 不适用

3. Leasing

适用 不适用

(II) Guarantee

√适用 □不适用

Unit: hundred million yuan Currency: RMB

The company's external guarantees (excluding guarantees for subsidiaries)															
Guarantor	Guarantor's relationship with the listed company	The party being guaranteed	Guarantee amount	Guarantee date (signing date of the agreement)	Guarantee start date	Guarantee expiry date	Guarantee type	Collateral (if any)	Whether the guarantee has been fulfilled	Whether the guarantee is overdue	Guarantee overdue amount	Counter guarantee	Whether to guarantee for related parties	Relationship with related party	
Nil															
Total amount of guarantees incurred during the reporting period (excluding guarantees to subsidiaries)															-
Total balance of guarantees at the end of the reporting period (A) (excluding guarantees to subsidiaries)															-
Guarantees provided by the company and subsidiaries to its subsidiaries															
Total amount of guarantees for subsidiaries during the reporting period															2,941.87
Total balance of guarantees to subsidiaries at the end of the reporting period (B)															2,005.64
Total company guarantees (including guarantees to subsidiaries)															
Total Guarantee (A+B)															2,005.64
The ratio of the total guarantee amount to the company's net assets (%)															334.32
Including:															
Amount of guarantee provided for shareholders, actual controllers and their related parties (C)															0
Amount of debt guarantee provided directly or indirectly for guaranteed objects whose asset-liability ratio exceeds 70% (D)															
The amount of the part where the total guarantee exceeds 50% of the net assets (E)															1,581.84
The total amount of the above three guarantees (C+D+E)															1,581.84

Explanation on possible joint and several liability for unexpired guarantees	
Guarantee information	During the reporting period, the company's guarantees were mutual guarantees between the company and its subsidiaries (sub-subsidiaries).

(III) Entrusting others to manage cash assets**1. Entrusted financial management****(1) Overall situation of entrusted financial management**

√适用 □不适用

Unit: ten thousand yuan Currency: RMB

Type	Source of fund	Amount	Outstanding balance	Overdue uncollected amount
Bank financial products	Self-owned funds	92,970.00		
Financial products of securities companies	Self-owned funds	24,930.40	23,450.00	
Trust financial products	Self-owned funds	16,000.00	2,000.00	
Public fund products	Self-owned funds	4,999.90	4,999.90	
Private equity fund products	Self-owned funds	7,800.00	3,300.00	

Others

□适用 √不适用

(2) Individual entrusted financial management

√适用 □不适用

Unit: yuan Currency: RMB

Trustee	Entrusted financial management type	Entrusted financial management amount	Entrusted financial management start date	Entrusted financial management maturity date	Sources of funds	Funding direction	restrictions situation	Remuneration determination method	Annualized rate of return	Expected income (if any)	Actual gain or loss	Unexpired amount	Whether it has gone through legal procedures	Is there any entrusted financial plan in the future?	Amount of provision for impairment (if any)
Galaxy Securities	Financial products of securities companies	10,000,000.00	2023/4/27		Self-owned funds	Fixed-income bonds	NIL					10,000,000.00	Yes		
Guolian Securities	Financial products of securities companies	49,500,000.00	2023/12/25		Self-owned funds	Fixed-income bonds	NIL					49,500,000.00	Yes		
China Securities Co., Ltd	Financial products of securities	125,000,000.00	2023/12/29		Self-owned	Fixed-income bonds	NIL					125,000,000.00	Yes		

	s compani es				fund s										
Jiangsu Internati onal Trust Co., Ltd	Trust financial products	20,000,00 0.00	2023/4/ 26		Self- own ed fund s	money market instrum ents	NIL					20,000,00 0.00	Yes		
Federal Reserve Securitie s	Financial products of securitie s compani es	50,000,00 0.00	2023/8/ 8		Self- own ed fund s	bond	NIL					50,000,00 0.00	Yes		
Tianzhi Fund Manage ment Co., Ltd	Public fund products	49,999,00 0.00	2023/12 /5		Self- own ed fund s	mixed securiti es investm ent	NIL					49,999,00 0.00	Yes		

Others

□适用 √不适用

(3) Provision for impairment of entrusted financial management

适用 不适用

2. Entrusted loan situation

(1) General situation of entrusted loans

适用 不适用

Others

适用 不适用

(2) Individual entrusted loans

适用 不适用

Others

适用 不适用

(3) Provision for impairment of entrusted loans

适用 不适用

3. Others

适用 不适用

(IV) Other major contracts

适用 不适用

XIV. Progress description of the use of raised funds

适用 不适用

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

适用 不适用

Chapter 7 Share Changes and Shareholders

I. Changes in Shares

(I) Changes in Shares

1. Changes in Shares

During the reporting period, the total number of shares and share capital structure of the company remained unchanged.

2. Description of changes in shares

适用 不适用

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

适用 不适用

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

适用 不适用

(II) Changes in restricted shares

适用 不适用

II. Securities Issuance and Listing

(I) Securities issuance as of the reporting period

适用 不适用

Unit: share Currency: RMB

Types of stocks and their derivative securities	Issuance date	Issue price (or interest rate)	Issue quantity	Listing date	The number of transactions approved for listing	Transaction end date
Common stock						
Convertible corporate bonds, convertible bonds with warrants						
Bonds (including corporate bonds, corporate bonds, and non-financial corporate bond financing instruments)						
Short-term bond	2023-07-17	3.53%	1 billion yuan	2023-07-20		2024-07-19
Short-term bond	2022-07-22	3.18%	1 billion yuan	2022-07-26		2023-07-25

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

适用 不适用

On November 10, 2021, and November 26, 2021, the company convened the 23rd meeting of the eighth Board of Directors and the second extraordinary general meeting of shareholders in 2021. The meetings reviewed and approved the Proposal on Registering and Issuing Short-Term Financing Bonds, agreeing that the company would apply to the China Interbank Market Dealers Association to register and issue short-term financing bonds with an amount not exceeding RMB 3 billion (including 3 billion yuan).

On March 11, 2022, the company received the Acceptance of Registration Notice (Zhong Shi Xie Zhu [2022] CP14) from the Dealers Association, stating that the Dealers Association accepted the registration of the company's short-term financing bonds with a registered amount of 3 billion yuan. The registered quota is valid for a period of 2 years from the date of the notice.

On May 31, 2022, the company issued the first tranche of short-term financing bonds for the year 2022 in the national interbank market. The bonds have a maturity of 1 year, with a total issuance amount of 1 billion yuan and an issuance interest rate of 3.03%.

On July 22, 2022, the company issued the second tranche of short-term financing bonds for the year 2022 in the national interbank market. The bonds have a maturity of 1 year, with a total issuance amount of 1 billion yuan and an issuance interest rate of 3.18%.

On July 17, 2022, the company issued the first tranche of short-term financing bonds for the year 2023 in the national interbank market. The bonds have a maturity of 1 year, with a total issuance amount of 1 billion yuan and an issuance interest rate of 3.53%.

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

适用 不适用

(III) Existing Internal Staff Shares

适用 不适用

III. Shareholders and actual controllers

(I) Total number of shareholders

Total number of ordinary shareholders as of the end of the reporting period (accounts)	101,183	114,006
The total number of ordinary shareholders at the end of the previous month before the annual report disclosure date (accounts)	98,151	113,210
Total number of preferred shareholders with voting rights restored as of the end of the reporting period (accounts)	0	0
The total number of preference shareholders whose voting rights have been restored at the end of the previous month before the annual report disclosure date (accounts)	0	0

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

Unit: share

Shareholdings of the top ten shareholders							
Shareholder's name (Full name)	Changes during the reporting period	Number of shares held at the end of the period	Ratio (%)	Number of restricted shares held	Pledge, Mark or Freeze Situation		Shareholder nature
					Share status	Quantity	
Hengneng Investment (Dalian) Co., Ltd.	0	1,498,478,926	21.29	0	Pledged	0	Domestic non- state-owned legal person
Hengli Group Co., Ltd.	-123,000,000	1,120,172,342	15.91	0	Pledged	279, 000, 000	Domestic non- state-owned legal person
Hengli Group - Southwest Securities— 21 Hengli E1 Guarantee and Trust Property Account	123,000,000	980,440,000	13.93	0	None	0	Other
Fan Hongwei	0	791,494,169	11.24	0	None	0	Domestic natural person
Tak Shing Li International Holdings Ltd.	0	732,711,668	10.41	0	None	0	Foreign legal person
Hong Kong Securities Clearing Company Limited	3,242,891	120,480,118	1.71	0	None	0	Other
Xuanyuan Private Equity Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Yuanbao No. 16 Private Securities Investment Fund	-1,066,200	82,600,783	1.17	0	None	0	Other
Xuanyuan Private Equity Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Yuanbao No. 15 Private Securities Investment Fund	-1,008,600	74,115,694	1.05	0	None	0	Other
Dalian State-owned Assets Investment and Operation Group Co., Ltd.	-80,000	68,818,123	0.98	0	Pledged	15, 000, 000	State-owned legal entity

Xuanyuan Private Equity Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Yuanbao No. 17 Private Equity Securities Investment Fund	-865,800	66,297,823	0.94	0	None	0	Other
Shareholdings of the top ten shareholders not subject to sales restrictions							
Shareholder's name	Number of unrestricted tradable shares held	Share type and quantity					
		Type	Quantity				
Hengneng Investment (Dalian) Co., Ltd.	1,498,478,926	Renminbi ordinary shares	1,498,478,926				
Hengli Group Co., Ltd.	1,120,172,342	Renminbi ordinary shares	1,243,172,342				
Hengli Group—Southwest Securities—21 Hengli E1 Guarantee and Trust Property Account	980,440,000	Renminbi ordinary shares	857,440,000				
Fan Hongwei	791,494,169	Renminbi ordinary shares	791,494,169				
Tak Shing Li International Holdings Ltd.	732,711,668	Renminbi ordinary shares	732,711,668				
Hong Kong Securities Clearing Company Limited	120,480,118	Renminbi ordinary shares	117,237,227				
Xuanyuan Private Equity Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Yuanbao No. 16 Private Securities Investment Fund	82,600,783	Renminbi ordinary shares	83,666,983				
Xuanyuan Private Equity Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Yuanbao No. 15 Private Securities Investment Fund	74,115,694	Renminbi ordinary shares	75,124,294				
Dalian State-owned Assets Investment and Operation Group Co., Ltd.	68,818,123	Renminbi ordinary shares	68,898,123				
Xuanyuan Private Equity Fund Investment Management (Guangdong) Co., Ltd. - Xuanyuan Yuanbao No. 17 Private Equity Securities Investment Fund	66,297,823	Renminbi ordinary shares	67,163,623				
Explanation of the repurchase accounts among the top ten shareholders	As of the end of the reporting period, none of the top ten shareholders had a corporate repurchase account.						
Explanation on proxy voting rights, proxy voting rights and waiver of voting rights of the above-mentioned shareholders	When Hengli Group, the controlling shareholder of the company, conducted a non-public issuance of exchangeable corporate bonds, it established a guarantee and trust account through the trustee, using a portion of Hengli Petrochemical's legally owned A-share stocks as collateral and trust property. The account is held in the name of Southwest Securities Co., Ltd. and is registered as the securities holder in the company's shareholder register under the name "Hengli Group-Southwest Securities-21 Hengli E1 Guarantee and Trust Property Account." When exercising voting rights, Southwest Securities Co., Ltd. will act in accordance with the opinions of Hengli Group, while ensuring the interests of the holders of the exchangeable bonds are not compromised.						

Explanation on the related relationship or concerted action of the above-mentioned shareholders	Hengli Group, Hengneng Investment, Fan Hongwei and Tak Shing Li are parties acting in concert with each other; the relationship between other shareholders is unknown.
Explanation on preferred stockholders with restored voting rights and the number of shares held	During the reporting period, the company had no preferred shareholders.

The top ten shareholders' participation in the refinancing business and their share lending

适用 不适用

Unit: share

The top ten shareholders' participation in the refinancing business and their share lending								
Shareholder's name	Shareholding in general accounts and credit accounts at the beginning of the period		Refinancing lending shares at the beginning of the period and not yet returned		Ending ordinary account and credit account shareholding		Transferred and financed lending shares at the end of the period and not yet returned	
	Total quantity	Proportion (%)	Total quantity	Proportion (%)	Total quantity	Proportion (%)	Total quantity	Proportion (%)
Dalian State-owned Assets Investment and Operation Group Co., Ltd.	68,898,123	0.98	0	0	68,818,123	0.98	80,000	0.12

The top ten shareholders have changed compared to the previous period

适用 不适用

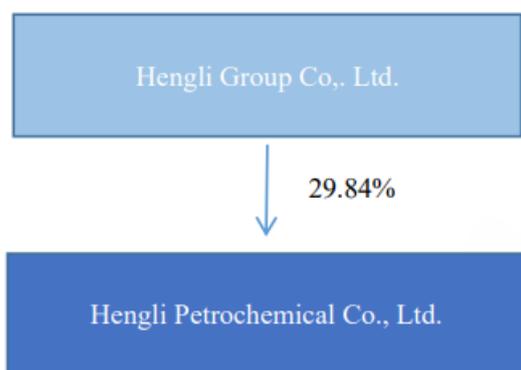
The number of shares held by the top ten shareholders with sales restrictions and the conditions for sales restrictions

适用 不适用

(III) Strategic investors or general legal persons become the top 10 shareholders due to allotment of new shares适用 不适用**IV. Controlling Shareholders and Actual Controllers****(I) Controlling Shareholders****1 Legal person**适用 不适用

Name	Hengli Group Co., Ltd.
The person in charge or legal representative of the entity	Chen Jianhua
Date of establishment	January 16, 2002
Main operating business	Production and sales of needle textiles and paper packaging materials (excluding printing) ; sales of chemical fiber raw materials, plastics, mechanical and electrical equipment, instruments, ash residue, purified terephthalic acid (PTA), and monoethylene glycol (MEG) ; industrial investment; research and development of new textile raw materials products; self-operated and agency import and export of various commodities and technologies; limited branch operations include thermal power generation and steam production and supply. (Business activities in projects that require approval by law can only be conducted after obtaining approvals from relevant departments).
Shareholdings of other domestic and foreign listed companies controlled and participated in during the reporting period	Hengli Group is the controlling shareholder of the listed company Guangdong Songfa Ceramics Co., Ltd. (stock code: 603268) and the listed company Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd. (stock code: 834199).
Other information	Nil

2 Natural Person适用 不适用**3 Special note on the absence of a controlling shareholder in the company**适用 不适用**4 Explanation on the change of controlling shareholders during the reporting period**适用 不适用**5 Block diagram of the property rights and control relationship between the company and the controlling shareholder**适用 不适用



Note :

When calculating the shareholding ratio of the controlling shareholder Hengli Group, the number of shares held indirectly through the "Hengli Group-Southwest Securities-21 Hengli E1 Guarantee and Trust Property Account" is included.

(II) Actual controller

1 Legal person

适用 不适用

2 Natural person

适用 不适用

Name	Chen Jianhua and Fan Hongwei (Spouse)
Nationality	China
Whether to obtain the right of residence in other countries or regions	Nil
Main occupation and position	Chen Jianhua is the chairman and general manager of Hengli Group Co., Ltd., the controlling shareholder of the listed company; Fan Hongwei is the current chairman of the listed company
Domestic and foreign listed companies that have been controlled in the past 10 years	Chen Jianhua and Fan Hongwei are the actual controllers of the listed company Guangdong Songfa Ceramics Co., Ltd. (stock code: 603268) and the listed company Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd. (stock code: 834199).

3 Special note for the absence of actual controllers in the company

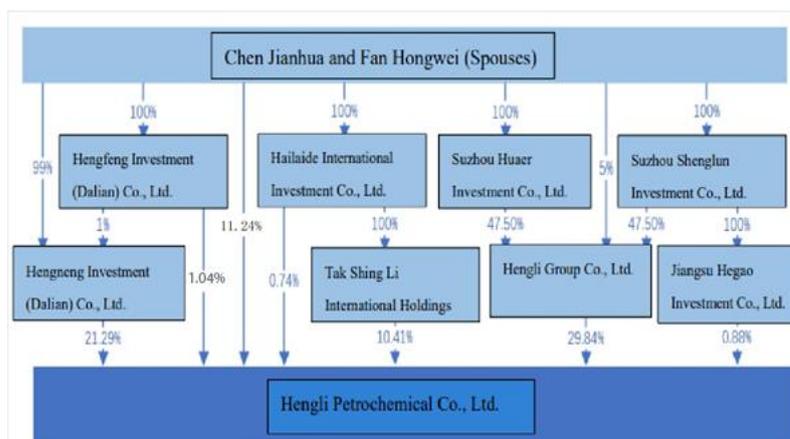
适用 不适用

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

适用 不适用

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

适用 不适用



Note:

When calculating the shareholding ratio of Hengfeng Investment (Dalian) Co., Ltd., the number of shares directly held through its own account "Hengfeng Investment (Dalian) Co., Ltd." (accounting for 0.46% of the total share capital) and the number of shares indirectly held through the contractual private equity fund account "Hainan Huayin Tianxia Private Equity Fund Management Co., Ltd. - Huayin Xuyang No. 1 Private Equity Securities Investment Fund" (accounting for 0.58% of the total share capital) are included.

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

适用 不适用

(III) Other information on controlling shareholders and actual controllers

适用 不适用

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

适用 不适用

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

适用 不适用

Unit: ten thousand yuan Currency: RMB

Legal entity shareholder name	The person in charge or legal representative of the entity	Date of establishment	Organization Code	Registered capital	Main operating business or management activities, etc.
Hengni Investment (Dalian) Co., Ltd.	Fan Hongwei	2014-03-06	912102440890861452	50,000	Project investment (excluding special approval)

Tak Shing Li International Holdings Ltd.	Fan Hongwei	2003-08-27	Registration number: 859250	500	Mainly engaged in trade and investment business
Other information	Hengneng Investment and Tak Shing Li are persons acting in concert with Hengli Group, the controlling shareholder of the company				

VII. Explanation on reduction of shareholding restriction

适用 不适用

VIII. Specific implementation of share repurchase during the reporting period

适用 不适用

Chapter 8 Information of Preferred Shares

适用 不适用

Chapter 9 Information of Bonds

I. Corporate bonds, company bonds and non-financial corporate debt financing instruments

适用 不适用

(I) Corporate bonds

适用 不适用

(II) Company bonds

适用 不适用

(III) Debt financing instruments for non-financial enterprises in the inter-bank bond market

适用 不适用

1. Non-financial corporate debt financing instruments

Unit: hundred million yuan Currency: RMB

Bond name	Abbreviation	Code	Issuance date	Value date	Maturity date	Bond balance	Interest rate(%)	Payment of principal and interest	Trading places	Investor Suitability Arrangements (if any)	Trading Mechanisms	Whether there is a risk of termination of listing transactions
2023 Phase I Short-term Financing Bonds	Hen gli Petrochemical CP01	042380398	2023-07-17	2023-07-19	2024-07-19	10	3.53	One-time repayment of principal and interest at maturity	China Interbank Market			No

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

适用 不适用

Overdue Bonds

适用 不适用

Bond interest payment and payment during the reporting period

适用 不适用

2. The triggering and implementation of issuer or investor option clauses and investor protection clauses

适用 不适用

3. Intermediaries providing services for bond issuance and duration business

Intermediary name	Office address	Name of Signing Accountant	Contact person	Contact number
China Merchants Bank Co., Ltd.	China Merchants Bank Building, No. 7088 Shennan Avenue, Shenzhen		Cao Chong, Guo Wei	0755-88026137 、 0411-39853306
Beijing Tianyuan Law Firm	Unit 509, Block A, International Enterprise Building, No. 35, Financial Street, Xicheng District, Beijing		Zhang Deren and Huang Jingya	010-57763888
Zhonghui Certified Public Accountants (Special General Partnership)	Room 601, Building A, Hualian Times Building, No. 8 Xinye Road, Jianggan District, Hangzhou	Han Jian, Fang Sai	Han Jian	0571-88879999
Oriental Jincheng International Credit Rating Co., Ltd.	45-47F, Building A, Ping An Happiness Center, No. 24, Lize Road, Fengtai District, Beijing		Guo Zhebiao	010-62299800
China Minsheng Banking Corp., Ltd	No. 2, Fuxingmennei Street, Xicheng District, Beijing		Shu Chang	010-56366525

Changes to the above-mentioned intermediaries

适用 不适用**4. Use of raised funds at the end of the reporting period**适用 不适用

Unit: hundred million yuan Currency: RMB

Bond name	Total amount of funds raised	Amount used	Unused amount	Operation of special account for raised funds (if any)	Rectification of illegal use of raised funds (if any)	Whether it is consistent with the purpose, use plan and other agreements promised in the prospectus
23 Hengli Petrochemical CP001	10	10	0			Yes

The progress and operational benefits of raising funds for construction projects

适用 不适用

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

适用 不适用

Other note

适用 不适用

5. Adjustments to credit rating results适用 不适用

Other note

适用 不适用**6. The implementation and changes of guarantees, debt repayment plans and other debt repayment guarantee measures during the reporting period and their impact**适用 不适用**7. Explanation on other conditions of non-financial corporate debt financing instruments**适用 不适用**(IV) The company incurred a consolidated net loss during the reporting period that exceeded 10% of the net assets at the end of the previous year**适用 不适用**(V) Overdue interest-bearing debts other than bonds at the end of the reporting period**适用 不适用**(VI) The impact on bond investors' rights during the reporting period due to violations of laws, regulations, company bylaws, provisions of information disclosure management systems, as well as deviations from the provisions or commitments stated in the bond prospectus**适用 不适用**(VII) Accounting Data and Financial Indicators of the Company in the Previous Two Years by the End of the Reporting Period**适用 不适用

Unit: ten thousand yuan Currency: RMB

Key indicators	2023	2022	Year-on-year changes(%)	Reason of changes
Net profit excluding extraordinary profit or loss	599,723.27	104,528.51	473.74	
Current ratio	0.53	0.61	-13.11	
Quick ratio	0.21	0.25	-16.00	
Debt-to-assets ratio (%)	76.98	78.08	-1.10	
Total debt-to-EBITDA ratio	0.12	0.09	33.33	
Interest coverage ratio	2.30	1.36	69.12	
Cash flow interest coverage ratio	4.10	5.94	-30.98	
EBITDA-to-interest coverage ratio	3.97	3.20	24.06	
Loan repayment rate (%)	100.00	100.00		
Interest coverage rate (%)	100.00	100.00		

II. Convertible corporate bonds适用 不适用

Chapter 10 Financial report

I. Auditor's Report

√适用 □不适用

To all shareholders of Hengli Petrochemical Co., Ltd.:

I. Opinion

We have audited the financial statements of Hengli Petrochemical Co., Ltd. (hereinafter "the Company"), which comprise the consolidated and company balance sheets as at 31 December 2023, and the consolidated and company income statements, consolidated and company cash flow statements and consolidated and company statements of changes in equity for the year then ended, and notes to the financial statements.

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

II. Basis for Opinion

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

III. Key Audit Matter

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the financial statements for the year ended 31 December 2023. This matter was addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

(I) Revenue recognition

Key audit matter	Addressed in the context of our audit
Revenue recognition	
As mentioned in note to the financial statements of the Company, the operating revenue for the period was RMB 234.79 billion. The primary revenue sources and recognition criteria are shown in note to the financial statements of the Company. Since revenue is one of the key performance indicators of the Company, there is an inherent risk that management will manipulate revenue recognition in order to achieve specific goals or expectations. Therefore, we recognize revenue recognition as a key audit matter.	In the audit of the financial statements for the year, we have implemented the following procedures for the matter of revenue recognition: 1. Evaluate and test the design and operation effectiveness of key internal controls related to revenue recognition of the Company; 2. Understand the various types of income of the Company and their recognition conditions, and evaluate whether the income recognition policy meets the requirements of the accounting standards; 3. Combined with the comparison of gross profit margins of companies in the same industry, an analysis procedure is performed on the Company's revenue, costs and gross profit margins

	<p>to analyze the rationality of the gross profit margin change trend;</p> <p>4. Select sample and inspect the Company's various types of income related contracts, invoices, income confirmation documents and other documents to test the authenticity of income;</p> <p>5. Perform a sample test on the revenue recognized around the balance sheet date to assess whether the sales revenue is recognized in the appropriate accounting period;</p> <p>6. Carry out confirmation procedure on the income amount of the Company's major customers and the balances of receivable.</p>
Provision for decline in value of inventories	
<p>As mentioned in note to the financial statements of the Company, the inventories balance as of balance sheet date is RMB 31.86 billion and the balance of provision for decline in value of inventories is RMB 0.59 billion, with the carrying amount of inventories of RMB31.27 billion. The carrying amount of inventories is a material amount. The Company's inventories are mainly crude oil and refining-related products, which are greatly affected by the macroeconomic and crude oil market price fluctuations. Whether the provision for decline in value of inventories is sufficient or not has a significant impact on the financial statements, and the Company's provision for decline in value of inventories is subject to the judgment of the management involved in the determination of the net realizable value. Therefore, we recognize provision for decline in value of inventories as a key audit matter.</p>	<p>In the audit of the financial statements for the year, we have implemented the following procedures for the matter of Provision for decline in value of inventories:</p> <p>1. Evaluate and test the design and operation effectiveness of key internal controls related to provision for decline in value of inventories of the Company;</p> <p>2. Conduct sampling inspection on the inventory of the Company to check whether the quantity of inventory is accurate, and whether there are any conditions such as damage, obsolescence, obsolescence, and defects;</p> <p>3. Obtained calculation sheet of the provision for decline in value of inventories, prepared by the management of the Company, reviewed the key parameters for calculating the provision for decline in value of inventories, including estimated future sales prices, costs to be incurred by the completion of the project, sales expenses, and related taxes and fees, and checked the accuracy of the calculation of provision for decline in value of inventories;</p> <p>4. Check whether the calculation and accounting treatment of provision for decline in value of inventories is correct, whether provision or write-off for the year is consistent with the relevant amount of profit or loss account.</p>

IV. Other Information

Management is responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial statements and our auditor's report thereon.

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

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

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

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

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

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

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

VI. Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Zhonghui Certified Public Accountants
(special general partnership)

Chinese Certified Public Accountant:
(Engagement partner)

China Hangzhou

Chinese Certified Public Accountant:

Report date: 9 April 2024

II. Financial statements

Consolidated Balance Sheet

As at 31/12/2023

Prepared by: Hengli Petrochemical Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	As at 31/12/2023	As at 31/12/2022
Current assets:			
Cash and bank balances		20,469,039,149.14	28,076,405,879.84
Settlement reserve			
Due from banks and other financial institutions			
Financial assets held for trading		298,830,073.13	604,414,444.44
Derivative financial assets			
Notes receivable			
Accounts receivable		538,415,259.33	372,445,926.69
Receivable financing		4,170,047,562.43	2,287,271,229.26
Prepayments		1,735,558,535.56	1,997,468,820.54
Insurance premium receivables			
Reinsurance premium receivables			
Reserve receivable for reinsurance			
Other receivables		809,207,973.41	701,520,929.51
Including: Interest receivables			
Dividend receivables			
Financial assets purchased under agreements to resell			
Inventories		31,267,554,645.91	37,835,511,471.41
Contract assets			
Assets held-for-sale			
Non-current assets due within one year			
Other current assets		6,794,497,876.94	4,468,726,603.40
Total current assets		66,083,151,075.85	76,343,765,305.09
Non-current assets:			
Loans and advances			
Debts investment			20,427,397.26
Other debts investment			
Long-term receivables			
Long-term equity investments		646,000,353.85	559,215,493.16
Other equity instruments investment			
Other non-current financial assets			
Investment properties		192,405,490.57	164,271,812.80
Fixed assets		129,987,346,509.40	118,718,591,050.99
Construction in progress		48,824,137,687.45	27,287,491,499.08
Productive biological assets			
Oil and gas assets			

Right-of-use assets		77,132,749.74	87,844,283.36
Intangible assets		9,034,820,634.08	8,924,775,668.34
Development cost			
Goodwill		77,323,123.69	77,323,123.69
Long-term deferred expenses		2,017,090,197.82	2,027,293,324.85
Deferred tax assets		276,325,176.98	892,227,246.46
Other non-current assets		3,383,287,915.12	6,327,248,356.84
Total non-current assets		194,515,869,838.70	165,086,709,256.83
TOTAL ASSETS		260,599,020,914.55	241,430,474,561.92
Current Liabilities:			
Short-term loans		66,995,050,481.39	69,316,898,813.08
Borrowings from central bank			
Deposits and placements from banks and other financial institutions			
Financial liabilities held for trading		190,324,330.67	346,020,729.70
Derivative financial liabilities			
Notes payable		12,002,453,588.53	20,603,775,870.27
Accounts payable		15,598,667,595.93	8,869,309,998.90
Receipts in advance			
Contract liabilities		8,502,387,268.92	12,090,983,326.47
Financial assets sold under agreements to repurchase			
Due to customers and banks			
Securities brokering			
Securities underwriting			
Employee benefits payable		500,637,516.56	476,509,780.18
Taxes payable		1,439,601,734.55	1,036,013,713.16
Other payables		416,224,941.72	382,263,173.05
Including: Interest payables			
Dividends payable			
Fees and commissions payable			
Reinsurance premium payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		13,498,071,650.12	9,349,028,245.01
Other current liabilities		4,718,353,856.20	3,382,127,557.85
Total current liabilities		123,861,772,964.59	125,852,931,207.67
Non-current liabilities:			
Claims reserve of insurance contract			
Long-term loans		70,620,906,532.26	58,347,153,350.72
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities		41,516,484.45	55,750,879.91
Long-term payables		2,085,460,266.51	858,833,333.34
Long-term employee benefits payable			
Provisions			

Deferred income		3,949,091,884.36	3,376,501,714.84
Deferred tax liabilities		41,710,468.32	18,914,506.94
Other non-current liabilities			
Total non-current liabilities		76,738,685,635.90	62,657,153,785.75
TOTAL LIABILITIES		200,600,458,600.49	188,510,084,993.42
Owners' equity (or Shareholders' equity):			
Paid-in capital (or Share capital)		7,039,099,786.00	7,039,099,786.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		18,763,586,176.98	18,686,516,127.76
Less: Treasury shares			
Other comprehensive income		-9,624,653.08	-50,052,317.06
Specific reserve		109,358,123.52	1,602,239.79
Surplus reserve		995,318,771.37	905,565,700.75
General risk reserve			
Undistributed profits		33,094,662,821.91	26,279,812,029.77
Total owners' equity (or shareholders' equity) attributable to the parent		59,992,401,026.70	52,862,543,567.01
Minority interests		6,161,287.36	57,846,001.49
Total owners' equity (or shareholders' equity)		59,998,562,314.06	52,920,389,568.50
Total liabilities and owners' equity (or shareholders' equity)		260,599,020,914.55	241,430,474,561.92

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Parent Company Balance Sheet

As at 31/12/2023

Prepared by: Hengli Petrochemical Co., Ltd.

Unit: Yuan Currency: RMB

Item	Note	As at 31/12/2023	As at 31/12/2022
Current assets:			
Cash and bank balances		14,398,907.50	31,980,728.03
Financial assets held for trading			
Derivative financial assets			
Notes receivable			
Accounts receivable		1,206,845.42	
Receivable financing			
Prepayments		171,071.66	1,271,836.74
Other receivables		164,731,382.20	811,162,769.45
Including: Interest receivables			
Dividend receivables		81,550,000.00	800,000,000.00
Inventories			
Contract assets			

Assets held-for-sale			
Non-current assets due within one year			
Other current assets		35,987,407.95	42,450,791.47
Total current assets		216,495,614.73	886,866,125.69
Non-current assets:			
Debts investment			
Other debts investment			
Long-term receivables			
Long-term equity investments		44,366,275,704.93	44,316,275,704.93
Other equity instruments investment			
Other non-current financial assets			
Investment properties		73,260,186.32	37,900,752.88
Fixed assets		2,723,712,211.22	2,852,515,397.82
Construction in progress		40,240,646.81	34,483,864.48
Productive biological assets			
Oil and gas assets			
Right-of-use assets			
Intangible assets			
Development cost			
Goodwill			
Long-term deferred expenses			
Deferred tax assets			
Other non-current assets			
Total non-current assets		47,203,488,749.28	47,241,175,720.11
TOTAL ASSETS		47,419,984,364.01	48,128,041,845.80
Current Liabilities:			
Short-term loans			
Financial liabilities held for trading			
Derivative financial liabilities			
Notes payable		3,219,218.07	20,337,770.04
Accounts payable		2,608,881.32	1,001,201.98
Receipts in advance			
Contract liabilities			
Employee benefits payable		600,000.00	2,400,000.00
Taxes payable		6,291,958.40	7,588,420.83
Other payables		5,584,532,670.44	6,593,083,472.18
Including: Interest payables			
Dividends payable			
Liabilities held-for-sale			
Non-current liabilities due within one year		1,015,294,281.98	2,030,618,280.89
Other current liabilities			
Total current liabilities		6,612,547,010.21	8,655,029,145.92
Non-current liabilities:			
Long-term loans			
Bonds payable			
Including: Preferred shares			
Perpetual bonds			
Lease liabilities			

Long-term payables			
Long-term employee benefits payable			
Provisions			
Deferred income			
Deferred tax liabilities			
Other non-current liabilities			
Total non-current liabilities			
TOTAL LIABILITIES		6,612,547,010.21	8,655,029,145.92
Owners' equity (or Shareholders' equity):			
Paid-in capital (or Share capital)		7,039,099,786.00	7,039,099,786.00
Other equity instruments			
Including: Preferred shares			
Perpetual bonds			
Capital reserve		24,142,978,843.34	24,142,978,843.34
Less: Treasury shares			
Other comprehensive income			
Specific reserve			
Surplus reserve		2,813,304,057.66	2,679,861,592.27
Undistributed profits		6,812,054,666.80	5,611,072,478.27
Total owners' equity (or shareholders' equity)		40,807,437,353.80	39,473,012,699.88
Total liabilities and owners' equity (or shareholders' equity)		47,419,984,364.01	48,128,041,845.80

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Consolidated Income Statement

For the year ended 31 December 2023

Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Total revenue from operations		234,866,125,177.52	222,372,593,675.48
Including: Revenue from operations		234,790,672,395.88	222,323,583,969.88
Interest income		35,252,401.34	26,648,486.54
Premium earned			
Fees and commissions income		40,200,380.30	22,361,219.06
II. Total cost of operations		226,611,119,211.98	218,462,766,541.73
Including: Cost of operations		208,383,851,927.36	204,077,597,066.45
Interest expenses			
Fees and commissions expenses			
Cash surrender amount			
Net expenses of claim settlement			
Net provisions for insurance contract reserves			
Insurance policies dividend expenses			
Reinsurance expenses			
Taxes and surcharges		9,200,633,914.43	6,631,019,180.66
Selling expenses		293,473,043.49	392,769,176.78
Administrative expenses		1,997,367,969.54	1,889,298,663.76

Research and development expenses		1,371,028,486.34	1,184,711,003.40
Financial expense		5,364,763,870.82	4,287,371,450.68
Including: Interest expenses		4,558,991,721.03	4,632,905,829.96
Interest income		455,728,555.41	332,736,566.09
Add: Other income		1,015,629,245.71	1,595,543,126.20
Investment income ("-" for loss)		-36,566,983.25	-322,324.78
Including: Gains from investments in associates and joint ventures		76,784,860.69	
Gain from derecognition of financial assets at amortized cost		-174,694,586.97	
Foreign exchange gain ("-" for loss)			
Gain from net exposure of hedging ("-" for loss)			
Gains from changes of fair value ("-" for loss)		370,550,373.91	-45,679,570.72
Credit impairment loss ("-" for loss)		-108,054,345.28	-2,373,806.12
Assets impairment loss ("-" for loss)		-593,692,020.24	-3,128,732,830.34
Gain from disposal of assets ("-" for loss)		-3,063,798.81	-3,332,571.69
III. Operating profit ("-" for loss)		8,899,808,437.58	2,324,929,156.30
Add: Non-operating income		79,815,457.88	105,330,717.22
Less: Non-operating expenses		106,391,688.27	20,681,258.19
IV. Total profit ("-" for loss)		8,873,232,207.19	2,409,578,615.33
Less: Income tax expenses		1,968,768,270.41	91,541,665.11
V. Net profit ("-" for loss)		6,904,463,936.78	2,318,036,950.22
(I) Classified by continuity of operations			
1.Net profit from continuing operations ("-" for loss)		6,904,463,936.78	2,318,036,950.22
2.Net profit from discontinued operations ("-" for loss)			
(II) Classified by attribution to ownership			
1.Net profit attributable to shareholders of the parent ("-" for loss)		6,904,603,862.76	2,318,303,166.69
2.Net profit attributable to minority interests ("-" for loss)		-139,925.98	-266,216.47
VI. Other comprehensive income - after tax		40,427,663.98	105,052,177.39
(I) Other comprehensive income - after tax attributable to owners of the parent		40,427,663.98	100,564,060.24
1. Other comprehensive income not reclassified into profit or loss subsequently			
(1)Changes in remeasurement of defined benefit plan			
(2)Share of other comprehensive income of the equity method investments			
(3)Changes in fair value of other equity instruments investment			

(4)Changes in fair value of the Company's own credit risks			
2. Other comprehensive income that will be reclassified into profit or loss subsequently		40,427,663.98	100,564,060.24
(1)Share of other comprehensive income of associates and joint ventures under equity method			
(2)Changes in the fair value of other debt investments			
(3)Reclassification of financial assets recognised as other comprehensive income			
(4)Credit impairment loss of other debt investments			
(5)Cash flow hedging reserve		6,252,291.04	-6,398,442.57
(6)Translation of foreign currency financial statements		34,175,372.94	106,962,502.81
(7)Others			
(II) Other comprehensive income - after tax attributable to minority interests			4,488,117.15
VII. Total comprehensive income		6,944,891,600.76	2,423,089,127.61
(I) Total comprehensive income attributable to owners of the parent		6,945,031,526.74	2,418,867,226.93
(II) Total comprehensive income attributable to minority interests		-139,925.98	4,221,900.68
VIII. Earnings per share:			
(I) Basic earnings per share (RMB per share)		0.98	0.33
(II) Diluted earnings per share (RMB per share)		0.98	0.33

For the business combination under common control in this period, the net profit realized by the acquiree before the merger is: 0 yuan, and the net profit realized by the acquiree in the previous period is: 0 yuan.

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Parent Company Income Statement

For the year ended 31 December 2023

Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Revenue from operations		3,454,179.12	1,633,324.64
Less: Cost of operations		2,011,877.89	1,270,659.72
Taxes and surcharges		25,042,286.44	22,046,809.69
Selling expenses			
Administrative expenses		129,668,253.01	95,862,573.23
Research and development expenses			
Financial expense		47,325,474.75	33,033,234.46
Including: Interest expenses		47,719,397.32	34,113,823.35
Interest income		417,251.35	1,099,802.78
Add: Other income		17,478,025.50	1,787,238.79

Investment income ("-" for loss)		1,521,000,000.00	6,022,872,521.63
Including: Gains from investments in associates and joint ventures			
Gain from derecognition of financial assets at amortized cost			
Gain from net exposure of hedging ("-" for loss)			
Gains from changes of fair value ("-" for loss)			
Credit impairment loss ("-" for loss)		-3,534,195.83	-102,189.08
Assets impairment loss ("-" for loss)			
Gain from disposal of assets ("-" for loss)		54,000.00	
II. Operating profit ("-" for loss)		1,334,404,116.70	5,873,977,618.88
Add: Non-operating income		20,537.22	
Less: Non-operating expenses			
III. Total profit ("-" for loss)		1,334,424,653.92	5,873,977,618.88
Less: Income tax expenses			
IV. Net profit ("-" for loss)		1,334,424,653.92	5,873,977,618.88
(I) Net profit from continuing operations ("-" for loss)		1,334,424,653.92	5,873,977,618.88
(II) Net profit from discontinued operations ("-" for loss)			
V. Other comprehensive income - after tax			
(I) Other comprehensive income not reclassified into profit or loss subsequently			
1.Changes in remeasurement of defined benefit plan			
2.Share of other comprehensive income of the equity method investments			
3.Changes in fair value of other equity instruments investment			
4.Changes in fair value of the Company's own credit risks			
(II) Other comprehensive income that will be reclassified into profit or loss subsequently			
1.Share of other comprehensive income of associates and joint ventures under equity method			
2.Changes in the fair value of other debt investments			
3.Reclassification of financial assets recognised as other comprehensive income			
4.Credit impairment loss of other debt investments			
5.Cash flow hedging reserve			

6.Translation of foreign currency financial statements			
7.Others			
VI. Total comprehensive income		1,334,424,653.92	5,873,977,618.88
VII. Earnings per share:			
(I) Basic earnings per share (RMB per share)			
(II) Diluted earnings per share (RMB per share)			

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Consolidated Cash Flows Statement
For the year ended 31 December 2023

Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services		253,368,629,479.01	267,426,902,574.47
Net increase in deposits from customers and inter-banks			
Net increase in due to central bank			
Net increase in fund borrowings from other financial institutes			
Cash received from insurance premium of original insurance contracts			
Net cash received from reinsurance business			
Net increase in insured's deposits and investments			
Cash received from interests, fees and commissions		88,560,362.90	52,563,354.96
Net increase of placement from banks and other financial institutions			
Net increase in fund of repurchase business			
Net cash received in securities brokerage agency			
Tax refund received		1,733,346,941.05	5,562,889,817.74
Other cash received relating to operating activities		5,496,564,458.04	5,936,292,171.41
Sub-total of cash inflows		260,687,101,241.00	278,978,647,918.58
Cash paid for goods and services		216,905,242,986.13	234,363,054,837.45
Net increase in issued loans and advance			
Net increase in deposits in central bank and inter-banks			

Cash paid for claims of original insurance contracts			
Net increase in due from banks and other financial institutions			
Cash paid for interest, fees and commission			
Cash paid for policy dividends			
Cash paid to and on behalf of employees		4,127,786,612.89	3,736,263,307.53
Payments of all types of taxes		13,644,805,641.55	11,290,319,184.00
Other cash paid relating to operating activities		2,473,475,871.46	3,635,039,806.17
Sub-total of cash outflows		237,151,311,112.03	253,024,677,135.15
Net cash flows from operating activities		23,535,790,128.97	25,953,970,783.43
II. Cash flows from investing activities:			
Cash received from disposal of investments		5,107,392,261.85	2,882,252,002.75
Cash received from returns on investments		10,065,585.08	
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		19,140,467.53	7,064,483.56
Cash received from disposal of subsidiaries and other business units			
Other cash received relating to investing activities		1,314,070,624.32	347,902,490.45
Sub-total of cash inflows		6,450,668,938.78	3,237,218,976.76
Cash paid to acquire fixed assets, intangible assets and other long-term assets		39,740,884,349.33	25,714,852,414.63
Cash paid to acquire investments		4,635,580,702.27	2,503,807,796.91
Net increase in pledged loans			
Cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities		888,703,263.24	1,315,628,697.98
Sub-total of cash outflows		45,265,168,314.84	29,534,288,909.52
Net cash flows from investing activities		-38,814,499,376.06	-26,297,069,932.76
III. Cash flows from financing activities :			
Cash received from capital contribution			6,300,000.00
Including: Cash received from investment by minority interests of subsidiaries			6,300,000.00
Cash received from borrowings		105,716,625,805.89	97,969,621,917.23
Cash received relating to other financing activities		7,661,905,079.75	3,735,166,378.16
Sub-total of cash inflows		113,378,530,885.64	101,711,088,295.39
Cash repayments of amounts borrowed		91,910,909,309.97	74,702,848,106.14

Cash payments for interest expenses and distribution of dividends or profits		5,772,677,855.06	12,120,673,280.05
Including: Dividend paid to minority interests of subsidiaries			
Other cash payments relating to financing activities		5,785,239,564.93	4,482,150,476.99
Sub-total of cash outflows		103,468,826,729.96	91,305,671,863.18
Net cash flows from financing activities		9,909,704,155.68	10,405,416,432.21
IV. Effect of foreign exchange rate changes on cash		70,624,033.36	671,837,669.76
V. Net increase in cash and cash equivalents		-5,298,381,058.05	10,734,154,952.64
Add: Opening balance of cash and cash equivalent		20,323,703,829.39	9,589,548,876.75
VI. Closing balance of cash and cash equivalent		15,025,322,771.34	20,323,703,829.39

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Parent Company Cash Flows Statement

For the year ended 31 December 2023

Unit: Yuan Currency: RMB

Item	Note	2023	2022
I. Cash flows from operating activities:			
Cash received from sales of goods or rendering of services			
Tax refund received			65,555,330.97
Other cash received relating to operating activities		110,866,078.81	993,485,513.95
Sub-total of cash inflows		110,866,078.81	1,059,040,844.92
Cash paid for goods and services			
Cash paid to and on behalf of employees		13,579,054.13	7,320,727.56
Payments of all types of taxes		16,469,707.26	19,550,279.49
Other cash paid relating to operating activities		1,196,356,798.85	119,160,048.56
Sub-total of cash outflows		1,226,405,560.24	146,031,055.61
Net cash flows from operating activities		-1,115,539,481.43	913,009,789.31
II. Cash flows from investing activities:			
Cash received from disposal of investments			577,647.63
Cash received from returns on investments		2,239,450,000.00	6,423,294,874.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		68,535.40	
Cash received from disposal of subsidiaries and other business units			

Other cash received relating to investing activities			
Sub-total of cash inflows		2,239,518,535.40	6,423,872,521.63
Cash paid to acquire fixed assets, intangible assets and other long-term assets		28,460,874.50	1,458,394,502.24
Cash paid to acquire investments		50,000,000.00	1,000,000,000.00
Cash paid to acquire subsidiaries and other business units			
Other cash paid relating to investing activities			
Sub-total of cash outflows		78,460,874.50	2,458,394,502.24
Net cash flows from investing activities		2,161,057,660.90	3,965,478,019.39
III. Cash flows from financing activities :			
Cash received from capital contribution			
Cash received from borrowings		999,000,000.00	1,998,113,207.54
Cash received relating to other financing activities			382,298,725.15
Sub-total of cash inflows		999,000,000.00	2,380,411,932.69
Cash repayments of amounts borrowed		2,000,000,000.00	
Cash payments for interest expenses and distribution of dividends or profits		62,100,000.00	7,111,099,533.86
Other cash payments relating to financing activities			170,000,000.00
Sub-total of cash outflows		2,062,100,000.00	7,281,099,533.86
Net cash flows from financing activities		-1,063,100,000.00	-4,900,687,601.17
IV. Effect of foreign exchange rate changes on cash			
V. Net increase in cash and cash equivalents			
Add: Opening balance of cash and cash equivalent		31,980,728.03	54,180,520.50
VI. Closing balance of cash and cash equivalent			
		14,398,907.50	31,980,728.03

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Consolidated Statement of Changes in Equity
For the year ended 31 December 2023

Unit: Yuan Currency: RMB

Item	2023												Minority interests	TOTAL OWNERS' EQUITY	
	Equity attributable to the parent company														
	Paid-in capital (or Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											
I. Balance at end of previous year	7,039,099,786.00				18,686,516,127.76		-50,052,317.06	1,602,239.79	905,565,700.75		26,279,812,029.77		52,862,543,567.01	57,846,001.49	52,920,389,568.50
Add: Changes in accounting policies															
Correction of errors															
Business combination under common control															

2023 Annual Report

Others															
II. Balance in beginning of year	7,039,099,786.00				18,686,516,127.76		-50,052,317.06	1,602,239.79	905,565,700.75		26,279,812,029.77		52,862,543,567.01	57,846,001.49	52,920,389,568.50
III. Movement over the year ("for decrease")					77,070,049.22		40,427,663.98	107,755,883.73	89,753,070.62		6,814,850,792.14		7,129,857,459.69	-51,684,714.13	7,078,172,745.56
(I) Total comprehensive income							40,427,663.98				6,904,603,862.76		6,945,031,526.74	-139,925.98	6,944,891,600.76
(II) Owner's contributions and decrease of capital					77,070,049.22								77,070,049.22	-51,544,788.15	25,525,261.07
1. Capital contribution from owner														-51,544,788.15	-51,544,788.15
2. Increase in owners' equity resulted from other equity															

instru ments														
3. Increase in owners ' equity resulted from share- based payment s					77,070,049. 22								77,070,049. 22	77,070,049. 22
4. Others														
(III) Appropri ation of profits									89,753,0 70.62		- 89,753,07 0.62			
1. Transfer to surplus reserve									89,753,0 70.62		- 89,753,07 0.62			
2. Transfer to general risk reserve														
3. Distributi on to owners (or sharehol ders)														
4. Others														
(IV) Transfer														

within equity															
1. Capital reserve converting into share capital (or Share capital)															
2. Surplus reserve converting into share capital (or Share capital)															
3. Surplus reserve cover the deficit															
4. Changes of equity from the revaluation of defined benefit plan															
5. Other comprehensive income															

2023 Annual Report

transfer to retained earnings															
6. Others															
(V) Specific reserve							107,755,883.73					107,755,883.73		107,755,883.73	
1. Appropriation for the year							428,804,002.16					428,804,002.16		428,804,002.16	
2. Used in the year							321,048,118.43					321,048,118.43		321,048,118.43	
(VI) Others															
IV. Balance at end of year	7,039,099,786.00				18,763,586,176.98		-9,624,653.08	109,358,123.52	995,318,771.37		33,094,662,821.91		59,992,401,026.70	6,161,287.36	59,998,562,314.06

Item	2022													Minority interests	TOTAL OWNERS' EQUITY
	Equity attributable to the parent company														
	Paid-in capital (or Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	General risk reserve	Undistributed profits	Others	Subtotal		
		Preferred shares	Perpetual bonds	Others											

2023 Annual Report

I. Balance at end of previous year	7,039,099,786.00				18,455,844,491.64	228,626,593.18	-150,616,377.30	139,116,306.31	858,111,239.40		31,118,454,108.29		57,231,382,961.16	69,336,250.34	57,300,719,211.50
Add: Changes in accounting policies															
Correction of errors															
Business combination under common control															
Others															
II. Balance in beginning of year	7,039,099,786.00				18,455,844,491.64	228,626,593.18	-150,616,377.30	139,116,306.31	858,111,239.40		31,118,454,108.29		57,231,382,961.16	69,336,250.34	57,300,719,211.50
III. Movement over the year ("- "for decrease)					230,671,636.12	-228,626,593.18	100,564,060.24	-137,514,066.52	47,454,461.35		-4,838,642,078.52		-4,368,839,394.15	-11,490,248.85	-4,380,329,643.00
(I) Total comprehensive income							100,564,060.24				2,318,303,166.69		2,418,867,226.93	4,221,900.68	2,423,089,127.61

(II) Owner's contribut ions and decrease of capital					230,671,6 36.12	- 228,626, 593.18						459,298,2 29.30	- 13,954, 922.38	445,343,3 06.92
1. Capital contribut ion from owner														
2. Increase in owners ' equity resulted from other equity instrume nts														
3. Increase in owners ' equity resulted from share- based payment s					77,070,04 9.00							77,070,04 9.00		77,070,04 9.00
4. Others					153,601,5 87.12	- 228,626, 593.18						382,228,1 80.30	- 13,954, 922.38	368,273,2 57.92
(III) Appropri								47,454,4 61.35		- 7,156,945, 245.21		- 7,109,490, 783.86	- 1,757,2 27.15	- 7,111,248, 011.01

share capital (or Share capital)															
3. Surplus reserve cover the deficit															
4. Changes of equity from the revaluation of defined benefit plan															
5. Other comprehensive income transfer to retained earnings															
6. Others															
(V) Specific reserve								-					-		-
								137,514,066.52					137,514,066.52		137,514,066.52
1. Appropriation for the year								268,184,171.73					268,184,171.73		268,184,171.73
2. Used in the year								405,698,238.25					405,698,238.25		405,698,238.25

(VI) Others															
IV. Balance at end of year	7,039,099 ,786.00				18,686,51 6,127.76		- 50,052,3 17.06	1,602,23 9.79	905,565, 700.75		26,279,81 2,029.77		52,862,54 3,567.01	57,846, 001.49	52,920,38 9,568.50

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

Parent Company Statement of Changes in Equity

For the year ended 31 December 2023

Unit: Yuan Currency: RMB

Item	2023										
	Paid-in capital (or Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehe nsive income	Specific reserve	Surplus reserve	Undistrib uted profits	TOTAL OWNERS ' EQUITY
		Preferred shares	Perpetual bonds	Others							
I. Balance at end of previous year	7,039,099, 786.00				24,142,978 ,843.34				2,679,86 1,592.27	5,611,07 2,478.27	39,473,01 2,699.88
Add: Changes in accounting policies											
Correction of errors											
Others											
II. Balance in beginning of year	7,039,099, 786.00				24,142,97 8,843.34				2,679,86 1,592.27	5,611,07 2,478.27	39,473,01 2,699.88
III. Movement over the year (“-“for decrease)									133,442, 465.39	1,200,98 2,188.53	1,334,424 ,653.92
(I) Total comprehensive income										1,334,42 4,653.92	1,334,424 ,653.92
(II) Owner's contributions and decrease of capital											
1. Capital contribution from owner											
2. Increase in owners' equity resulted from other equity instruments											

3. Increase in owners' equity resulted from share-based payments												
4. Others												
(III) Appropriation of profits									133,442,465.39	-	133,442,465.39	
1. Transfer to surplus reserve									133,442,465.39	-	133,442,465.39	
2. Distribution to owners (or shareholders)												
3. Others												
(IV) Transfer within equity												
1. Capital reserve converting into share capital (or Share capital)												
2. Surplus reserve converting into share capital (or Share capital)												
3. Surplus reserve cover the deficit												
4. Changes of equity from the revaluation of defined benefit plan												
5. Other comprehensive income transfer to retained earnings												
6. Others												
(V) Specific reserve												
1. Appropriation for the year												
2. Used in the year												
(VI) Others												
IV. Balance at end of year	7,039,099,786.00				24,142,978,843.34				2,813,304,057.66	6,812,054,666.80	40,807,437,353.80	

Item	2022										
	Paid-in capital (or Share capital)	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Specific reserve	Surplus reserve	Undistributed profits	TOTAL OWNERS' EQUITY
		Preferred shares	Perpetual bonds	Others							
I. Balance at end of previous year	7,039,099,786.00				23,989,306,711.37	228,626,593.18			2,092,463,830.38	7,433,983,405.14	40,326,227,139.71
Add: Changes in accounting policies											
Correction of errors											
Others											
II. Balance in beginning of year	7,039,099,786.00				23,989,306,711.37	228,626,593.18			2,092,463,830.38	7,433,983,405.14	40,326,227,139.71
III. Movement over the year ("-" for decrease)	-	-	-	-	153,672,131.97	-228,626,593.18	-	-	587,397,761.89	-1,822,910,926.87	-853,214,439.83
(I) Total comprehensive income										5,873,977,618.88	5,873,977,618.88
(II) Owner's contributions and decrease of capital					153,672,131.97	-228,626,593.18					382,298,725.15
1. Capital contribution from owner											
2. Increase in owners' equity resulted from other equity instruments											
3. Increase in owners' equity resulted from share-based payments											
4. Others					153,672,131.97	-228,626,593.18					382,298,725.15

(III) Appropriation of profits									587,397, 761.89	- 7,696,88 8,545.75	- 7,109,490 ,783.86
1. Transfer to surplus reserve									587,397, 761.89	- 587,397, 761.89	
2. Distribution to owners (or shareholders)										- 7,109,49 0,783.86	- 7,109,490 ,783.86
3. Others											
(IV) Transfer within equity											
1. Capital reserve converting into share capital (or Share capital)											
2. Surplus reserve converting into share capital (or Share capital)											
3. Surplus reserve cover the deficit											
4. Changes of equity from the revaluation of defined benefit plan											
5. Other comprehensive income transfer to retained earnings											
6. Others											
(V) Specific reserve											
1. Appropriation for the year											
2. Used in the year											
(VI) Others											
IV. Balance at end of year	7,039,099, 786.00			-	24,142,97 8,843.34				2,679,86 1,592.27	5,611,07 2,478.27	39,473,01 2,699.88

Legal representative: Fan Hongwei Person in charge of financial function: Liu Xuefen Prepared by: Zheng Minxia

III. Company information

1. Company profile

√ 适用 □ 不适用

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

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

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

Management Co., Ltd., and other six specific investors to raise supporting funds for this assets purchasing. The share issuance mentioned above were verified by Ruihua Certified Public Accountants (LLP) and issued capital verification reports Ruihua Yan Zi No.33050002 [2018] . After the issuance of shares, the number of total outstanding shares of the Company increased to 5,052,789,925 shares.

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

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

The Company engages in petrochemical industry. The business scope is: production and sales of chemical fibers (excluding chemical dangerous goods); sales of purified terephthalic acid (PTA); import and export of goods. The main products are oil refining products, chemical products, PTA, polyester chips, polyester fibers and films, etc.

The financial statements and notes to the financial statements have been approved to issue by the Board of Directors on 8 April 2024.

iv. Basis of preparation of financial statements

1. Basis of preparation

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

2. Going concern

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

III. Significant accounting policies and accounting estimates

Specific accounting policies and accounting estimates:

适用 不适用

The Company and its subsidiaries determines certain specific accounting policies and accounting estimates for impairment of receivables, depreciation of fixed assets, amortization of

intangible assets and revenue recognition according to the characteristics of the production and operation. Specific accounting policies refer to the note to financial statements.

1. Statement of compliance with Accounting Standards for Business Enterprises

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

2. Accounting period

The financial year of the Company is from 1 January to 31 December of each calendar year.

3. Operating cycle

适用 不适用

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

4. Functional currency

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

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

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

适用 不适用

Item	Importance criteria
Important construction in progress	The book value at the end of the accounting period is more than 1% of the total assets
Important non-wholly-owned subsidiaries	Net assets account for more than 0.5% of the consolidated net assets
important investment	The amount incurred exceeds 500 million yuan

6. Business combinations

适用 不适用

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

1. Business combinations involving enterprises under common control

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

Assets acquired and liabilities assumed by acquirer in the business combination are measured at their carrying amounts of the acquiree in the consolidated financial statements of the ultimate controlling party at the combination date, except for adjustments due to different accounting policies. The difference between the carrying amount of the consideration paid for the combination (or total par value of shares issued) and the carrying amount of the net assets acquired is adjusted

to capital reserve. If the capital reserve is not sufficient to absorb the difference, any excess is adjusted to retained earnings.

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

2 . Business combinations involving enterprises not under common control

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

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

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

Where the temporary difference obtained by the acquirer was not recognized due to inconformity with the conditions applied for recognition of deferred income tax, if, within the 12 months after acquisition, additional information can prove the existence of related information at acquisition date and the expected economic benefits on the acquisition date arising from deductible temporary difference by the acquiree can be achieved, relevant income tax assets can be recognized, and goodwill can be adjusted accordingly. If the goodwill is not sufficient, the difference is recognized as profit or loss for the current period. Apart from above, the differences is taken into profit or loss of the current period if the recognition of deferred income tax assets is related to the business combination.

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

③ Whether one transaction happening or not is up to another transaction. ④ To assess one transaction separately is not economical but assess along with other transactions, they are economically justified.

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

3 . Transaction costs for business combination

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

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

√ 适用 □ 不适用

1 . Scope of consolidated financial statements

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

2 . Preparation of the consolidated financial statements

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

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

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

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

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

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

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

4 . Losing control over the subsidiary

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

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

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

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

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

recognized in capital reserve as an equity transaction. Capital reserve is not transferred to profit or loss for the current period when losing control.

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

适用 不适用

9. Recognition criteria of cash and cash equivalents

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

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

适用 不适用

1. Foreign currency transactions

Foreign currency transactions are translated into the functional currency of the Company at the spot exchange rates (as announced by the People's Bank of China) on the dates of the transactions. However, the Company's foreign currency exchange business or transactions involving foreign currency conversion are converted into the amount of the recording currency according to the actual exchange rate.

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

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

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

3. Translation of foreign currency financial statements

The financial statements denominated in foreign currency of a foreign operation are translated to RMB in compliance with the following requirements: assets and liabilities on the balance sheet are translated at the spot exchange rate prevailing at the balance sheet date; owner's equity items except for "undistributed profits" are translated at the spot exchange rates at the dates on which such items arose; income and expenses items in the income statement are translated at the average exchange rate for the period in which the transaction occurred. The undistributed profits brought forward are reported at the prior year's closing balance; the undistributed profits as at the end of the year are presented after translated the profit appropriation items; differences between the aggregate of asset and liability items and owners' equity items are recognised as "translation

differences arising on the translation of financial statements denominated in foreign currencies" in other comprehensive income. On disposal of foreign operations and loss of control, exchange differences arising from the translation of financial statements denominated in foreign currencies related to the disposed foreign operations which has been included in owners' equity in the balance sheet, shall be transferred to profit or loss in whole or in proportionate share in the period in which the disposal took place.

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

11. Financial instruments

适用 不适用

A financial instrument is any contract that gives rise to a financial asset of one enterprise and a financial liability or equity instrument of another enterprise. Financial instruments include financial assets, financial liabilities and equity instruments.

1. Classification, recognition and measurement of financial assets

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

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

Financial assets and liabilities are measured at fair value upon initial recognition. For financial assets measured at fair value through profit or loss, relevant transaction costs are directly recognised in profit or loss for the period. For other categories of financial assets and liabilities, relevant transaction costs are included in the amount initially recognised. Accounts receivable without significant financing component are initially recognised based on the transaction price expected to be entitled by the Company.

(2) Classification and measurement of financial assets

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

1) Financial assets measured at amortised cost

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

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

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

The effective interest method refers to the method whereby the post-amortization costs and the interest incomes of different installments or interest expenses are calculated according to the effective interests of the financial asset or financial liabilities (including a set of financial assets or

financial liabilities). The effective interest refers to the interest rate used to cash the future cash flow of a financial asset or financial liability within the predicted term of existence or within a shorter applicable term into the current carrying amount of the financial asset or financial liability. When determining the effective interest, the future cash flow shall be predicted on the basis of taking into account all the contractual stipulations concerning the financial asset or financial liability (including the right to repay the loans ahead of schedule, call options, similar options, etc.), but the future credit losses shall not be taken into account.

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

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

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

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

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

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

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

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

(3) Classification and measurement of financial liabilities

The Company's financial liabilities includes financial liabilities measured at fair value through profit or loss, financial liabilities that arise when a transfer of a financial asset does not qualify for

derecognition or continuing involvement, financial guarantee contracts and financial liabilities at amortized cost.

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

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

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

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

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

Such financial liabilities are measured in accordance with the accounting policies of Transfer of financial assets.

3) Financial guarantee contracts

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

Financial guarantee contracts are not belonging to the above 1) or 2), they are subsequently measured at the higher of the following: ① the amount of loss provision determined according to the impairment method of financial instruments; ② the balance of the initial recognition amount after deducting the accumulated amortization amount determined in accordance with the income recognition method.

4) Financial liabilities at amortized cost

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

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

(4) Equity instruments

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

The distinction between financial liabilities and equity instruments

Financial liabilities refer to liabilities that meet one of the following conditions:

1) A contractual obligation to deliver cash or other financial assets to other parties.

2) A contractual obligation to exchange financial assets or financial liabilities with another party under potentially adverse conditions.

3) A non-derivative contract that has to be settled with or can be settled with the firm's own equity instruments in the future, under which the firm will deliver a variable number of its own equity instruments.

4) A derivative contract that has to be settled with or can be settled with the firm's own equity instruments in the future, except for a derivative contract in which a fixed number of its own equity instruments are to be exchanged for a fixed amount of cash or other financial assets.

If the Company cannot unconditionally avoid fulfilling a contractual obligation by delivering cash or other financial assets, such contractual obligation meets the definition of a financial liability. If a financial instrument has to be settled with or can be settled with the Company's own equity instruments in the future, consideration needs to be given to whether the Company's own equity instruments used to settle the instrument is to be used as a substitute for cash or other financial assets, or to give the holder of the instrument the remaining interest in the issuer's assets after deduction of all liabilities. If it is the former, the instrument is a financial liability of the Company; if it is the latter, the instrument is an equity instrument of the Company.

(5) Derivative instruments and embedded derivative instruments

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

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

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

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

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

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

2 . Recognition and measurement of transfer of financial assets

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

The financial assets that meet one of the following conditions will be derecognized by the Company: (1) the contractual right to receive cash flows of the financial asset is expired; (2) the financial asset has been transferred, and almost all risks and rewards of ownership of the financial asset transferred to the transferee; (3) the financial asset has been transferred by the Company

foregone the control of the financial assets although the Company has neither transferred nor retained almost all the risks and rewards of ownership of the financial asset.

If the Company neither transfers nor retains almost all the risks and rewards of ownership of financial assets, and retains control of the financial assets, it will continue to recognize the relevant financial assets to the extent that they are continuing to be involved in the transferred financial assets and recognises the relevant liabilities. The degree of continuing involvement in the transferred financial assets refers to the level of risk on the exposed impact in changes in value of financial asset to the Company.

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

3 . Conditions for derecognition of financial liabilities

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

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

4. Determination of the fair value of financial instruments

For the method for determining the fair value of financial assets and financial liabilities, see notes to the financial statements.

5. Impairment of financial instruments

The Company accounts for impairment of financial assets at amortised cost, contract assets, debt instrument investment at fair value through other comprehensive income, lease receivables and financial guarantee contracts as mentioned in this note. ECLs are the weighted average of credit

losses of financial instruments weighted by the risk of default. Credit losses refer to the difference between all contractual cash flows receivable according to the contract and discounted according to the original effective interest rate and all cash flows expected to be received, i. e. the present value of all cash shortages.

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

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

For receivables or contract assets recognized on transactions under "Accounting Standards for Business Enterprises No. 14 - Revenue" without significant financing components, the Company uses simplified measurement methods to calculate the expected credit loss equivalent to the lifetime period.

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

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

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

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

6. Offset of financial assets and financial liabilities

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention

to settle on a net basis or realize the asset and settle the liability simultaneously. Otherwise, financial assets and financial liabilities are separately shown in the balance sheet and not allowed to offset.

12. Notes receivables

适用 不适用

Recognition and accounting treatment of expected credit loss of notes receivable

适用 不适用

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

The categories and determination basis for the combination of bad debt provisions based on credit risk characteristics

适用 不适用

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

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

适用 不适用

Judgment criteria for single provision for bad debt reserves

适用 不适用

13. Accounts receivable

适用 不适用

Determination method and accounting treatment of expected credit loss of accounts receivable

适用 不适用

Determination method and accounting treatment of expected credit loss of accounts receivable

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

Name of group	Determination basis
Ageing group	Accounts receivable with similar credit risk characteristics by ageing
Group of related parties in the	Receivables from related parties within the scope of consolidation have

scope of consolidation	similar credit risk characteristics
Group of high credit rating	Accounts receivable of Fortune 500 clients within credit term

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

√适用 □不适用

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

Judgment criteria for single provision for bad debt reserves

√适用 □不适用

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

14. Receivables financing

√适用 □不适用

Method for determining expected credit losses in receivables financing and accounting treatment

√适用 □不适用

The Company determines the expected credit losses of receivables financing and makes accounting treatment in accordance with the general method described in this note. On the balance sheet date, the Company measures the credit loss of receivables financing based on the present value of the difference between the contractual cash flow due and the expected cash flow received. When the expected credit loss information of a single item of receivables financing cannot be assessed at a reasonable cost, the Company divides receivables financing into several groups based on the characteristics of credit risk. On the basis of referring to historical credit loss experience, combining the current situation and considering forward-looking information, the Company estimates the expected credit losses on group basis.

The categories and determination basis for the combination of bad debt provisions based on credit risk characteristics

√适用 □不适用

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

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

□适用 √不适用

Judgment criteria for single provision for bad debt reserves

√适用 □不适用

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

15. Other receivables**Determination method and accounting treatment of expected credit loss of other receivables**

√适用 □不适用

The Company determines the expected credit losses of other receivables and performs accounting treatment according to the general method described in this note. On the balance sheet date, the credit losses of other receivables are measured based on the present value of the difference between the contractual cash flow receivable and the expected cash flow receivable. The Company conducts separate impairment tests on other receivables with significantly different credit risk

characteristics and estimates the expected credit losses. The remaining other receivables are divided into several portfolios based on credit risk characteristics, and the expected credit losses are estimated on a portfolio basis by referring to historical credit loss experience, considering current conditions, and taking into account forward-looking information. **The categories and determination basis for the combination of bad debt provisions based on credit risk characteristics**
适用 不适用

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

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

适用 不适用

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

Judgment criteria for single provision for bad debt reserves

适用 不适用

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

16. Inventories

适用 不适用

Inventory category, issue pricing method, inventory system, amortization method for low-value consumables and packaging materials

适用 不适用

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

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

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

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

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

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

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

Recognition criteria and accrual method for the provision for decline in value in inventory

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

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

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

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

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

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

适用 不适用

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

适用 不适用

17. Contract assets

适用 不适用

18. Assets held for sale

适用 不适用

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

适用 不适用

Recognition criteria and presentation method for discontinued operations

适用 不适用

19. Long-term equity investments

适用 不适用

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

1. Judgment criteria for joint control and significant influence

Joint control refers to the common control of an arrangement in accordance with the relevant agreement, and related activities of the arrangement must be agreed upon by the parties sharing control rights before they can make decisions. If the Company and other joint venturers jointly exercise joint control over the investee and jointly control the investee and have rights to the net assets of the investee, the investee is a joint venture of the Company. When judging whether there is joint control, the protective rights enjoyed are not considered.

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

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

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

(2) If a business combination is not formed under common control, the Company determines the combination cost as the initial investment cost of long-term equity investments according to the purchase date. The combination cost is the fair value of the assets paid, liabilities incurred or assumed by the purchaser to obtain control of the purchased party on the purchase date, and the equity securities issued. Overhead expenses such as auditing, legal services, evaluation and consulting and other related Administrative expenses incurred by the purchaser for the business merger are included in profit or loss for the current period; The transaction cost of the equity securities or debt securities issued by the purchaser as the combination consideration is included in

the initial recognition amount of equity securities or debt securities. The Company regards the contingent consideration stipulated in the acquisition agreement as part of the transfer consideration for the business combination, and it is included in the cost of the business combination according to its fair value on the date of purchase. For a business combination not under common control that is realized step-by-step through multiple transactions, it is determined whether the multiple transactions belong to a "single transaction" in accordance with the accounting standards for the enterprise. In the case of a "single transaction", each transaction is treated as a whole transaction that obtains control. If it does not belong to a "single transaction", the initial investment cost of long-term equity investments calculated based on the cost method shall be the sum of the original holding equity amount of the acquiree's equity investment plus the newly added investment cost; if the equity is accounted for using the equity method, the relevant other comprehensive income will not be accounted for temporarily; if the original equity investment is invested by other equity instruments, the difference between the fair value and the carrying amount, and the cumulative change in fair value originally included in other comprehensive income, are transferred to directly to retained earnings.

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

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

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

(1) Long-term equity investments measured at cost

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

(2) Long-term equity investments under equity method

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

If the initial investment cost of long-term equity investments calculated by the equity method is greater than the fair value share of the identifiable net assets of the investee when investing, the initial investment cost of long-term equity investments will not be adjusted; the initial investment

cost of long-term equity investments is less than the fair value share of the investee's identifiable net assets at the time of purchase, the difference should be included in profit or loss for the current period, while adjusting the cost of long-term equity investments. After acquiring long-term equity investments, if the accounting policy and accounting period adopted by the investee are inconsistent with the Company, the financial statements of the investee shall be adjusted according to the Company's accounting policies and accounting period, and recognize the investment gain or loss and other comprehensive income etc. The investment income and other comprehensive income shall be the share of the net profit or loss and other comprehensive income of the investee, and the carrying amount of long-term equity investments is adjusted; The Company recognizes its share of the investee's net profits or losses based on the fair values of the investee's individual separately identifiable assets at the time of acquisition, after making appropriate adjustments thereto in conformity with the accounting policies and accounting periods of the Company. According to the profits or cash dividends declared to be distributed by the investee, the carrying amount of long-term equity investments is reduced accordingly; adjust the carrying amount of long-term equity investments and include in owners' equity. The unrealized internal transaction gains and losses that occur between the Company and associates and joint ventures are calculated based on the ratio enjoyed by the Company and are offset, and investment income is recognized on this basis. Unrealized internal transaction losses with the investee that belong to assets impairment loss are fully recognized.

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

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

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

4. Disposal of long-term equity investments

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

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

For long-term equity investments that are accounted for using the equity method, if the remaining equity after disposal is still accounted for using the equity method, when disposing of the investment, the same basis as the investee directly disposes of related assets or liabilities shall be used and the relevant share of other comprehensive income in the accounting treatment. Owners

'equity confirmed by the investee in addition to changes in net profit or loss, other comprehensive income and profit distribution, and owners' equity are carried forward to profit or loss for the current period according to the sharing.

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

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

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

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

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

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

20. Investment properties

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

Depreciation or Amortization Method

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

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

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

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

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

21. Fixed assets

(1). Recognition conditions

适用 不适用

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

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

(2). Depreciation method

适用 不适用

Category	Depreciation method	Useful life (years)	Estimate residual value (%)	Annual depreciation rate (%)
Property and buildings	Straight line method	10-30	5-10	3.00-9.50
Specific equipment	Straight line method	3-20	5-10	4.50-31.67
General equipment	Straight line method	3-15	5-10	6.00-31.67

Transportation equipment	Straight line method	2-15	5-10	6.00-47.50
Ship	Straight line method	25	Light Displacement Tonnage x Expected scrap price	3.07

Note:

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

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

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

22. Construction in progress

适用 不适用

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

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

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

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

23. Borrowing costs

适用 不适用

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

1. Principle of borrowing costs capitalization

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

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

2. Capitalization period of borrowing costs

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

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

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

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

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

24. Biological assets

适用 不适用

25. Oil and gas assets

适用 不适用

26. Intangible assets

(1). Measurement, useful life, impairment test

√ 适用 □ 不适用

1. Initial measurement of intangible assets

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

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

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

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

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

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

Item	Basis of estimated useful life	Period (years)
Software	Expected benefit period	5 years
Special technology	Expected benefit period	10 years
Land use rights	Registered useful life of land use rights	50 years

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

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

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

适用 不适用

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

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

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

1 – Inventory”, and they shall be recognized as related assets in accordance with the asset recognition conditions in other relevant accounting standards for business enterprises.

27. Long-term asset impairment

√ 适用 □ 不适用

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

1. The market price of assets has fallen sharply in the current period, and the decline is significantly higher than the expected decline due to the passage of time or normal use;

2. The economic, technical or legal environment in which the enterprise operates and the market in which the assets are located will undergo major changes in the current period or in the near future, thereby adversely affecting the enterprise;

3. The market interest rate or other market investment return rate has increased in the current period, which affects the discount rate of the enterprise's calculation of the present value of the expected future cash flow, resulting in a substantial reduction in the asset's recoverable amount;

4. There is evidence that the asset has become obsolete or its physical has been damaged;

5. Assets have been or will be idle, terminated or planned to be disposed of in advance;

6. Evidence from internal reports of the Company indicates that the economic performance of the asset has been or will be lower than expected, such as the net cash flow created by the asset or the realized operating profit (or loss) is far below (or higher than) the expected amount, etc . ;

7. Other indications that assets may have been impaired.

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

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

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

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

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

28. Long-term deferred expenses√ 适用 不适用

Long-term deferred expenses are accounted for based on actual expenditures and amortized evenly over the benefit period or the prescribed period. If the long-term deferred expense item cannot benefit the future accounting period, all the amortized value of the item that has not been amortized shall be transferred to profit or loss for the current period, of which:

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

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

29. Contract liabilities√ 适用 不适用

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

30. Employee benefits**(1). Accounting treatment of short-term employee benefits**√ 适用 不适用

Employee benefits refer to all forms of consideration or compensation given by the Company in exchange for service rendered by employees or for the termination of employment relationship. Employee benefits include short-term employee benefits, post-employment benefits, termination benefits and other long-term employee benefits. Benefits provided to the employee's spouse, children, dependents, family members of deceased employees, or other beneficiaries are also employee benefits.

According to their liquidities, employee benefits are presented as "employee benefits payable" and "long-term employee benefits payable" on the balance sheet.

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

(2). Accounting treatment of Post-employment benefits√ 适用 不适用

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

(1) Defined contribution plans

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

(3). Accounting treatment of employee termination benefits

适用 不适用

Termination benefits is recognized on the earlier of either the Company cannot unilaterally withdraw the termination benefits provided by the labor relationship cancellation plan or the redundancy proposal, and the Company recognises the costs or expenses related to the restructuring related to the payment of the termination benefits. Termination benefits expenses are included in profit or loss for the current period. However, if the termination benefits are not expected to be fully paid within twelve months after the end of this reporting period, it is treated as other long-term employee benefits.

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

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

适用 不适用

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

31. Provision of liabilities

适用 不适用

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

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

The best estimates are divided into the following situations: If the required expenditure exists in a continuous range (or interval), and the probability of various results in the range is the same, the best estimate is based on the middle value of the range: namely The average of the lower limit amount is determined. The required expenditure does not exist in a continuous range (or interval),

or although there is a continuous range, but the possibility of various results in this range is not the same, if contingencies involve a single item, the best estimate is based on the amount most likely to occur; if contingencies involve multiple items, the best estimate is calculated and determined based on various possible results and related probabilities.

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

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

32. Share-based payments

适用 不适用

1. Category of share-based payment

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

2. Determination method of fair value of equity instruments

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

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

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

4. Accounting treatment of share-based payment

(1) Share-based payment settled by equity

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

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

(2) Share-based payment settled in cash

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

(3) Modify and terminate share-based payment plan

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

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

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

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

33. Preferred shares, perpetual bonds and other financial instruments

适用 不适用

34. Revenue

(1). Accounting policies adopted for revenue recognition and measurement

适用 不适用

1. General principles of revenue recognition

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

If one of the following conditions is fulfilled, the Company performs its performance obligation within a certain period; otherwise, it performs its performance obligation at a point of time: (1) when the customer simultaneously receives and consumes the benefits provided by the Company when the Company performs its obligations under the contract; (2) when the customer is able to control the goods in progress in the course of performance by the Company under the contract; (3) when the goods produced by the Company under the contract are irreplaceable and the Company has the right to receive payment for performance completed to date during the whole contract term.

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

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

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

2. Specific revenue recognition principle

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

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

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

(2). Differences in accounting policies for revenue recognition due to the adoption of different business models for similar businesses

适用 不适用

35. Contract cost

适用 不适用

35. Government grants

适用 不适用

1. Category of government grants

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

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

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

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

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

(3) If the government document does not clearly specify the target of the grant, the Government grants will be divided into Government grants of Related to assets or Government grants of Related to income in the following ways: 1) Government documents specify the specific project targeted by the grant, the expenditure amount is divided by relative ratio of that forming the asset and the expenditure amount included in the expense according to the budget of this particular project. The ratio needs to be reviewed on each balance sheet date and changed if necessary.2) Government documents only use general expressions and do not indicate specific items, it is regarded as government grants related to income.

2. Timing of recognition of government grants

The Company usually recognises and measures the government grants according to the actual amount received when they are actually received. However, for the end of the period, there is solid evidence that it can meet the relevant conditions stipulated by the financial support policy. It is expected that the financial support funds can be received, and it is measured according to the Amount receivable. Government grants measured according to Amount receivable should also meet the following conditions:

(1) It is based on the financial support item officially released by the local financial department and proactively disclosed in accordance with the “Government Information Disclosure Regulations” and its financial fund administrative methods, and its administrative methods should be inclusive (any enterprise that meets the prescribed conditions can apply), not specifically for specific enterprises;

(2) The Amount of the subsidy receivable has been confirmed by the authority government department, or it can be reasonably calculated according to the relevant regulations of the officially released financial fund management method, and it is expected that there will be no significant uncertainty in its amount;

(3) The relevant grant approval has clearly promised the payment period, and the payment is guaranteed by the corresponding financial budget, so it can be reasonably guaranteed that it can be received within the specified period;

(4) According to the specific situation of the Company and the subsidy, other relevant conditions (if any) that should be met.

3. Accounting treatment of government grants

Government grants are monetary assets, measured by the amount received or receivable; non-monetary assets, measured by the fair value; if the fair value of non-monetary assets cannot be reliably obtained, measured by the nominal amount. Government grants measured in nominal amount are directly included in profit or loss for the current period.

The Company adopts the gross method for Government grants, the specific accounting treatment is as follows:

Government grants related to assets are recognized as deferred income, and are included in profit or loss for the current period in a reasonable and systematic way within the useful life of the relevant assets. When related assets are sold, transferred, scrapped or damaged before the end of the useful life, the relevant deferred income balance is transferred to the profit or loss of the asset disposal period.

Government grants related to income, which are used to compensate the related cost or loss of the Company in the future period, are recognized as deferred income, and are included in profit or loss for the current period during the period when the related cost or loss is recognized. The compensation for the related costs or losses incurred by the enterprise is directly included in profit or loss for the current period.

The policy discount loans obtained by the Company are divided into the following two situations and are separately accounted for:

(1) if the government makes the payment of subsidy to the bank offering the loan, the actual amount of money received by the loan is recorded as the book amount, and the borrowing costs are calculated according to the loan principle and the preferential interest rate of the policy.

(2) If the government makes the payment of subsidy directly to the Company, the interest subsidy is reducing the borrowing costs.

If the recognised government grants need to be returned, the returned will be accounted in the current period for in the following situations:

(1) that initially deducted the carrying amount of the asset, is recognized by increasing the carrying amount of the asset;

(2) if there exists of the related deferred income balance, then the deferred income balance is reduced by the amount repayable, any excess is charged to profit or loss for the current period.

(3) In other cases, it is directly included in profit or loss for the current period.

The distinguishing principles of government grants included in different profit or loss items are: Government grants related to the daily activities of the Company, included in other income or offsetting related costs according to the economic business substance; Government grants not related to the daily activities of the Company, included in non-operating income and expenses.

37. Deferred tax assets and deferred tax liabilities

√ 适用 □ 不适用

1. Recognition and measurement of deferred tax assets and deferred tax liabilities

The Company uses the balance sheet liability method to recognize deferred income tax based on the temporary difference between the carrying amount of assets, liabilities, and the balance sheet date and the tax base. The Company's current income tax and deferred income tax are included in profit or loss for the current period as income tax expenses or credit, but excluding income tax arising from: (1) business combination; (2) transactions or matter recognised directly in owners' equity; (3) according to the "Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments" and other regulations, the dividend payment of financial instruments classified as equity instruments can be deducted before corporate income tax according to tax policies and the distributed profits come from transactions or matters previously recognized in owners' equity.

The Company recognizes a deferred tax asset for the carry forward of deductible temporary differences, deductible losses and tax credits to subsequent periods, to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, deductible losses and tax credits can be utilized, except for those incurred in the following transactions:

(1) This transaction is not a business combination, and neither affects accounting profits nor affects taxable income (or deductible losses) when it occurs. Additionally, the initially recognized assets and liabilities do not generate equal taxable temporary differences and deductible temporary differences;

(2) The deductible temporary differences associated with investments in subsidiaries, associates and joint ventures, the corresponding deferred tax asset is recognized when both of the following conditions are satisfied: it is probable that the temporary difference will reverse in the foreseeable future and it is probable that taxable profits will be available in the future against which the temporary difference can be utilized.

All the taxable temporary differences are recognized as deferred tax liabilities except for those incurred in the following transactions:

(1) Initial recognition of goodwill, or initial recognition of assets or liabilities arising from transactions with the following characteristics: the transaction is not a business combination, and neither affects accounting profits nor affects taxable income (or deductible losses) at the time of the transaction, and the initially recognized assets and liabilities do not generate equal taxable temporary differences and deductible temporary differences;

(2) The taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, and the Company is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The difference between the carrying amount of assets and liabilities and their tax base (If the items that have not been recognized as assets and liabilities can be determined in accordance with the provisions of the tax law, the tax base, the difference between the tax base and the book amount), is calculate and recognized deferred tax assets or deferred tax liabilities according to the applicable tax rate during the period when the assets are expected to be recovered or the liabilities are paid off.

For individual transactions that are not business combinations and do not affect accounting profits or taxable income (or deductible losses) at the time of transaction, and the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary

differences, the company recognizes the corresponding deferred income tax liabilities and deferred income tax assets at the time of transaction for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in the transaction.

Deferred tax assets recognised are limited to the amount of taxable income that is likely to be used to offset the deductible temporary differences. On the balance sheet date, if there is solid evidence that it is likely to obtain sufficient taxable income in the future period to offset the deductible temporary difference, the deferred tax assets that have not been recognized in the previous accounting period are recognized. The carrying amount of deferred tax assets is reviewed regularly. If it is likely that sufficient taxable income cannot be obtained in the future to offset the benefits of deferred tax assets, the carrying amount of deferred tax assets will be written down. When it is likely to obtain sufficient taxable income, the amount written down will be reversed.

2. When the Company has the legal right to settle on a net basis and intends to settle on a net basis or acquire assets and settle liabilities simultaneously, the Company's current income tax assets and current income tax liabilities are presented in net amounts after offset.

When the Company have the legal right to settle the current income tax assets and current income tax liabilities in net, and the deferred tax assets and deferred tax liabilities are related to the income tax levied by the same tax collection department on the same taxpayer or different taxpayers, but in each future period of significant deferred tax assets and liabilities reversal, the taxpayer involved intends to settle the current income tax assets and liabilities in net amount or obtain assets and settle liabilities at the same time and deferred tax liabilities are presented in net amount after offset.

38. Leases

适用 不适用

Leasing refers to a contract in which the lessor transfers the right to use an asset to the lessee for a certain period of time in exchange for consideration.

On the contract commencement date, the Company assesses whether the contract is a lease or contains a lease. If one party in the contract transfers the right to control the use of one or more identified assets for a certain period of time in exchange for consideration, then the contract is a lease or contains a lease.

If the contract includes multiple separate leases, the lessee and lessor will split the contract and perform accounting for each separate lease separately. If the contract includes both leases and non-leases, the lessee and lessor will split the leases and non-leases.

As a lessee, the basis for determining and accounting for simplified processing of short-term leases and low-value asset leases

适用 不适用

(1) Right-of-use assets

At the commencement date of lease term, the Company recognizes right-of-use assets for leases (excluding short-term leases and leases of low-value assets). Right-of-use assets are measured initially at cost. Such cost comprises: the amount of the initial measurement of lease liability; lease payments made at or before the inception of the lease less any lease incentives already received (if there is a lease incentive); initial direct costs incurred by the Company; the costs of the Company expected to be incurred for dismantling and removing the leased asset, restoring the site on which the leased asset is located or restoring it to the condition as agreed in the terms of the lease.

The Company accrues depreciation for the right-of-use assets on straight-line method. If there is reasonable certainty that the Company will obtain the ownership of a leased asset at the end of the lease term, the Company depreciates the right-of-use asset from the commencement date to

the end of the useful life of the underlying asset; otherwise, the Company depreciates the leased asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

(2) Lease liabilities

At the commencement date of lease term, the Company recognizes lease liabilities for leases (excluding short-term leases and leases of low-value assets). Lease liabilities are initially measured based on the present value of outstanding lease payment. Lease payment include: fixed payments (including in-substance fixed payments), less any lease incentives (if there is a lease incentive); variable lease payment that are based on an index or a rate; amounts expected to be payable under the guaranteed residual value provided by the Company; the exercise price of a purchase option if the Company is reasonably certain to exercise that option; payments of penalties for terminating the lease option, if the lease term reflects that the Company will exercise that option. The Company adopts the interest rate implicit in the lease as the discount rate. If that rate cannot be determined reasonably, the Company's incremental borrowing rate is used.

The Company shall calculate the interest expenses of lease liabilities over the lease term at the fixed periodic interest rate, and include it into profit or loss in the period or cost of relevant assets. Variable lease payments not included in the measurement of lease liabilities are charged to profit or loss in the period or cost of relevant assets in which they actually arise.

After the commencement date of lease term, if the following circumstances occur, the Company re-measures the lease liability in accordance with the lease payments after modification: when the assessment results of the purchase, extension or termination option or the actual exercise condition changes, or the actual exercise of the lease renewal option or the lease termination option is inconsistent with the original assessment result; Changes in the expected payable amount based on guaranteed residual value; Changes in the index or ratio used to determine lease payments. For the lease modification that cause the lease liabilities to be remeasured, the Company adjusts the carrying value of the right-of-use assets accordingly. If the carrying value of the right-of-use asset has been reduced to zero, but the lease liability still needs to be further reduced, the Company will include the remaining amount in the profit or loss for the current period.

(3) Short-term leases and leases of low-value assets

The right-of-use asset and lease liability are not recognized by the Company for short-term leases and leases of low-value assets, and the relevant lease payments are included in profit or loss in the period or costs of relevant assets in each period of the lease term on a straight-line basis. Short-term leases are defined as leases with a lease term of not more than 12 months from the commencement date and excluding a purchase option. Leases of low-value assets are defined as leases with underlying low value when new. Where the Company subleases or expects to sublease a leased asset, the original lease shall not belong to a lease of low-value asse

(4) Lease modification

The Company will account for the lease modification as a separate lease if the lease changes and meets the following conditions: the lease change expands the scope of lease by increasing the rights to use one or more leased assets; the increased consideration and the individual price of the expanded part of the lease are equivalent to the amount adjusted for the contract.

If the lease change is not accounted for as a separate lease, the Company shall re-allocate the consideration of a changed contract, re-determine the lease term, and remeasure the lease liabilities by the present value calculated from the changed lease payments and revised discount rate on the effective date of the lease change.

Lease classification criteria and accounting treatment methods for lessors

适用 不适用

At the commencement date of lease term, the Company classifies leases as financing leases and operating leases. A financing lease is a lease that transfers substantially all the risks and rewards incidental to ownership of a leased asset, irrespective of whether the ownership of the asset is eventually transferred. An operating lease is a lease other than a finance lease.

As a sub-leasing lessor, the Company classifies the sub-leases based on the right-of-use assets of the original leases. If the original lease is a short-term lease and the Company chooses not to recognize the right-of-use asset and lease liability for the original lease, the Company classifies the sublease as an operating lease.

(1) Accounting treatment of operating leases

The lease payments derived from operating leases are recognized as rental income on a straight-line basis over the respective lease terms. Initial direct costs relating to operating leases to be incurred by the Company shall be capitalized and then included in the current income by stages at the same base as the recognition of rental income over the lease term. The variable lease payments not included in the measurement of lease payments shall be recognized in profit or loss in the period in which they are occurred.

(2) Accounting treatment of financing leases

At the commencement date of lease term, the Company recognizes financing lease receivable and derecognizes the underlying assets. The Company initially measures financing lease receivable in the amount of net investment in the lease. Net investment in the lease is the sum of present value of unguaranteed residual value and the lease payments receivable at the commencement date of lease term, discounted at the interest rate implicit in the lease.

The Company calculates and recognizes interest income in each period during the lease term, based on a constant periodic interest rate. The derecognition and impairment losses of financing lease receivable are accounted for in accordance with this note. Variable lease payments not included in the measurement of the net investment in the lease are included in profit or loss in the period in which they are occurred.

3. Sale and leaseback transactions

The Company determines whether the asset transfer in the sale and leaseback transaction is a sale in accordance with principles described in this note.

(1) As a lessee

If the asset transfer in the sale and leaseback transaction is a sale, the Company, as a lessee, measures the right-of-use assets formed by the sale and leaseback based on the part of the book value of the original assets related to the use rights obtained from the leaseback, and recognize relevant gains or losses only for the right to transfer to the lessor; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessee, continues to recognize the transferred assets and recognizes a financial liability equal to the transfer income. For details of accounting treatment for financial liabilities, please see this note.

(2) As a lessor

If the transfer of assets in the sale and leaseback transaction is a sale, the Company, as a lessor, accounts for asset purchase, and accounts for asset lease in accordance with policies in the aforementioned "2. The Company as a lessor"; if the transfer of assets in the sale and leaseback transaction is not a sale, the Company, as a lessor, does not recognize the transferred assets, but recognizes a financial asset equal to the transfer income. For details of accounting treatment for financial assets, please see this note.

39. Other significant accounting policies and accounting estimates

适用 不适用

(1) Fair value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Company measures related assets or liabilities at fair value assuming the assets or liabilities are exchanged in an orderly transaction in the principal market; in the absence of a principal market, assuming the assets or liabilities are exchanged in an orderly transaction in the most advantageous market. Principal market (or the most advantageous market) is the market that the Company can normally enter into a transaction on measurement date.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, considering the ability of a market participant to generate an economic benefit from the best use of the asset, or the ability to generate an economic benefit from the sale of the asset to another market participant who can put it to the best use, maximizing the use of relevant observable inputs, and using unobservable inputs only if the observable inputs aren't available or impractical.

Fair value level for assets and liabilities measured or disclosed at fair value in the financial statements are determined according to the significant lowest level input to the entire measurement: Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can access at the measurement date; Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly or indirectly; Level 3 inputs are unobservable inputs for the assets or liabilities, including interest rates that cannot be directly observed or verified by observable market data, stock volatility, future cash flows of disposal obligations assumed in business combinations, financial forecasts made using own data, etc. On each balance sheet date, the company reassesses the assets and liabilities that are continuously measured at fair value recognized in the financial statements to determine whether there is a conversion between the fair value measurement levels.

(2) Share repurchase

If the shares of the company are purchased for reasons such as reducing registered capital or rewarding employees, the actual amount paid shall be treated as treasury shares. If the repurchased shares are canceled, the difference between the total face value of the shares calculated based on the par value of the canceled shares and the number of canceled shares and the actual amount paid for the repurchase shall be used to offset the capital reserve, if the capital reserve is insufficient for offsetting, and offset against retained earnings. If rewarding the repurchased shares to the employees of the company belongs to equity-settled share payment, when the employees exercise their rights to purchase the company's shares and receive the price, the cost of the treasury shares delivered to the employees will be transferred out of the capital reserve (other capital reserve) cumulative recorded during the waiting period.

(3) Hedging

1. Hedging includes fair value hedging / cash flow hedging / overseas operating net investment hedging.

2. For hedging instruments that meet the following conditions, hedging accounting methods are used: (1) The hedging relationship consists only of eligible hedging instruments and hedged instruments; (2) At the beginning of hedging, the Company formally designated hedging instrument and hedged items, and prepared written documents on the hedging relationship and the Company's risk management strategy and risk management objectives for hedging; (3) The hedging relationship meets the hedging validity requirement.

When the hedging meets the following conditions at the same time, the Company determines that the hedging relationship meets the requirements for hedging effectiveness: (1) There is an economic relationship between the hedged item and the hedging instrument; (2) Among the changes in value caused by the economic relationship between hedged items and hedging instruments, the impact of credit risk does not dominate; (3) The hedging ratio of the hedging relationship is equal to the ratio of the actual number of hedged items of the Company to the actual number of hedging instruments, but does not reflect the imbalance of the relative weight of the hedged items and hedging instruments.

The Company continuously evaluates whether the hedging relationship meets the requirements of hedging effectiveness on the hedging start date and later. The hedging relationship no longer meets the hedging effectiveness requirements due to the hedging ratio, but if the risk management objectives of the designated hedging relationship have not changed, the Company will rebalance the hedging relationship.

3. Accounting treatment of hedging

(a) Fair value hedge

1) Gains or losses from hedging instruments are included in profit or loss for the current period. If hedging instruments are hedged against non-tradable equity instruments (or their components) that are selected to be measured at fair value and whose changes are included in other comprehensive income, the gains or losses generated by the hedging instruments are included in other comprehensive income.

2) Profit or loss for the current period of the hedged item due to risk exposure is calculated as profit or loss for the current period, while adjusting the carrying amount of the confirmed hedged item not measured at fair value. Hedged items are debt instruments (or their components) that are measured at fair value and whose changes are included in other comprehensive income. The gains or losses resulting from the hedged risk exposure are included in profit or loss for the current period, without adjustment its carrying amount; If the hedged item is a non-tradable equity instrument investment (or its component) measured at fair value and its changes are included in other comprehensive income, the gain or loss resulting from the hedged risk exposure is included in other comprehensive income, not adjusting its carrying amount.

If the hedged item is an unrecognized commitment (or its component), the cumulative change in fair value due to the hedged risk after the hedge relationship is designated is recognized as an asset or liability, and the relevant gains or losses are included profit or loss for each relevant period. When fulfilling the definite commitment to obtain assets or assume liabilities, the initial recognition amount of the asset or liability is adjusted to include the cumulative change in the fair value of the confirmed hedged item.

If the hedged item is a financial instrument (or a component thereof) measured at amortized cost, the adjustment made by the Company to the carrying amount of the hedged item will be amortized at the actual interest rate recalculated on the amortization date and included in profit or loss for the current period. If the hedged item is a debt instrument measured at fair value and its changes are included in other comprehensive income (components thereof), the accumulated recognized hedging gains or losses are amortized in the same manner and included in profit or loss for the current period, but does not adjust the carrying amount of the debt instrument (or its components).

(b) Cash flow hedge

1) The part of the hedging instrument gains or losses that belongs to the effective hedging is included in other comprehensive income as a cash flow hedge reserve, and the invalid part is included in profit or loss for the current period. The amount of cash flow hedge reserve is recognised according to the lower of the absolute value of the following two items: ①Accumulated gains or losses of hedging instruments since hedging;②The cumulative change in the present value of the expected future cash flow of the hedged item since hedging.

2) The hedged item is an expected transaction, and the expected transaction causes the Company to subsequently recognize a non-financial asset or non-financial liability, or the expected transaction of non-financial assets and non-financial liabilities forms a certain commitment applicable to fair value hedge accounting, the Company transfers out the cash flow hedging reserve amount originally recognized in other comprehensive income and includes it in the initial recognition amount of the asset or liability.

3) Other cash flow hedges, the amount of cash flow hedge reserves originally included in other comprehensive income, are transferred out during the same period when the hedged expected transaction affects profit or loss, and are included in profit or loss for the current period.

(c) Net investment hedges for overseas operations

The portion of the gains or losses formed by hedging instruments that are effective hedges is included in other comprehensive income, and when disposing of overseas operations, they are transferred out and included in profit or loss for the current period. The part of the loss that belongs to the invalid hedge is included in profit or loss for the current period.

(4) Restricted shares

In the equity incentive plan, the Company grants restricted stock to the motivated employee. The motivated employee subscribes for the stock first. If the unlocking conditions specified in the equity incentive plan are not subsequently met, the Company repurchases the stock at the price agreed in advance. If the restricted stock issued to employees has completed the capital increase procedures such as registration according to relevant regulations, on the grant date, the Company will recognise the share capital and capital reserve (Share capital premium) based on the subscription paid by the employees. Treasury shares and other payables are recognize for the repurchase obligations.

(5) Significant accounting judgments and estimates

In the process of applying the accounting policy of the Company, due to the inherent uncertainty of the operating activities, the Company needs to make judgments, estimates and assumptions on the carrying amount of the report items that cannot be accurately measured. These judgments, estimates and assumptions are based on the Company's management's past historical experience and made on the basis of considering other relevant factors. These judgments, estimates and assumptions will affect the reported amount of income, expenses, assets and liabilities and the disclosure of contingent liabilities on the balance sheet date. However, the actual results caused by the uncertainty of these estimates may be different from the current estimates of the Company's management, which will cause significant adjustments to the carrying amount of assets or liabilities affected in the future. The Company regularly reviews the aforementioned judgments, estimates and assumptions on the basis of continuous operation. If the changes in accounting estimates only affect the current period of change, the number of impacts will be recognised in the current period of change. If the changes affect both the current period and the future period, the number of impacts will be confirmed in the current period and future period of change. As of the balance sheet date, the Company needs to make judgments, estimates and assumptions on the financial statement items as follows:

1. Classification of lease

When the company acts as a lessor, according to the provisions of the Accounting Standards for Business Enterprises No. 21 - Leases, leases are classified as operating leases and financial leases. When determining the classification, management needs to make analysis and judgment on whether all risks and rewards related to the ownership of leased assets have been substantially transferred to the lessee.

2. Impairment of financial instruments

The Company uses the expected credit loss model to assess impairment of receivables and debt investments measured at amortized cost, receivables financing measured at fair value and changes included in other comprehensive income, and other debt investments. The use of the expected credit loss model involves significant management judgments and estimates. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis of historical statistical data and forward-looking information to establish default probability, default loss rate and default risk exposure model. The difference between the actual financial instrument impairment result and the original estimate will affect the carrying amount of the financial instrument and the accrual or reversal of credit impairment losses during the period when the estimate is changed.

3. Provision for decline in value in inventories

According to Inventories accounting policy, the Company measures according to the lower of cost and net realizable value. For inventories whose cost is higher than net realizable value and obsolete and unsalable, provision for decline in value of inventories is recognized. Impairment to net realizable value is based on the assessment of the marketability of Inventories and its net realizable value. Appraisal of Inventories impairment requires management to make judgments and estimates based on factors such as the purpose of holding Inventories and the impact of events after the balance sheet date. The difference between the actual result and the original estimate will affect

the carrying amount of Inventories and the accrual of Inventory Provision for decline in value or return during the period when the estimate is changed.

4. Impairment of non-financial non-current assets

On the balance sheet date, the Company judges whether there is any sign of possible impairment of Non-current assets other than financial assets. For intangible assets with uncertain service life, in addition to the annual impairment test, when there are signs of impairment, an impairment test is also conducted. Non-current assets other than financial assets are tested for impairment when there are signs that their book amount is not recoverable.

When the carrying amount of an asset or asset group is higher than the recoverable amount, which is the higher of the fair value minus the disposal cost and the present value of the expected future cash flow, it indicates that an impairment has occurred.

The net value of fair value minus disposal expenses is determined by referring to the sales agreement price or observable market price of similar assets in fair transactions, minus the incremental costs that can be directly attributed to the disposal of the asset. When predicting the present value of future cash flows, it is necessary to make a significant judgment on the output, selling price, related operating costs of the asset (or asset group), and the discount rate used in calculating the present value. When estimating the recoverable amount, the Company will use all relevant information that can be obtained, including the prediction of production, selling price and related operating costs based on reasonable and supportable assumptions.

The Company assesses whether goodwill is impaired at least annually and requires an estimate of the use value of the asset group to which goodwill is allocated. When estimating the value in use, the Company needs to estimate the future cash flow from the asset group, and at the same time choose an appropriate discount rate to calculate the present value of the future cash flow.

5. Depreciation and amortization

After considering the residual value of the investment properties measured at cost model, fixed assets and Intangible assets, the Company depreciates and amortizes it according to the straight-line method during the service life. The Company regularly reviews the service life to determine the amount of depreciation and amortization expenses to be included in each reporting period. The service life is determined by the Company based on the previous experience of similar assets and the expected technical update. If the previous estimates change significantly, the depreciation and amortization expenses will be adjusted in the future.

6. Deferred tax assets

To the extent that there is likely to be enough taxable profits to offset losses, the Company recognizes deferred tax assets for all unutilized tax losses. This requires the Company's management to use a lot of judgment to estimate the time and amount of future taxable profits, combined with tax planning strategies to determine the amount of deferred tax assets that should be recognised.

7. Income tax

In the normal business activities of the Company, there are certain uncertainties in the final tax treatment and calculation of some transactions. Whether certain items can be paid before taxes requires the approval of the tax authorities. If the final determination result of these tax matters is different from the originally estimated amount, the difference will have an impact on the current income tax and deferred income tax during the final determination period.

8. Fair value measurement

Certain assets and liabilities of the Company are measured at fair value in the financial statements. When estimating the fair value of an asset or liability, the Company uses the observable market data available; if the Level 1 input value is not available, a third-party qualified assessment agency is employed for valuation. The Company's management works closely with it to determine the appropriate valuation techniques and input values for related models. Relevant information about the valuation techniques and input values used in the process of determining the fair value of various assets and liabilities are disclosed in this note.

40. Changes in significant accounting policies and accounting estimates**(1). Changes in significant accounting policies**

√适用 □不适用

Unit: Yuan Currency: RMB

The content and reason of accounting policy changes	Name of the report item that is significantly affected	Affected amount
The Ministry of Finance issued the "Accounting Standards for Business Enterprises Interpretation No. 16" (Cai Kuai [2022] No. 31, hereinafter referred to as "Interpretation No. 16") on November 30, 2022. The company will implement the provisions of "The accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction that is not applicable to initial recognition exemption" from January 1, 2023.		

Unless otherwise specified, the data listed in this section are in RMB yuan.

【Note1】 The accounting treatment of deferred income tax related to assets and liabilities arising from a single transaction that does not apply to the exemption from initial recognition is explained in the 16th provision. For a single transaction that is not a business combination and does not affect accounting profits or taxable income (or deductible losses) at the time of the transaction, and the initial recognition of assets and liabilities results in equal taxable temporary differences and deductible temporary differences, the provisions of Accounting Standards for Business Enterprises No. 18 - Income Tax regarding the exemption from initial recognition of deferred income tax liabilities and deferred income tax assets do not apply. The enterprise recognizes the corresponding deferred income tax liabilities and deferred income tax assets separately at the time of the transaction for the taxable temporary differences and deductible temporary differences arising from the initial recognition of assets and liabilities in the transaction.

The Company will implement the provisions of Interpretation No. 16, "Accounting Treatment for Deferred Income Tax Not Applicable to Initial Recognition Exemption for Assets and Liabilities Arising from a Single Transaction," starting from January 1, 2023. The initial implementation of this interpretation will have no significant impact on the financial statements.

(2). Changes in significant accounting estimates

□适用 √不适用

(3). From 2023, the first implementation of new accounting standards or interpretations of standards involving adjustments to the financial statements at the beginning of the year of initial implementation

□适用 √不适用

41. Others

□适用 √不适用

VI. Taxation

1. Major taxes and their tax rates

Major taxes and their tax rates

适用 不适用

Taxes	Tax basis	Tax rate %
Value-added tax	Value-added generated during the sale of goods or provision of taxable services	Calculated and paid according to tax rates of 3%, 5%, 6%, 9%, and 13%. The export goods implement the tax policy of "exemption, credit and refund", and the tax refund rate is 13%.
Consumption tax	taxable sales volume	Gasoline: 1.52 yuan/liter Diesel: 1.20 yuan / liter Aviation kerosene: 1.20 yuan / liter Naphtha: 1.52 yuan/liter Solvent oil: 1.52 yuan/liter lubricating oil: 1.52 yuan/liter Fuel oil: 1.20 yuan / liter[note1]
Urban maintenance and construction tax	Turnover tax payable	7%, 5%, etc.
Education surcharge	Turnover tax payable	3%
Local education surcharges	Turnover tax payable	2%
Enterprise income tax	Subject to taxable profit	[note2]

[[note1](#)] From July 1, 2023, according to the provisions of the Announcement on the Implementation of the Consumption Tax Policy for Some Refined Oil Products (Announcement No. 11 of the Ministry of Finance and the State Administration of Taxation) issued by the Ministry of Finance and the State Administration of Taxation, (1) alkylate oil (isooctane) will be subject to consumption tax in accordance with gasoline; (2) petroleum ether, crude white oil, light white oil, and some industrial white oil (No. 5, No. 7, No. 10, No. 15, No. 22, No. 32, No. 46) will be subject to consumption tax in accordance with solvent oil; (3) mixed aromatic hydrocarbons, heavy aromatic hydrocarbons, mixed C8, stable light hydrocarbons, light oil, and light coal tar will be subject to consumption tax in accordance with naphtha; (4) aerospace kerosene will be temporarily exempted from consumption tax with reference to aviation kerosene.

[[note2](#)] Description of the income tax rate for enterprises with different tax rates

If there are different taxpayers of enterprise income tax rate, disclosure description

适用 不适用

Entity	Income tax rate(%)
Jiangsu Hengli Chemical Fiber Co., Ltd.	15%
Jiangsu Hengke Advanced Materials Co. Ltd.	15%
Nantong Teng'an Logistics Co., Ltd	20%
Jiangsu Xuanda Polymer Materials Co., Ltd	15%
Jiangsu Deli Chemical Fiber Co., Ltd.	15%
Suzhou Hengli Chemical New Material Co., Ltd.	20%
Suzhou Binglin Trading Co., Ltd.	20%
Kanghui New Material Technology Co., Ltd.	15%
Suqian Kanghui New Material Co., Ltd.	20%
Shenzhen Ganghui Trading Co., Ltd.	20%
Hengli Logistics (Dalian) Co., Ltd.	20%
Hengli Petrochemical (Hainan) Co., Ltd.	15%
Hengli Energy (Hainan) Co., Ltd.	15%
Suzhou Hengli Energy Chemical Import & Export Co., Ltd.	20%
Hengli Aviation Oil Co., Ltd.	20%

Hengli Logistics (Dalian) Co., Ltd.	20%
Suzhou Textile Group Network E-commerce Co., Ltd	20%
Hengli Chemical (Suqian) Co., Ltd.	20%
Hengli Oil (Suqian) Co., Ltd.	20%
Hengli Tongshang New Energy Co., Ltd.	20%
Hengli Energy Import and Export Co., Ltd.	20%
Hengli New Energy (Shanghai) Co., Ltd.	20%
Hengli Yuanshang Technology (Suzhou) Co., Ltd.	20%
Suzhou Hengli Jinshang Energy Technology Co., Ltd.	20%
Hengli Petrochemical Sales (Haikou) Co., Ltd.	20%
Hengli Energy Chemical (Sanya) Co., Ltd.	15%
Dalian Henglixing Gemstone Chemical Trading Co., Ltd.	20%
Dalian Hengli Gaoyuan Sales Co., Ltd.	20%
Nantong Hengli Maoyuan Petrochemical Trading Co., Ltd.	20%
Hengli Petrochemical Sales (Shenzhen) Co., Ltd.	20%
Hengli Fuel Oil (Hainan) Co., Ltd	20%
Shanghai Hengli Fuel Oil Co., Ltd	20%
Huizhou Hengli Chemical Sales Co., Ltd	20%
Hengli (Zhoushan) Energy and Chemical Co., Ltd	20%
Dalian Hengli New Energy Sales Co., Ltd	20%
HENGLI PETROCHEMICAL CO., LIMITED	16.50%
HENGLI PETROCHEMICAL INTERNATIONAL PTE. LTD.	5%
HENGLI OILCHEM PTE. LTD.	17%
HENGLI SHIPPING INTERNATIONAL PTE. LTD.	0%
Others taxpayers other than the above	25%

2. Tax incentive

√ 适用 □ 不适用

1. Consumption tax incentive

According to "Notice on Continuing the Implementation of Part of the Consumption Tax Policy for Naphtha Fuel Oil" (Cai Shui [2011] No. 87) issued by the Ministry of Finance, the People's Bank of China and the State Administration of Taxation, "Notice on Improving the Consumption Tax Rebate Policy for the Production of Vinyl Aromatic Chemical Products from Naphtha Fuel Oil" (Cai Shui [2013] No. 2) issued by Ministry of Finance, People's Bank of China, General Administration of Customs and State Administration of Taxation, "Interim Measures for Consumption Tax Refund (Exemption) for Naphtha and Fuel Oil Used in the Production of Ethylene and Aromatic Chemical Products" (Announcement of the State Administration of Taxation [2012] No. 36) issued by the State Administration of Taxation, and "Announcement on Consumption Tax Refund of Naphtha Fuel Oil Production of Vinyl Aromatic Chemical Products" (Announcement No. 29 [2013] of the State Administration of Taxation and the General Administration of Customs) issued by State Administration of Taxation and General Administration of Customs, production enterprises that implement the fixed-point direct supply plan, sell naphtha and fuel oil within the planned quantity limit, and issue a special invoice for the value-added tax of the Chinese character anti-counterfeiting version with the "DDZG" logo, are exempt from consumption tax. Hengli Petrochemical (Dalian) Refining Co., Ltd. is eligible for tax rebate and enjoys the preferential policy of consumption tax rebate paid for the procurement process. At the same time, the implementation of the fixed-point direct supply plan meets the above conditions and enjoys the preferential policy of exempting consumption tax from the sales process.

According to the "Notice on Continuing to Increase Consumption Tax of Refined Oils" (Cai Shui [2015] No. 11) issued by the Ministry of Finance and the State Administration of Taxation, consumption tax for diesel, aviation kerosene and fuel oil has been increased from RMB 1.1 per liter

to RMB 1.2 per liter, and aviation kerosene continued to suspend the collection of consumption tax. Hengli Petrochemical (Dalian) Refining Co., Ltd. enjoys the preferential policy of suspending the collection of consumption tax for the sale of aviation kerosene.

2. Enterprise income tax incentive to high-tech enterprises

Jiangsu Hengli Chemical Fiber Co., Ltd. obtained the "High-tech Enterprise Certificate" (No.: GR202132007328) issued by Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 30 November 2021. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Hengke Advanced Materials Co. Ltd. obtained the "High-tech Enterprise Certificate" (No.: GR202232005286) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 22 November 2022. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Deli Chemical Fiber Co., Ltd. obtained the "High-tech Enterprise Certificate" (No.: GR202032006951) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on 2 December 2020. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Jiangsu Xuanda Polymer Materials Co., Ltd. obtained the High-tech Enterprise Certificate (No. GR202332019613) issued by the Jiangsu Provincial Department of Science and Technology, the Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on December 13, 2023. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

Kanghui New Material Technology Co., Ltd. obtained the "High-tech Enterprise Certificate" (No.: GR202121000541) issued by the Liaoning Provincial Department of Science and Technology, the Liaoning Provincial Department of Finance, and the Liaoning Provincial Taxation Bureau of the State Administration of Taxation on 24 September 2021. The validity period is three years, and the enterprise income tax rate for the current year is calculated at a reduced rate of 15%.

3 . Enterprise income tax incentive to small and low-profit enterprises

Suzhou Hengli Chemical Fiber New Material Co., Ltd. and other 26 companies meet the identification standards of small low-profit enterprises. The portion of taxable income not exceeding 3 million yuan is reduced by 25% and included in the taxable income, and the enterprise income tax is paid at a rate of 20%.

4 . Other enterprise income tax incentive

HENGLI PETROCHEMICAL INTERNATIONAL PTE. LTD. is registered in Singapore, and the income tax rate is 17%. It was approved to enter the Singapore Global Trader Project on 1 September 2018, and enjoys a 5% income tax rate this year.

HENGLI OILCHEM PTE. LTD. is registered in Singapore, and the income tax rate is 17%. It was approved to enter the Singapore Global Trader Project on 1 May 2020, and enjoys a 10% income tax rate this year.

HENGLI SHIPPING INTERNATIONAL PTE. LTD. is registered in Singapore, and the income tax rate is 17%. It received a tax incentive called Maritime Sector Incentive (MSI) on 22 January 2020, and enjoys a 0% income tax rate for this year.

Hengli Petrochemical (Hainan) Co., Ltd., Hengli Energy (Hainan) Co., Ltd. and Hengli Energy Chemical (Sanya) Co., Ltd. are encouraged industrial enterprises registered and operating in Hainan Free Trade Port. According to the "Notice of the Ministry of Finance and the State Administration of Taxation on the Preferential Policies for Enterprise Income Tax in Hainan Free Trade Port" (Cai Shui [2020] No. 31), the enterprise income tax is levied at a reduced tax rate of 15% this year.

3. Others

适用 不适用

VII. Notes to the items of consolidated financial statements

1. Cash and bank balances

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Cash on hand	609,377.49	1,305,525.78
Cash at bank	13,557,873,658.60	19,815,265,793.15
Other monetary funds	6,910,556,113.05	8,256,950,806.64
Interest receivables not yet due		2,883,754.27
Deposit in financial company		
Total	20,469,039,149.14	28,076,405,879.84
Including: Total amount of money deposited abroad	1,690,168,335.12	6,512,853,828.05

Other note:

For details of funds with limited ownership or use rights such as mortgage, pledge, seizure, freezing, and attachment, see the note "Ownership or using rights of assets subject to restriction" in this section.

For details of cash and bank balances in foreign currency, please refer to the description of "Items in foreign currencies" in this note.

2. Financial assets held for trading

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance	Specify the reason and basis
Financial assets measured at fair value and the changes of which are included in the current profit and loss	298,830,073.13	604,414,444.44	/
Including:			
Derivative financial assets	48,652,243.29	490,430,590.59	/
Investment in debt instruments	131,265,471.64	2,000,000.00	/
Bank wealth management and structured deposits	37,890,000.00	65,000,000.00	/
Fund trust and asset management products	81,022,358.20	46,983,853.85	/
Financial assets designated to be measured at fair value with changes recognized in current profit and loss			
Including:			
Total	298,830,073.13	604,414,444.44	/

3. Derivative financial assets

适用 不适用

4. Notes receivable**(1). Notes receivable by category**

适用 不适用

(2). Notes receivable pledged by the company at the end of the period

适用 不适用

(3). At the end of the period, the company has endorsed or discounted notes receivable on the Balance sheet date Not yet expiry

适用 不适用

(4). Disclosure by method of provision for bad debts

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

Basis for dividing each stage and proportion of bad debt provision:

适用 不适用

Explanation of the significant change in the book balance of notes receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(5). Provision for bad debts

适用 不适用

The amount of bad debt provision recovered or reversed in the current period is important:

适用 不适用

Other note

适用 不适用

(6). Notes receivable actually written off in this period

适用 不适用

The important write-off of notes receivable:

适用 不适用

Notes for write-off of notes receivable:

适用 不适用

Other note

适用 不适用

5. Accounts receivable

(1). Disclosure by ageing

适用 不适用

Unit: Yuan Currency: RMB

Ageing	Closing balance	Beginning balance
Within one year		
Including: Within one year		
Within one year	555,164,763.19	385,851,852.51
Subtotal of within one year	555,164,763.19	385,851,852.51
1 to 2 years	178.36	2,206,917.74
2 to 3 years	59.26	178.30
Over 3 years		
3 to 4 years	168.29	43.09
4 to 5 years	31.24	1,398,627.09
Over 5 years	3,333,868.92	1,935,251.49
Total	558,499,069.26	391,392,870.22

(2). Disclosure by method of provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis										
Including:										

Provision for bad debts on portfolio basis	558,499,069.26	100.00	20,083,809.93	3.60	538,415,259.33	391,392,870.22	100.00	18,946,943.53	4.84	372,445,926.69
Including:										
Total	558,499,069.26	/	20,083,809.93	/	538,415,259.33	391,392,870.22	/	18,946,943.53	/	372,445,926.69

Provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

Provision for bad debts on portfolio basis: Ageing analysis portfolio, High credit rating portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Ageing analysis portfolio	338,328,746.30	20,083,809.93	5.94
High credit rating portfolio	220,170,322.96	-	-
Total	558,499,069.26	20,083,809.93	3.60

Confirmation criteria and notes for bad debt provision by portfolio:

适用 不适用

Provision for bad debts by ageing portfolio is as below:

Ageing	Book balance	Provision for bad debts	Provision ratio (%)
Within one year(including one year)	334,994,440.23	16,749,722.03	5.00
1-2 years	178.36	35.66	20.00
2-3 years	59.26	23.70	40.00
3-4 years	168.29	134.63	80.00
4-5 years	31.24	24.99	80.00
Over 5 years	3,333,868.92	3,333,868.92	100.00
Subtotal	338,328,746.30	20,083,809.93	5.94

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

(3). Provision for bad debts

√适用 □不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in the year				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-	-	-	-	-	-
Provision for bad debts on portfolio basis	18,946,943.53	1,136,866.40				20,083,809.93
Total	18,946,943.53	1,136,866.40				20,083,809.93

Including significant amount of recovery or reversal of provision for bad debts:

□适用 √不适用

Other note

□适用 √不适用

(4). Accounts receivable written-off during the year

□适用 √不适用

The important write-off of accounts receivable:

□适用 √不适用

Notes for write-off of accounts receivable:

□适用 √不适用

(5). Accounts receivable due from the top five debtors

√适用 □不适用

The Company's top five year-end balances for accounts receivable in total of RMB409,614,545.47, accounting for 73.34% of the total account balance of year-end balances of accounts receivable, and the corresponding year-end balance of provision for bad debts is RMB10,370,302.09.

Other note

√适用 □不适用

For details of accounts receivable in foreign currency at year end, please refer to the "Items in foreign currencies" in this note.

6. Contract assets**(1). Information of contract assets**

适用 不适用

(2). The amount and reasons for major changes in the carrying amount during the reporting period

适用 不适用

(3). Disclosure by method of provision for bad debts

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

Basis for dividing each stage and proportion of bad debt provision:

适用 不适用

Explanation of the significant change in the book balance of notes receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(4) Provision for impairment of contract assets in the period

适用 不适用

The important write-off of contract assets:

适用 不适用

Notes for write-off of contract assets:

适用 不适用

Other note:

适用 不适用

7. Receivables financing**(1) Classification of receivables financing**

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Bank acceptance bills	3, 574, 549, 065.24	2, 168, 347, 608.90
Letter of credit	595, 498, 497.19	118, 923, 620.36
Letter of guarantee		

Total	4,170,047,562.43	2,287,271,229.26
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(2) Pledged receivables financing at year end

Unit: Yuan Currency: RMB

Item	Amount pledged at year end
Bank acceptance bills	2,873,535,149.86
Subtotal	2,873,535,149.86

(3) Receivables financing that the Company has endorsed or discounted at the end of the period and has not yet expired on the balance sheet date

Unit: Yuan Currency: RMB

Item	Amount derecognized at year end	Amount not derecognized at year end
Bank acceptance bills	4,951,960,275.83	-
Letter of credit	81,350,000.00	-
Subtotal	5,033,310,275.83	-

(4) Disclosure by classification of provision for bad debts

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis										
Including:										
Provision for bad debts on portfolio basis	4,170,047,562.43	100.00	-	-	4,170,047,562.43	2,287,271,229.26	100.00	-	-	2,287,271,229.26
Including:										
Low risk group	4,170,047,562.43	-	-		4,170,047,562.43	2,287,271,229.26				2,287,271,229.26

Total	4,170,047, 562.43	/		/	4,170,047, 562.43	2, 287, 271, 229.2 6	/		/	2, 287, 271, 229.2 6
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Provision for bad debts on individual basis:

适用 不适用

Notes for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

Changes and fair value changes of receivables financing:

适用 不适用

Provision for bad debts on portfolio basis: low risk group

Unit: Yuan Currency: RMB

Portfolio	Closing balance		
	Receivable financing	Provision for bad debts	Provision ratio (%)
Low risk group	4,170,047,562.43	-	-
Total	4,170,047,562.43		

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

Basis for dividing each stage and proportion of bad debt provision:

适用 不适用

Explanation of the significant change in the book balance of receivables financing due to changes in provisions for losses incurred during the current period:

适用 不适用

(5) Provision for bad debts

适用 不适用

The significant amount of provision for bad debt recovered or reversed in the current period:

适用 不适用

Other note:

适用 不适用

(6). Receivable financing written-off during the year

适用 不适用

The important write-off of receivables financing:

适用 不适用

Notes for write-off of receivables financing:

适用 不适用

(7) Changes in the increase or decrease of receivables financing and fair value during the year:

Item	Beginning balance	Change in cost in current period	Changes in Fair value for the year	Closing balance
Bank acceptance bills	2,168,347,608.90	1,406,201,456.34	-	3,574,549,065.24
Letter of credit	118,923,620.36	476,574,876.83	-	595,498,497.19
Total	2,287,271,229.26	1,882,776,333.17	-	4,170,047,562.43

Continued

Item	Cost in beginning of year	Cost at year end	Cumulative fair value change	Accumulated loss allowance recognized in other comprehensive income
Bank acceptance bills	2,168,347,608.90	3,574,549,065.24	-	-
Letter of credit	118,923,620.36	595,498,497.19	-	-
Total	2,287,271,229.26	4,170,047,562.43	-	-

Other note:

√ 适用 □ 不适用

For details of receivables financing in foreign currency at year end, please refer to the “Items in foreign currencies” in this note.

8. Prepayments**(1). Prepayments by ageing**

√ 适用 □ 不适用

Unit: Yuan Currency: RMB

Ageing	Closing balance		Beginning balance	
	Amount	Ratio (%)	Amount	Ratio (%)
Within one year	1,732,994,594.34	99.85	1,995,497,560.96	99.90
1 to 2 years	1,454,511.64	0.08	914,039.58	0.05
2 to 3 years	139,039.58	0.01	60,900.00	0.00
Over 3 years	970,390.00	0.06	996,320.00	0.05
Total	1,735,558,535.56	100.00	1,997,468,820.54	100.00

Note to significant prepayment was ageing over 1 year but not settled:

At the end of the period, there was no significant prepayments with aging over 1 year.

(2). Prepayments due from the top five debtors

√ 适用 □ 不适用

The top five of the Company's prepayments balance at year end is in total of RMB1,186,879,318.84, which accounted for 68.39% of the prepayments balance.

Other note:

√ 适用 □ 不适用

No obvious signs of impairment were found in the prepayments at the end of the period, so no provision for bad debts was made.

9. Other receivables

Presented by item

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable		
Other receivables	809,207,973.41	701,520,929.51
Total	809,207,973.41	701,520,929.51

Other note:

□适用 √不适用

Interest receivable

(1). Interest receivable by category

□适用 √不适用

(2). Significant overdue interest

□适用 √不适用

(3). Information of provision for bad debts

□适用 √不适用

Provision for bad debts on individual basis:

□适用 √不适用

Notes for provision for bad debts on individual basis:

□适用 √不适用

Provision for bad debts on portfolio basis:

□适用 √不适用

(4). Provision for bad debts based on the general model of expected credit losses

□适用 √不适用

Basis for dividing each stage and proportion of provision for bad debt:

None

Explanation of the significant change in the book balance of interest receivable due to changes in provisions for losses incurred during the current period:

□适用 √不适用

(5) Provision for bad debts Provision for bad debts

□适用 √不适用

The significant amount of provision for bad debt recovered or reversed in the current period:

□适用 √不适用

Other note:

□适用 √不适用

(6)Interest receivable written-off during the year适用 不适用

The important write-off of Interest receivable:

适用 不适用

Notes for write-off of Interest receivable:

适用 不适用**Dividends receivable****(1). Dividends receivable**适用 不适用**(2). Dividends receivable for ageing over 1 year**适用 不适用**(3). Information of provision for bad debts**适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用**(4). Provision for bad debts based on the general model of expected credit losses**适用 不适用

Basis for dividing each stage and proportion of provision for bad debt:

None

Explanation of the significant change in the book balance of interest receivable due to changes in provisions for losses incurred during the current period:

适用 不适用**(5)Provision for bad debts Provision for bad debts**适用 不适用

The significant amount of provision for bad debt recovered or reversed in the current period:

适用 不适用

Other note:

适用 不适用**(6)Dividends receivable written-off during the year**适用 不适用

The important write-off of dividends receivable:

适用 不适用

Notes for write-off of dividends receivable:

适用 不适用

Other note:

适用 不适用**Other receivables****(1). Disclosure by ageing**适用 不适用

Unit: Yuan Currency: RMB

Ageing	Book balance at year end	Book balance in beginning of year
Within one year		
Including: Within one year		
Within a year	401,459,574.96	165,840,417.30
Subtotal of within one year	401,459,574.96	165,840,417.30
1 to 2 years	4,799,022.80	5,246,567.23
2 to 3 years	3,284,016.04	549,209,336.49
Over 3 years		
3 to 4 years	525,933,831.04	162,125.09
4 to 5 years	-	61,949.45
Over 5 years	617,660.15	969,186.65
Total	936,094,104.99	721,489,582.21

(2). Disclosure by nature

√适用 □不适用

Unit: Yuan Currency: RMB

Nature	Book balance at year end	Book balance in beginning of year
Deposits and security deposits	273,009,259.42	173,905,111.33
Petty cash	389,094.11	214,479.92
Tax refund receivable	555,809,007.74	525,512,156.24
Others	106,886,743.72	21,857,834.72
Total	936,094,104.99	721,489,582.21

(3). Information of provision for bad debts

√适用 □不适用

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within next 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
Balance of 1 January 2023		19,968,652.70		19,968,652.70
Balance of 1 January 2023 movement in the year				
--transfer to second stage				
--transfer to third stage				
--Reverse to second stage				
--Reverse to first stage				
Provision for the year		106,917,478.88	-	106,917,478.88
Reversal in the year				

Transfer in the year				
Write-off in the year				
Other movement				
Balance of 31 December 2023		126, 886, 131.58	-	126, 886, 131.58

Basis for dividing each stage and proportion of bad debt provision:

The basis for dividing each stage is detailed in the note "Impairment of Financial Instruments".

Note on the significant changes in other receivables book balance that have changed the loss provision in the current period:

适用 不适用

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly:

适用 不适用

The basis, input values, assumptions and other information used to determine the provision for bad debts amount and the assessment of whether the credit risk of financial instruments have increased significantly since initial confirmation are detailed in the note "Credit Risk".

(4). Provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in the year				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis		105, 102, 431.25				105, 102, 431.25
Provision for bad debts on portfolio basis	19, 968, 652.70	1, 815, 047.63				21, 783, 700.33
Total	19, 968, 652.70	106, 917, 478.88				126, 886, 131.58

Including significant amount of recovery or reversal of provision for bad debts:

适用 不适用

Other note

适用 不适用

(5). Other receivables written-off during the year

适用 不适用

The important write-off of other receivables:

适用 不适用

Notes for write-off of other receivables:

适用 不适用

(6). Other receivables due from the top five debtors

适用 不适用

The Company's top five year-end balances for other receivables in total of RMB883, 444, 127.13, accounting for 94.38% of the total account balance of year-end balances of other receivables, and the corresponding year-end balance of provision for bad debts is RMB121, 560, 806.28.

(7). Other receivables reported due to centralized management of funds

适用 不适用

Other note

适用 不适用

For details of other receivables in foreign currency at year end, please refer to the "Items in foreign currencies" in this note.

10. Inventories

(1). Inventories by category

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for decline in value of inventories/ Provision for impairment of contract performance cost	Carrying amount	Book balance	Provision for decline in value of inventories/ Provision for impairment of contract performance cost	Carrying amount
Raw materials	20, 470, 206, 061.43	293, 925, 021.84	20, 176, 281, 039.59	26, 646, 539, 686.49	2, 049, 373, 134.60	24, 597, 166, 551.89
Work-in-progress						
Finished goods	9, 396, 210, 938.49	161, 038, 212.47	9, 235, 172, 726.02	8, 998, 161, 737.10	580, 505, 207.54	8, 417, 656, 529.56
Reusable materials	24, 541, 576.36	-	24, 541, 576.36	29, 606, 740.62	-	29, 606, 740.62
Consumptive biological assets						
Contract performance cost						
Semi-finished goods	1, 802, 418, 715.55	138, 728, 785.93	1, 663, 689, 929.62	4, 966, 032, 363.76	498, 854, 488.20	4, 467, 177, 875.56
Subcontracting processing materials	167, 869, 374.32	-	167, 869, 374.32	323, 903, 773.78		323, 903, 773.78
Total	31, 861, 246, 666.15	593, 692, 020.24	31, 267, 554, 645.91	40, 964, 244, 301.75	3, 128, 732, 830.34	37, 835, 511, 471.41

[Note] At the end of the period, the carrying amount of inventories subject to restriction is nil.

(2). **Provision for decline in value of inventories and provision for impairment of contract performance cost**

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase		Decrease		Closing balance
	2,049,373,134.60	293,925,021.84	-	2,049,373,134.60	-	293,925,021.84
Raw materials						
Work-in-progress	580,505,207.54	161,038,212.47	-	580,505,207.54	-	161,038,212.47
Finished goods	-					
Reusable materials						
Consumptive biological assets						
Contract performance cost						
Semi-finished goods	498,854,488.20	138,728,785.93		498,854,488.20		138,728,785.93
Issued goods					-	
Total	3,128,732,830.34	593,692,020.24		3,128,732,830.34		593,692,020.24

Reasons for reversal of provision for decline in value of inventories in the current period

适用 不适用

Category	Specific basis for determining net realizable value	Reasons for reversal of provision for decline in value of inventories and impairment of contract performance cost
Raw materials	The estimated selling price of the product produced minus the estimated cost to completion, estimated selling expenses and related custom duty	The products produced have been sold in the current period
Finished goods	Estimated selling price minus estimated selling expenses and related custom duty	Sold in current period
Semi-finished goods	The estimated selling price of the product produced minus the estimated cost to completion, estimated selling expenses and related custom duty	The products produced have been sold in the current period

(3). **Capitalization of borrowing costs amount in closing balance of inventories**

适用 不适用

(4). **Contract performance cost amortization amount**

适用 不适用

11. Assets held-for-sale

□适用 √不适用

12. Non-current assets due within one year

□适用 √不适用

Debt investment due within one year

□适用 √不适用

Other debt investment due within one year

□适用 √不适用

Notes for non-current assets due within one year:

None

13. Other current assets

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Costs of obtaining a contract		
Receivables of returned goods		
VAT carry forward	3,646,315,465.30	1,751,009,054.30
VAT input tax pending for verification	83,407,970.83	114,550,349.25
Prepaid enterprise income tax	1,128,660,218.80	1,784,931,735.30
Receivable settlement guarantee	10,049,604.49	10,049,607.23
Receivable of monetary security deposits	1,773,531,217.52	702,583,473.71
Receivable of pledged security deposits	27,533,400.00	88,252,384.00
Treasury bond reverse repurchase	125,000,000.00	17,349,000.00
Others		999.61
Total	6,794,497,876.94	4,468,726,603.40

Other note

None

14. Debts investment**(1). Information of debts investment**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance

	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Corporate bonds				20,427,397.26		20,427,397.26
Total				20,427,397.26	-	20,427,397.26

Changes in the provision for impairment of debt investment in the current period:

适用 不适用

(2). Important debts investment at the end of the period

适用 不适用

(3). Information of provision for impairment

适用 不适用

Basis for dividing each stage and proportion of bad debt provision:

None

Note on the significant changes in debt investment book balance that have changed the loss provision in the current period:

适用 不适用

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly:

适用 不适用

Other note

适用 不适用

(4) Debt investment written-off during the year

适用 不适用

The important write-off of debt investment:

适用 不适用

Notes for write-off of debt investment:

适用 不适用

Other note

适用 不适用

15. Other debt investments

(1). Information of other debt investments

适用 不适用

(2). Important other debt investments at the end of the period

适用 不适用

(3). Information of provision for impairment

适用 不适用

Note on the significant changes in other investment book balance that have changed the loss provision in the current period:

适用 不适用

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly

适用 不适用

(4) Other debt investment written-off during the year

适用 不适用

The important write-off of other investment:

适用 不适用

Notes for write-off of other debt investment:

适用 不适用

Other note

适用 不适用

16. Long-term receivables

(1). Information of long-term receivables

适用 不适用

(2). Information of provision for bad debts

适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(3). Information of provision for impairment

适用 不适用

Basis for dividing each stage and proportion of bad debt provision:

None

Note on the significant changes in debt investment book balance that have changed the loss provision in the current period:

适用 不适用

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly:

适用 不适用

Other note

适用 不适用

(4) Long-term receivables written-off during the year

适用 不适用

The important write-off of Long-term receivables:

适用 不适用

Notes for write-off of Long-term receivables:

适用 不适用

Other note

适用 不适用

Other note

适用 不适用

17. Long-term equity investment

(1) Long-term equity investment

适用 不适用

Unit: Yuan Currency: RMB

Investee	Beginning balance	Movement in the year								Closing balance	Closing balance of provision for impairment
		Addition investment	Decrease in investment	Investment income/loss recognized under the equity method	Adjustment of other comprehensive income	Changes of other equity	Announced distribution of cash dividend or profit	Provision for impairment	Others		
I. Joint ventures											
Subtotal											
II. Associates											
Wuxi Xishan g Bank Co., Ltd.	559,215,493.16			77,638,436.12							636,853,929.28
Chenju (Suzhou) Science and Technology Innovation Development Co., Ltd		10,000,000.00		-853,575.43							9,146,424.57
Subtotal	559,215,493.16	10,000,000.00		76,784,860.69							646,000,353.85

Total	559, 215, 493.16	10, 000, 000. 00		76, 784, 860.6 9						646, 000, 353.8 5	
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(2) Impairment test of long-term equity investment

√适用 □不适用

Other note

At the end of the period, there was no obvious sign of impairment of long-term equity investment, so no Provision for impairment.

The recoverable amount is determined by the net amount of fair value less disposal expenses

□适用 √不选

The recoverable amount is determined by the present value of the expected future cash flows

□适用 √不选

The reasons for the significant inconsistencies between the aforementioned information and the information used in previous years' impairment tests or external information

□适用 √不选

The reasons for the discrepancies between the information used in the company's previous annual impairment test and the actual situation in the current year

□适用 √不选

Other notes:

None

18. Other equity instruments investment**(1). Information of other equity instruments investment**

□适用 √不适用

(2). Description of the circumstances of derecognition in the current period

□适用 √不适用

Other note:

□适用 √不适用

19. Other non-current financial assets

□适用 √不适用

Other note:

□适用 √不适用

20. Investment properties

Investment properties measurement model

(1). Investment properties measured at cost model

Unit: Yuan Currency: RMB

Item	Housing and buildings	Land use rights	Construction in progress	Total
I. Book value				
1.Beginning balance	179,089,223.35	34,797,725.56		213,886,948.91
2.Increase	40,124,407.39			40,124,407.39
(1)Purchase				
(2)Inventories\Fixed assets\Transfer from construction in progress	40,124,407.39			40,124,407.39

(3) Addition by business combination				
3. Decrease				
(1) Disposal				
(2) Other decrease				
4. Closing balance	219,213,630.74	34,797,725.56		254,011,356.30
II. Accumulated depreciation and amortisation				
1. Beginning balance	42,797,752.57	6,817,383.54		49,615,136.11
2. Increase	11,294,774.91	695,954.71		11,990,729.62
(1) Amortisation for the year	8,541,678.85	695,954.71		9,237,633.56
(2) Inventories/Fixed assets/Transfer from construction in progress	2,753,096.06	-		2,753,096.06
3. Decrease				
(1) Disposal				
(2) Other decrease				
4. Closing balance	54,092,527.48	7,513,338.25		61,605,865.73
III. Provision for impairment				
1. Beginning balance				
2. Increase				
(1) Provision				
3. Decrease				
(1) Disposal				
(2) Other decrease				
4. Closing balance				
IV. Carrying amount				
1. Carrying value at year end	165,121,103.26	27,284,387.31		192,405,490.57
2. Carrying value at beginning of year	136,291,470.78	27,980,342.02		164,271,812.80

(2). Information of investment properties without property certificate

□适用 √不适用

(3) Impairment test of investment real estate using cost measurement model

□适用 √不适用

Other note :

□适用 √不适用

21. Fixed assets

Presented by item

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Fixed assets	129,987,346,509.40	118,718,591,050.99
Fixed assets for disposal		

Total	129,987,346,509.40	118,718,591,050.99
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Other note:

□适用 √不适用

Fixed assets**(1). Details of fixed assets**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Housing and buildings	Machinery and equipment	Special equipment	Transportation tools	General equipment	Ship	Total
I. Book value:							
1. Beginning balance	33,086,356,269.20		123,986,255,776.62	492,140,359.38	552,130,256.65	559,634,194.27	158,676,516,856.12
2. Increase	3,940,910,259.83		16,393,731,747.02	46,242,755.20	307,897,243.56		20,688,782,005.61
(1) Purchase			40,485,195.47	46,242,755.20	104,086,239.08		190,814,189.75
(2) Transfer from construction in progress	3,940,910,259.83		15,960,323,381.98				19,901,233,641.81
(3) Addition by business combination							
(4) Others			783,784,267.00	97,377.68	1,082,114.19		784,963,758.87
3. Decrease	786,746.20		65,824,167.78	10,449,755.43	13,942,060.98		91,002,730.39
(1) Disposal or scrap	786,746.20		65,824,167.78	10,449,755.43	13,942,060.98		91,002,730.39
(2) Others							
4. Closing balance	33,086,356,269.20		123,986,255,776.62	492,140,359.38	552,130,256.65	559,634,194.27	158,676,516,856.12
II. Accumulated depreciation							
1. Beginning balance	6,965,049,388.03		32,134,137,981.45	338,937,353.86	384,990,317.48	134,810,764.31	39,957,925,805.13
2. Increase	1,469,773,021.82		7,569,103,970.10	59,429,357.93	245,715,207.40	17,190,622.32	9,361,212,179.58
(1) Provision	1,469,773,021.82		7,272,476,668.13	59,429,357.93	57,778,030.54	17,190,622.32	8,876,647,700.75
2) Business			296,627,301.97		187,937,176.86		484,564,478.83

combination							
3.Decrease	7,987,087.64		29,481,499.20	14,584,596.51	10,931,174.34		62,984,357.69
(1)Disposal or scrap	5,233,991.58		29,481,499.20	14,584,596.51	10,931,174.34		60,231,261.63
(2)Others	2,753,096.06						2,753,096.06
4.Closing balance	8,426,835,322.21		39,673,760,452.35	383,782,115.28	619,774,350.54	152,001,386.63	49,256,153,627.02
III. Provision for impairment							
1.Beginning balance							
2.Increase							
(1)Provision							
3.Decrease							
(1)Disposal or scrap							
4.Closing balance							
IV. Carrying amount							
1.Carrying value at year end	28,551,561,070.50		100,665,707,162.54	133,936,989.45	228,508,479.28	407,632,807.64	129,987,346,509.40
2.Carrying value at beginning of year	26,121,306,881.17		91,852,117,795.17	153,203,005.52	167,139,939.17	424,823,429.96	118,718,591,050.99

[Note] At the end of the period, fixed assets with cost of RMB8,508,444,797.05 had been fully depreciated and still in use.

(2). Fixed assets with temporary idle

适用 不适用

(3). Fixed assets held under Operating lease rent-out

适用 不适用

(4). Fixed assets without property certificate

适用 不适用

Unit: Yuan Currency: RMB

Item	Carrying amount	Reasons for not completing the certificate of title
Housing and buildings	1,926,567,405.83	Still in application process

Other note:

适用 不适用

(5). Impairment test of fixed assets

适用 不适用

Fixed assets for disposal

□适用 √不适用

22. Construction in progress**Presented by item**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Construction in progress	47,030,792,783.72	25,624,425,938.86
Construction materials	1,793,344,903.73	1,663,065,560.22
Total	48,824,137,687.45	27,287,491,499.08

Other note:

□适用 √不适用

Construction in progress**(1). Information of construction in progress**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance		Beginning balance	
	Book balance	Provision for impairment	Book balance	Provision for impairment
		Carrying amount		Carrying amount
Annual output of 1.6 million tons of high-performance resin and new material projects	14,273,491,274.08	14,273,491,274.08	1,368,039,931.40	1,368,039,931.40
Annual output of 5 million tons of PTA project	5,038,408,887.77	5,038,408,887.77	8,624,681,423.33	8,624,681,423.33

Project with an annual output of 800,000 tons of functional polyester film and functional plastics	3,590,326,402.15		3,590,326,402.15	1,769,790,066.84		1,769,790,066.84
Annual production of 600,000 tons of functional polyester film, functional film and 3 billion square meters of lithium battery diaphragm project	3,324,025,442.09		3,324,025,442.09	157,195,108.43		157,195,108.43
New Material Industrial Park Phase II Project	3,918,297,921.06		3,918,297,921.06	77,845,538.17		77,845,538.17
Other sundry projects	16,886,242,856.57		16,886,242,856.57	13,626,873,870.69		13,626,873,870.69
Total	47,030,792,783.72		47,030,792,783.72	25,624,425,938.86	-	25,624,425,938.86

(2). Changes in significant construction in progress

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Budget	Beginning balance	Increase	Transfer to fixed assets	Other decrease	Closing balance	Proportion of cumulative input to budget (%)	Progress %	Cumulative amount of interest capitalisation	Including : interest capitalised in the year	Capitalization rate for the year (%)	Source of fund
Annual output of 1.6 million tons of high-performance resin and new material projects	19.988 billion	1,368,039,931.40	14,581,253,914.45	1,675,802,571.77		14,273,491,274.08	79.79	Equipment installation and partial trial production	218,219,461.95	216,066,711.95	4.20	Self-financing and Loans
Annual output of 5 million tons of PTA project	11.45 billion	8,624,681,423.33	2,147,738,924.59	5,734,011,460.15	-	5,038,408,887.77	94.08	Project constructions	393,090,172.29	291,069,491.60	3.74	Self-financing and Loans
Project with an annual output of 800,000 tons of functional polyester film and functional plastics	11.125 billion	1,769,790,066.84	2,854,236,629.76	1,033,700,294.45	-	3,590,326,402.15	41.57	Equipment installation and partial trial production	128,151,450.53	100,554,944.67	3.82	Self-financing and Loans

Annual production of 600,000 tons of functional polyester film, functional film and 3 billion square meters of lithium battery diaphragm project	12.494 billion	157,195,108.43	3,166,830,333.66			3,324,025,442.09	26.60	Construction and equipment installation	27,987,427.76	27,574,094.42	3.20	Self-financing and Loans
New Material Industrial Park Phase II Project	7.868 billion	77,845,538.17	3,840,452,382.89			3,918,297,921.06	49.80	Construction and equipment installation	54,516,112.49	53,814,993.99	4.11	Self-financing and Loans
Total	62.925 billion	11,997,552,068.17	26,590,512,185.35	8,443,514,326.37		30,144,549,927.15	/	/	821,964,625.02	689,080,236.63	/	/

(3). Provision for impairment of construction in progress

适用 不适用

(4). Impairment test of construction in progress

适用 不适用

Other note

适用 不适用**Construction materials**

(4). Information of construction materials

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Special materials	1,557,731,537.32		1,557,731,537.32	1,662,714,399.07		1,662,714,399.07
Special equipment	235,613,366.41		235,613,366.41	351,161.15		351,161.15
Total	1,793,344,903.73		1,793,344,903.73	1,663,065,560.22		1,663,065,560.22

Other note:

At the end of the period, there were no obvious indication of impairment of construction in progress, so no provision for impairment was provided.

23. Productive biological assets

(1). Productive biological assets using cost measurement model

适用 不适用

(2). Impairment test of productive biological assets using cost measurement model

适用 不适用**The recoverable amount is determined by the net amount of fair value less disposal expenses:**适用 不适用**The recoverable amount is determined based on the present value of the expected future cash flow:**适用 不适用**The reasons for the significant inconsistencies between the aforementioned information and the information used in previous years' impairment tests or external information:**适用 不适用**The reasons for the significant discrepancy between the information used in the company's previous year's impairment test and the actual situation in the current year:**适用 不适用

(3). Productive biological assets using the fair value measurement model

适用 不适用

Other note

适用 不适用

24. Oil and gas assets

(1) Information of oil and gas assets:

适用 不适用

(2). Impairment test of oil and gas assets:

适用 不适用

Other notes:

None

The recoverable amount is determined by the net amount of fair value less disposal expenses:

适用 不适用

The recoverable amount is determined based on the present value of the expected future cash flow:

适用 不适用

The reasons for the significant inconsistencies between the aforementioned information and the information used in previous years' impairment tests or external information:

适用 不适用

The reasons for the significant discrepancy between the information used in the company's previous year's impairment test and the actual situation in the current year:

适用 不适用

Other notes:

None

25. Right-of-use assets

(1) Information of right-of-use-assets

适用 不适用

Unit: Yuan Currency: RMB

Item	Housing and buildings	Others	Total
I. Book value			
1.Beginning balance	161, 773, 372.63	7, 106, 282.50	168, 879, 655.13
2.Increase	25, 513, 870.05		25, 513, 870.05
Leases	24, 494, 067.04		24, 494, 067.04
Others	1, 019, 803.01		1, 019, 803.01
3.Decrease	3, 089, 090.98		3, 089, 090.98
Disposal	3, 089, 090.98		3, 089, 090.98
4.Closing balance	184, 198, 151.70	7, 106, 282.50	191, 304, 434.20
II. Accumulated depreciation			
1.Beginning balance	80, 857, 714.71	177, 657.06	81, 035, 371.77
2.Increase	35, 672, 178.43	177, 657.06	35, 849, 835.49
(1) Provision	35, 044, 718.81	177, 657.06	35, 222, 375.87
(2)Others	627, 459.62		627, 459.62
3.Decrease	2, 713, 522.79		2, 713, 522.79
(1)Disposal	2, 713, 522.79		2, 713, 522.79
4.Closing balance	113, 816, 370.34	355, 314.12	114, 171, 684.46

III. Provision for impairment			
1.Beginning balance			
2.Increase			
(1) Provision			
3.Decrease			
(1)Disposal			
4.Closing balance			
IV. Carrying amount			
1.Carrying value at year end	70, 381, 781.36	6, 750, 968.38	77, 132, 749.74
2.Carrying value at beginning of year	80, 915, 657.92	6, 928, 625.44	87, 844, 283.36

Other note:

None

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

适用 不适用

Other notes:

At the end of the period, there were no obvious indication of impairment of right-of-use assets, so no provision for impairment was provided.

The recoverable amount is determined by the net amount of fair value less disposal expenses:

适用 不适用

The recoverable amount is determined based on the present value of the expected future cash flow:

适用 不适用

The reasons for the significant inconsistencies between the aforementioned information and the information used in previous years' impairment tests or external information:

适用 不适用

The reasons for the significant discrepancy between the information used in the company's previous year's impairment test and the actual situation in the current year:

适用 不适用

Other notes:

None

26. Intangible assets

(1). Details of intangible assets

适用 不适用

Unit: Yuan Currency: RMB

Item	Land use rights	Patent rights	Non-patented technology	Patent technology	Software usage rights	Total
I. Book value						
1.Beginning balance	8, 973, 407, 576.68			1, 297, 936, 126.76	188, 481, 292.75	10, 459, 824, 996.19
2.Increase	434, 998, 316.14			7, 868, 380.07	343, 170.34	443, 209, 866.55
(1)Purchase	434, 998, 316.14			7, 868, 380.07	328, 171.64	443, 194, 867.85

(2)In-house research and development						
(3)Addition by business combination						
(4)Others					14,998.70	14,998.70
3.Decrease	2,842,533.00				4,436,317.00	7,278,850.00
(1)Disposal	2,842,533.00				4,436,317.00	7,278,850.00
4.Closing balance	9,405,563,359.82			1,305,804,506.83	184,388,146.09	10,895,756,012.74
II. Accumulated amortisation						
1.Beginning balance	974,068,535.98			460,056,741.08	100,924,050.79	1,535,049,327.85
2.Increase	187,482,613.70			107,915,858.18	35,634,529.18	331,033,001.06
(1) Provision	187,482,613.70			107,915,858.18	35,628,198.02	331,026,669.90
(2)Others					6,331.16	6,331.16
3.Decrease	710,633.25				4,436,317.00	5,146,950.25
(1)Disposal	710,633.25				4,436,317.00	5,146,950.25
4.Closing balance	1,160,840,516.43			567,972,599.26	132,122,262.97	1,860,935,378.66
III. Provision for impairment						
1.Beginning balance						
2.Increase						
(1) Provision						
3.Decrease						
(1)Disposal						
4.Closing balance						
IV. Carrying amount						
1.Carrying value at year end	8,244,722,843.39			737,831,907.57	52,265,883.12	9,034,820,634.08
2.Carrying value at beginning of year	7,999,339,040.70			837,879,385.68	87,557,241.96	8,924,775,668.34

At the end of the period, the intangible assets formed through the Company's internal research and development accounted for 0% of the balance of intangible assets.

(2). Land use rights pending for ownership certificates

适用 不适用

Other note:

适用 不适用

(2). Impairment test of intangible assets:

适用 不适用

Other notes:

27. Goodwill

(1). Book value of goodwill

适用 不适用

Unit: Yuan Currency: RMB

Investee or matters formed the goodwill	Beginning balance	Increase		Decrease		Closing balance
		Formation by business combination	Others	Disposal	Others	
Hengli Futures Co., Ltd.	77,323,123.69					77,323,123.69
Total	77,323,123.69					77,323,123.69

(2). Provision for impairment of goodwill

适用 不适用

(3). Information about goodwill's Assets group or Assets group Portfolio

适用 不适用

Item	Determination method of assets group or assets group portfolio	Operating segment and basis	Whether the assets group or the assets group portfolio is consistent with the assets group or the assets group portfolio determined on previous year
Hengli Futures Co., Ltd.	Hengli Futures Co., Ltd. is mainly engaged in futures brokerage business, and there is an active market which can bring independent cash flow and can be identified as a separate assets group.	Headquarters and other business divisions	Yes

Changes in assets group or the assets group portfolio:

适用 不适用

Other notes:

适用 不适用

(4). Determination method and basis of recoverable amount

(1) Important assumptions and basis

① Assumption of relatively stable macroeconomic environment: The value of any asset is directly related to its macroeconomic environment. In this evaluation, it is assumed that the social industrial policy, tax policy and macro environment remain relatively stable, and there are no major

changes in interest rates and exchange rates, so as to ensure that the evaluation conclusion has a reasonable period of use.

②Continuing operation assumption; it is assumed that the operating business of the assets group portfolio business entity is legal and can maintain its continuous operation status in the future.

③Assuming that the current and future operators of the assets group portfolio business entity are responsible, and their company management has the ability to assume their duties, steadily promote the company's development plan, and maintain a good business situation.

④Assuming that there are no significant changes in interest rates, exchange rates, tax benchmarks, tax rates, and policy-related fees.

⑤Assuming that the enterprise's business scope, business model, and business scale do not undergo significant changes based on its existing management methods and management level.

The recoverable amount is determined by the net amount of fair value less disposal expenses:

适用 不适用

Unit: Yuan Currency: RMB

Item	Book value	Recoverable amount	Impairment amount	Determination methods of fair value and disposal expenses	key parameter	Basis for determining key parameters
Hengli Futures Co., Ltd.	825,028,603.31	880,647,513.91		NOTE	NOTE	NOTE
Total	825,028,603.31	880,647,513.91		/	/	/

The recoverable amount of the asset group of Hengli Futures Co., Ltd. is determined based on the fair value estimated using the market method. Due to the difficulty in collecting complete data related to transaction cases and the inability to understand whether there are non-fair value factors involved, this valuation is not suitable for using the transaction case comparison method. There are mature listed companies in the futures industry in China that can be selected for analysis and comparison, so the listed company comparison method can be used.

Specifically, the listed company comparison method generally first selects listed companies that are in the same industry as the assets group portfolio and that are actively traded as comparable companies, and then calculate the market value of the comparable companies based on the trading stock prices. Secondly, select one or several value ratio parameters of comparable companies (usually including profitability, assets, revenue and other specific parameters) as "analysis parameters", Then calculate the Ratio relationship between the Market price value of comparable companies and the selected analysis parameters - called the ratio multiplier (Multiples). The ratio multiplier needs to be adjusted before being applied to the corresponding analysis parameters of the Assets group portfolio to reflect the difference between the comparable company and the assets group portfolio. Apply the above-mentioned adjusted ratio multiplier to the corresponding analysis parameters of the assets group portfolio to obtain the fair value of the evaluation object. Expressed in the formula as follows:

Fair value of assets group portfolio = Analysis Parameters × Modified Ratio Multiplier

Including: Adjusted ratio multiplier = ratio multiplier of comparable companies × comprehensive correction factor

The recoverable amount is determined based on the present value of the expected future cash flow:

适用 不适用

The reasons for the significant inconsistencies between the aforementioned information and the information used in previous years' impairment tests or external information:

适用 不适用

The reasons for the significant discrepancy between the information used in the company's previous year's impairment test and the actual situation in the current year:

适用 不适用

(5). Performance commitments and corresponding goodwill impairment.

There is a performance commitment when forming goodwill, and the reporting period or the previous reporting period is within the performance commitment period

适用 不适用

Other notes:

适用 不适用

Calculation process of goodwill impairment loss:

Item	Hengli Futures Co., Ltd.
Carrying amount of goodwill ①	77,323,123.69
Balance of provision for impairment of goodwill②	-
Carrying amount of goodwill ③=①-②	77,323,123.69
Value of goodwill attributable to minority interests not recognised ④	-
Goodwill that not include the value attributable to minority interests not recognised ⑤=④+③	77,323,123.69
Goodwill that not include the value attributable to minority interests not recognized apportioned to each assets group ⑥	77,323,123.69
Carrying amount of the assets group⑦	747,705,479.62
Carrying amount of the Assets group that contains the overall Goodwill ⑧=⑥+⑦	825,028,603.31
Recoverable amount of assets group or assets group portfolio ⑨	880,647,513.91
Impairment loss of goodwill(⑩ is larger than zero) ⑩=⑧-⑨	-
Impairment loss of goodwill attributable to the Company	-

28. Long-term deferred expenses

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Amortization	Other Decrease	Closing balance
Catalyst	2,006,246,987.84	680,813,893.77	605,671,957.63	90,878,073.01	1,990,510,850.97
Renovation costs	13,258,839.53	1,150,156.54	4,568,883.00		9,840,113.07
Others	7,787,497.48	19,305,638.84	10,353,902.54		16,739,233.78
Total	2,027,293,324.85	701,269,689.15	620,594,743.17	90,878,073.01	2,017,090,197.82

Other note:

None

29. Deferred tax assets/ Deferred tax liabilities

(1). Deferred tax assets before offsetting

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance		Beginning balance	
	Deductible temporary differences	Deferred income tax Assets	Deductible temporary differences	Deferred income tax Assets
Provision for impairment of assets				
Unrealized profit of internal transactions	412,690,533.91	78,137,133.59	409,148,379.92	82,162,633.20
Deductible tax loss				
Provision for bad debts	141,521,467.34	32,321,835.61	37,255,045.83	6,467,483.08
Provision for decline in value of inventories	593,692,020.24	148,000,080.83	3,098,438,279.83	771,996,515.83
Changes in fair value included in current profit or loss (decrease)	2,236,900.00	357,706.00	35,555,513.32	5,428,978.62
Non-deducted tax losses	-	-	102,511,722.17	15,376,758.33
Government grants	108,569,721.67	17,112,458.25	62,610,844.67	10,218,626.70
Total	1,258,710,643.16	275,929,214.28	3,745,519,785.74	891,650,995.76

(2). Deferred tax liabilities before offsetting

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance		Beginning balance	
	Taxable temporary difference	Deferred income tax liabilities	Taxable temporary difference	Deferred income tax liabilities
Increase in value by assets appraisal of business combination not under common contract				
Changes in fair value of other debt investments				
Changes in fair value of other equity instrument investments				
Changes in fair value included in current profit or loss (increase)	7,154,954.88	1,073,243.23	1,275,910.00	144,415.50
Initial investment cost of long-term equity investment calculated by equity method is less than the share of the owner's equity of the investee	79,415,493.16	11,912,323.97	79,415,493.16	11,912,323.97
Fixed assets accelerated depreciation	175,094,282.97	28,724,901.12	27,431,069.87	6,857,767.47
Total	261,664,731.01	41,710,468.32	108,122,473.03	18,914,506.94

(3). Net amount of deferred tax assets or liabilities after offsetting

√适用 □不适用

Item	Closing offset amount of deferred income tax assets and liabilities	Closing balance of deferred income tax assets or liabilities after offsetting	Beginning offset amount of deferred income tax assets and liabilities	Beginning balance of deferred income tax assets or liabilities after offsetting
Deferred tax assets	767,665,496.49	395,962.70	597,699,655.87	576,250.70
Deferred tax liabilities	767,665,496.49		597,699,655.87	

(4). Details of unrecognized deferred tax assets

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Deductible temporary differences		
Deductible tax loss		
Provision for bad debts	5,448,474.18	1,660,550.40
Provision for decline in value of inventories		30,294,550.51
Changes in fair value included in current profit or loss (decrease)	19,398,032.46	2,211,972.77
Non-deducted tax losses	517,363,979.05	643,594,926.11
Provisions		
Lease contracts	749,826.22	169,949.22
Unrealized profit of internal transactions	29,407,240.29	
Total	572,367,552.20	677,931,949.01

(5). Deductible tax loss of unrecognized deferred income tax assets will expire in the following year

√适用 □不适用

Unit: Yuan Currency: RMB

Year	Amount at year end	Amount in beginning of year	Note
2023		3,756,883.17	
2024	141,469.44	7,265,192.25	
2025	8,658,531.46	12,852,807.92	
2026	11,028,640.97	305,271,327.23	
2027	114,109,282.66	201,662,394.07	
2028	193,742,534.41		
2032	189,683,520.11	112,786,321.47	
Total	517,363,979.05	643,594,926.11	/

Other note:

适用 不适用**30. Other non-current assets**适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Costs of obtaining a contract						
Contract performance cost						
Return cost receivable						
Contract assets						
Prepayment for purchase of long-term assets	3,381,887,915.12		3,381,887,915.12	6,212,936,138.56		6,212,936,138.56
Unrealized gains and losses on				112,912,218.28		112,912,218.28

sale and lease back						
Futures membership Investment	1,400,000.00		1,400,000.00	1,400,000.00		1,400,000.00
Total	3,383,287,915.12		3,383,287,915.12	6,327,248,356.84	-	6,327,248,356.84

Other note:

None

31. Ownership or using rights of assets subject to restriction

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance				Beginning balance			
	Book value	Carrying amount	Type of restriction	Restricted situation	Book value	Carrying amount	Type of restriction	Restricted situation
Cash and bank balances	5,252,895.794.26	5,252,895.794.26	Pledge	Pledge cash and bank balances to obtain financing credit from financial institutions	7,617,632.104.18	7,617,632.104.18	Pledge	Pledge cash and bank balances to obtain financing credit from financial institutions
Cash and bank balances	70,269,522.55	70,269,522.55	Pledge	Security deposits for trading in futures and financial derivatives	12,586,192.00	12,586,192.00	Pledge	Security deposits for trading in futures and financial derivatives
Cash and bank balances	119,600,000.00	119,600,000.00	Freezing	Freezing funds involved in litigation	119,600,000.00	119,600,000.00	Freezing	Freezing funds involved in litigation
Financial assets held for trading					10,000,000.00	10,000,000.00	Pledge	Pledge financial assets held for trading to obtain financing

								credit from financial institutions
Receivables financing	2,873,535,149.86	2,873,535,149.86	Pledge	Pledge notes receivable to obtain financing credit from financial institutions	1,469,571,971.78	1,469,571,971.78	Pledge	Pledge notes receivable to obtain financing credit from financial institutions
Fixed assets	108,294,533,612.66	80,505,745,109.76	Mortgage	Mortgage fixed assets to obtain financing credit from financial institutions	107,498,280,667.52	85,436,371,528.20	Mortgage	Mortgage fixed assets to obtain financing credit from financial institutions
Fixed assets	4,647,436,155.66	1,649,966,499.72	Mortgage	Mortgage is used to provide security for the sale and leaseback contract	2,798,943,881.83	1,546,266,735.52	Mortgage	Mortgage is used to provide security for the sale and leaseback contract
Intangible assets	5,067,120,570.14	4,492,197,052.63	Mortgage	Mortgage intangible assets to obtain financing credit from financial institutions	4,263,597,293.43	3,781,381,873.08	Mortgage	Mortgage intangible assets to obtain financing credit from financial institutions
Construction in progress	24,014,095,335.45	24,014,095,335.45	Mortgage	Mortgage construction in progress to obtain financing credit from financial institutions	675,737,980.77	675,737,980.77	Mortgage	Mortgage construction in progress to obtain financing credit from financial institutions
Total	150,339,486,140.58	118,978,304,464.23	/	/	124,465,950,091.51	100,669,148,385.53	/	/

Other note:

None

32. Short-term loans

(1). Short-term loans by category

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Pledge loans	2,776,068,898.60	1,222,816,658.22
Mortgage loans	4,684,217,467.66	5,151,321,326.22
Guaranteed loans	22,362,489,683.61	24,740,778,066.47
Unsecured loans	10,932,592,766.04	5,017,843,728.97
Discount of commercial acceptance bills	26,239,681,665.48	33,184,139,033.20
Total	66,995,050,481.39	69,316,898,813.08

Note to short-term loans by category:

The reason for the discrepancy between the disclosure of the beginning balance of short-term loans and the 2022 annual report is that the item of accrued interest was allocated to the item of pledge loans, mortgage loans, guaranteed loans, and unsecured loans.

(2). Short-term loans that have been overdue and not repaid

适用 不适用

Including important short-term loans that have been overdue and not repaid are as follows:

适用 不适用

Other notes:

适用 不适用

33. Financial liabilities held for trading

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Closing balance	Specified reasons and basis
Financial liabilities held for trading	346,020,729.70	190,324,330.67	/
Including:			
Derivative financial liabilities	346,020,729.70	190,324,330.67	/
Designated as financial liabilities at fair value through profit or loss			
Including:			
Total	346,020,729.70	190,324,330.67	/

Other note:

适用 不适用

34. Derivative financial liabilities适用 不适用**35. Notes payable****(1). Notes payable presented by item**适用 不适用

Unit: Yuan Currency: RMB

Category	Closing balance	Beginning balance
Commercial acceptance bills	8, 134, 202, 672.24	8, 848, 668, 508.73
Bank acceptance bills	1, 584, 564, 190.99	1, 250, 537, 334.72
Letter of credit	2, 283, 686, 725.30	10, 504, 570, 026.82
Total	12, 002, 453, 588.53	20, 603, 775, 870.27

Bills payable overdue but still unpaid at year end is RMB 0.

36. Accounts payable**(1). Accounts payable presented by item**适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Within 1 year	13, 746, 679, 951.78	7, 538, 599, 735.57
1 to 2 years	1, 223, 853, 715.40	574, 101, 327.24
2 to 3 years	176, 810, 898.80	404, 729, 363.36
Over 3 years	451, 323, 029.94	351, 879, 572.73
Total	15, 598, 667, 595.93	8, 869, 309, 998.90

(2). Significant accounts payable aging over 1 year适用 不适用

Other note

适用 不适用

For details of accounts payable in foreign currencies, see the note "Items in foreign currencies".

37. Advances from customers**(1). Advance from customers presented by item**适用 不适用**(2). Significant advance from customers with ageing over one year**适用 不适用**(3). Amount and reason for significant changes in the carrying amount during the reporting period**适用 不适用

Other note

适用 不适用

38. Contract liabilities

(1). Information of contract liabilities

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Within 1 year	8,474,131,199.60	12,042,290,821.83
1 to 2 years	12,597,237.07	34,506,243.07
2 to 3 years	3,887,634.70	11,816,872.03
Over 3 years	11,771,197.56	2,369,389.54
Total	8,502,387,268.92	12,090,983,326.47

(2). Significant contract liabilities with ageing over one year

适用 不适用

(3). The amount and reasons for significant changes in the carrying amount during the reporting period

适用 不适用

Other note:

适用 不适用

39. Employee benefits payables

(1). Employee benefits payable

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
I. Short-term employee benefits	475,189,408.73	4,796,253,622.35	4,771,785,551.91	499,657,479.17
II. Post-employment benefits -Defined contribution plans	1,320,371.45	302,721,307.14	303,061,641.20	980,037.39
III. Termination benefits				
IV. Others benefits due within one year				
Total	476,509,780.18	5,098,974,929.49	5,074,847,193.11	500,637,516.56

(2). Short-term employee benefits

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
I. Salaries, bonus and allowances	474,799,762.21	4,413,290,623.14	4,389,199,532.08	498,890,853.28
II. Staff welfare	29,713.49	79,710,337.46	79,726,036.54	14,014.41
III. Social insurances	259,417.88	165,307,581.53	165,391,796.32	175,203.09

Including: Medical insurance	236,762.93	136,710,995.53	136,775,375.54	172,382.92
Work injury insurance	12,114.62	17,576,330.33	17,585,624.78	2,820.17
Maternity insurance	10,540.33	11,020,255.68	11,030,796.01	
IV. Housing fund	81,456.00	105,076,746.30	104,580,793.90	577,408.40
V. Union funds and staff education	19,059.15	32,798,917.26	32,817,976.41	
VI. Vocation leave				
VII. Short-term profit sharing plan				
VIII. Compensation for termination of labor relations		54,206.24	54,206.24	
IX. Others		15,210.42	15,210.42	
Total	475,189,408.73	4,796,253,622.35	4,771,785,551.91	499,657,479.17

(3). Defined contribution plans

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
1.Basic pension insurance	1,275,512.09	292,861,888.98	293,172,157.94	965,243.13
2.Unemployment insurance	44,859.36	9,859,418.16	9,889,483.26	14,794.26
3.Corporate annuity plan				
Total	1,320,371.45	302,721,307.14	303,061,641.20	980,037.39

Other note:

√适用 □不适用

The Company participates in the pension insurance and unemployment insurance plans established by government agencies in accordance with the regulations. Apart from this, the Company no longer undertakes further payment obligations, and the corresponding expenditures are included in the current profit or loss or the cost of related assets when incurred.

40. Taxes payable

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Value-added tax	266,538,160.39	12,771,830.29
Consumption tax	557,275,099.44	709,805,522.32
Business tax		
Enterprise income tax	370,596,086.66	106,928,407.84
Individual income Tax		
Urban maintenance and construction tax	57,017,069.39	49,277,199.63
Property tax	34,240,076.04	31,071,196.33
Stamp duty	79,049,841.45	59,377,203.13
Land use tax	18,747,915.44	16,817,664.16
Education surcharge	24,457,717.74	21,118,876.28
Local education surcharges	16,305,145.15	14,079,250.85

Withholding individual income Tax	11,642,729.83	11,736,272.81
Withholding value-added tax		
Environmental protection tax	3,731,893.02	3,030,289.52
Total	1,439,601,734.55	1,036,013,713.16

Other note:

None

41. Other payables

Presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Interest payable		
Dividends payable		
Other payables	416,224,941.72	382,263,173.05
Total	416,224,941.72	382,263,173.05

Other note:

适用 不适用

(2) Interest payable

Presented by category:

适用 不适用

Overdue significant interest payable:

适用 不适用

Other note:

适用 不适用

(3) Dividends payable

Presented by category:

适用 不适用

(4) Other payables

Other payables by nature

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Security deposits	141,520,538.30	135,894,155.27
Current accounts	250,137,634.54	223,906,378.05
Others	24,566,768.88	22,462,639.73
Total	416,224,941.72	382,263,173.05

(2). Significant other payables aging over 1 year

适用 不适用

Other note:

√适用 □不适用

For details of other payables in foreign currencies, see the note “Items in foreign currencies”.

42. Liabilities held-for-sale

□适用 √不适用

43. Non-current liabilities due within one year

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Long-term loans due within one year	12,022,605,362.19	7,054,740,475.94
Bonds payable due within one year	1,015,294,281.98	2,030,618,280.89
Long-term payables due within one year	421,574,624.56	228,838,610.93
Lease liabilities due within one year	38,597,381.39	34,830,877.25
Total	13,498,071,650.12	9,349,028,245.01

Other note:

1 . Long-term loans due within one year

Category	Closing balance	Beginning balance
Unsecured loans	2,038,956,504.33	907,763,820.68
Guaranteed loans	2,550,943,972.65	518,367,019.77
Mortgage loans	7,432,704,885.21	5,628,609,635.49
Subtotal	12,022,605,362.19	7,054,740,475.94

2 . Bonds payable due within one year

Bond name	Face value	Coupon rate(%)	Issuance date	Term	Issuance amount	Beginning balance
22 Hengli Petrochemical CP001	1,000,000,000.00	3.03	2022/6/1	1year	1,000,000,000.00	1,017,281,918.22
22 Hengli Petrochemical CP002	1,000,000,000.00	3.18	2022/7/25	1year	1,000,000,000.00	1,013,336,362.67
23 Hengli Petrochemical CP001	1,000,000,000.00	3.53	2023/7/19	1year	1,000,000,000.00	
Subtotal	3,000,000,000.00	-	-	-	3,000,000,000.00	2,030,618,280.89

Continued:

Bond name	Bonds issued in this period	Accrued interest for the current period	Amortization of excess discount	Current repayment	Closing balance	Default or not
22 Hengli Petroche		13,018,081.78		1,030,300,000.00		NO

mical CP001						
22 Hengli Petroche mical CP002		18,463, 637.33		1,031,800, 000.00		NO
23 Hengli Petroche mical CP001	1,000,000, 000.00	16,237, 678.21	-943, 396.23		1,015,294, 281.98	NO
Subtotal	1,000,000, 000.00	47,719, 397.32	-943, 396.23	2,062,100, 000.00	1,015,294, 281.98	-

3 . Long-term payables due within one year

Item	Closing balance	Beginning balance
Lease payment	509,232,241.76	267,373,159.72
Less: Unrecognized financing expenses	87,657,617.20	38,534,548.79
Subtotal	421,574,624.56	228,838,610.93

4 . For details of non-current liabilities in foreign currencies, see the note “Items in foreign currencies”.

44. Other current liabilities

Information of other current liabilities

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Short-term bonds payable		
Payables of returned goods		
Output VAT pending for transfer	1,098,844,994.24	1,564,174,590.75
Notes receivable not derecognised		
Payable of monetary security deposits	3,575,114,707.32	1,714,584,516.80
Payable of pledged security deposits	27,533,400.00	88,252,384.00
Futures risk reserve	16,792,003.62	15,076,976.64
Payable of Futures Investor Protection Fund	68,751.02	39,089.66
Total	4,718,353,856.20	3,382,127,557.85

Increase and decrease of short-term bonds payable:

适用 不适用

Other note:

适用 不适用

45. Long term loans

(1). Long term loans by category

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Pledge loans		-
Mortgage loans	60,400,028,956.12	46,526,719,607.47
Guaranteed loans	3,477,610,377.93	5,344,182,213.19
Unsecured loans	6,743,267,198.21	6,476,251,530.06
Total	70,620,906,532.26	58,347,153,350.72

Note to long term loans by category:

None.

Other notes:

√适用 □不适用

For details of long term loans in foreign currencies, see the note "Items in foreign currencies".

46. Bonds payable

(1). Bonds payable

□适用 √不适用

(2). Specific information of bonds payable: (Excluding preferred stocks, perpetual bonds and other financial instruments classified as financial liabilities)

□适用 √不适用

(3). Note to convertible corporate bonds:

□适用 √不适用

Accounting treatment and judgment basis for equity transfer:

□适用 √不适用

(4). Notes on other financial instruments classified as financial liabilities

Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period

□适用 √不适用

Table of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

□适用 √不适用

Explanation of the basis for the classification of other financial instruments into financial liabilities:

□适用 √不适用

Other note:

□适用 √不适用

47. Lease liabilities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
1 to 2 years	24,232,615.59	26,859,744.59
2 to 3 years	9,681,451.08	16,863,368.50
3 to 4 years	3,863,081.41	6,737,278.38
4 to 5 years	77,023.76	2,688,301.03
Over 5 years	3,662,312.61	2,602,187.41
Total	41,516,484.45	55,750,879.91

Other note:

None

48. Long-term payables**Presented by item**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Long-term payables	2,079,460,266.51	852,833,333.34
Specific payables	6,000,000.00	6,000,000.00
Total	2,085,460,266.51	858,833,333.34

Other note:

□适用 √不适用

Long-term payables**(1). Long-term payables by nature**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Finance lease payables	2,673,505,087.92	1,163,373,159.72
Less: Unrecognized financing expenses	-172,470,196.85	-81,701,215.45
Less: Long-term payables due within one year	-421,574,624.56	-228,838,610.93
Subtotal	2,079,460,266.51	852,833,333.34

Other note:

For details of long-term payables in foreign currencies, see the note "Items in foreign currencies".

Specific payables**(2). Specific payables by nature**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance	Reason of formation
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R&D and industrialization of ultra-high-strength creep-resistant polyester industrial fibers	6,000,000.00		-	6,000,000.00	Funds appropriated by the government need to be confirmed after acceptance
Total	6,000,000.00		-	6,000,000.00	/

Other note:

None

49. Long-term employee benefits payable

适用 不适用

(1). Table of long-term employee benefits payables

适用 不适用

(2). Changes in defined benefit plans

Present value of defined benefit plan obligation:

适用 不适用

Plan assets:

适用 不适用

Net liabilities (net assets) of defined benefit plans:

适用 不适用

Description of the content of the defined benefit plan and its associated risks, as well as its impact on the company's future cash flow, timing, and uncertainty:

适用 不适用

Description of major actuarial assumptions and sensitivity analysis results for defined benefit plans:

适用 不适用

Other notes:

适用 不适用

50. Provision for liabilities

适用 不适用

51. Deferred income

Deferred income

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance	Reason of formation
Government grants	3,376,501,714.84	877,850,492.50	305,260,322.98	3,949,091,884.36	-

Total	3,376,501, 714.84	877,850, 492.50	305,260, 322.98	3,949,091, 884.36	/
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Other note:

适用 不适用

Please refer to the description of "Government Subsidy" for details of the projects involving government subsidy and the apportionment method.

52. Other non-current liabilities

适用 不适用

53. Share capital

适用 不适用

Unit: Yuan Currency: RMB

	Beginning balance	Increase or decrease (+, -)					Closing balance
		Issuance New shares	Bonus shares	Capital reserve converted to shares	Others	Subtotal	
Total shares	7,039,099,786.00						7,039,099,786.00

Other note:

None

54. Other equity instruments

(1). Basic information on preferred shares, perpetual bonds and other financial instruments issued at the end of the period

适用 不适用

(2). Table of changes in financial instruments such as preferred shares and perpetual bonds issued at the end of the period

适用 不适用

Changes of other equity instruments in the current period, reasons for the changes, and basis for relevant accounting treatment:

适用 不适用

Other note:

适用 不适用

55. Capital reserve

适用 不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
Capital premium(Capital premium)	18,604,956,168.08			18,604,956,168.08

Other capital reserve	81,559,959.68	77,070,049.22		158,630,008.90
Total	18,686,516,127.76	77,070,049.22		18,763,586,176.98

Other note, including the increase and decrease in the current period, and the reason for the change:

In this period, due to the recognition of share payment expenses in the employee stock ownership plan, the company increased the capital reserve by RMB77,070,049.22.

56. Treasury shares

适用 不适用

57. Other comprehensive income

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Movement during the period						Closing balance
		Amount before tax	Less: transferred to profit or loss in current year	Less: Included in other comprehensive income in the previous period and transferred to retained earnings in the current period	Less: Income tax expenses	Amount attributable to parent company after tax	Amount attributable to minority interests after tax	
I. Other comprehensive income not reclassified into profit or loss subsequently								
Including: Changes in amount on remeasurement of defined benefit plan								
Other comprehensive income not reclassified to profit or loss under equity method								

Changes in fair value of other equity instrument investments								
Changes in the fair value of the enterprise's own credit risk								
II. Other comprehensive income that will be reclassified into profit or loss subsequently	-50,052,317.06	40,427,663.98				40,427,663.98		-9,624,653.08
Including: Other comprehensive income that will be transferred to profit or loss under equity method								
Changes in fair value of other debt investments								
Reclassification of financial assets recognized in other comprehensive income								
Provision for credit loss of other debt investments								

Cash flows hedge reserve	-54,062,644.32	6,252,291.04				6,252,291.04		-47,810,353.28
Translation difference of foreign currency financial statements	4,010,327.26	34,175,372.94				34,175,372.94		38,185,700.20
Total other comprehensive income	-50,052,317.06	40,427,663.98				40,427,663.98		-9,624,653.08

Other note, including the adjustment of the initial recognition amount of the hedged item for the effective part of the cash flow hedging profit or loss:

None.

58. Special reserve

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
Safety production fee	1,602,239.79	428,804,002.16	321,048,118.43	109,358,123.52
Total	1,602,239.79	428,804,002.16	321,048,118.43	109,358,123.52

Other note, including the increase and decrease in the current period, and the reason for the change:

None

59. Surplus reserve

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase	Decrease	Closing balance
Statutory surplus reserve	905,565,700.75	89,753,070.62		995,318,771.37
Discretionary surplus reserve				
Reserve funds				
Enterprise expansion fund				
Others				
Total	905,565,700.75	89,753,070.62		995,318,771.37

Note, including the increase and decrease in the current period, and the reason for the change:

The Company appropriates the statutory surplus reserve at 10% of its net profit in accordance with the "Company Law" and the Company's articles of association. If the accumulated amount of the statutory surplus reserve reaches more than 50% of the Company's registered capital, the appropriation will cease.

60. Undistributed profits

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Closing balance of prior year	26,279,812,029.77	31,118,454,108.29
Add: adjustments on beginning balance of undistributed profits		
Beginning balance after adjustment	26,279,812,029.77	31,118,454,108.29
Add: Net profit attributable to parent company for the current year	6,904,603,862.76	2,318,303,166.69
Less: Appropriation of statutory surplus reserve	89,753,070.62	47,454,461.35
Appropriation of discretionary surplus reserve		
Appropriation of general risk reserve		
Appropriation for dividends to ordinary shares		7,109,490,783.86
Dividend to ordinary shares converted to share capital		

Closing balance of undistributed profits	33,094,662,821.91	26,279,812,029.77
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Adjustment of undistributed profits at the beginning of the period:

1. Due to the retroactive adjustment of the "Accounting Standards for Business Enterprises" and its related new regulations, the Undistributed profits at the beginning of the period was affected RMB0.
2. Due to changes in accounting policies, the undistributed profit at the beginning of the period was affected RMB 0.
3. Due to the correction of major accounting errors, the undistributed profit at the beginning of the period was affected RMB 0.
4. Changes in the scope of consolidation under common control, affecting the undistributed profit at the beginning of the period RMB 0.
5. Total impact of other adjustments on undistributed profit at the beginning of the period RMB 0.

61. Operating income and operating cost

(1). Operating income and operating cost

√ 适用 □ 不适用

Unit: Yuan Currency: RMB

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary operations	233,199,632,798.64	207,605,430,263.55	221,683,819,060.46	203,871,767,587.67
Other operations	1,591,039,597.24	778,421,663.81	639,764,909.42	205,829,478.78
Total	234,790,672,395.88	208,383,851,927.36	222,323,583,969.88	204,077,597,066.45

(2). Information of operating income and operating costs

√ 适用 □ 不适用

Unit: Yuan Currency: RMB

Contract classification	Current year		Total	
	operating revenue	operating costs	operating revenue	operating costs
Product type				
Refining products	119,961,394,781.18	97,736,740,789.33	119,961,394,781.18	97,736,740,789.33
PTA	72,607,325,755.38	73,593,225,397.55	72,607,325,755.38	73,593,225,397.55
Polyester products	34,115,424,080.06	30,568,324,767.59	34,115,424,080.06	30,568,324,767.59
Others	6,515,488,182.02	5,707,139,309.08	6,515,488,182.02	5,707,139,309.08
Classified by geographical region				
Domestic	217,520,294,831.77	192,952,054,100.03	217,520,294,831.77	192,952,054,100.03
Overseas	15,679,337,966.87	14,653,376,163.52	15,679,337,966.87	14,653,376,163.52
Total	233,199,632,798.64	207,605,430,263.55	233,199,632,798.64	207,605,430,263.55

Other notes:

□ 适用 √ 不适用

(3). Note on performance obligations :

□ 适用 √ 不适用

(4). Description of apportionment to remaining performance obligations:

□ 适用 √ 不适用

(5) Major contract changes or major transaction price adjustments:

□ 适用 √ 不适用

Other note:

1. The total operating revenue of the top five customers of the Company this year was RMB21,284,161,483.40, which accounted for 9.07% of the total operating revenue.

2. Relevant revenue and cost of trial sales

Product name	Current year	Prior year
Revenue of trial sales	9,277,198,784.14	315,105,406.95
Cost of trial sales	9,165,652,787.68	283,157,002.19

The trial operation sales in this period are the external sales of products before the fixed assets reach the intended usable state.

62. Taxes and surcharges

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Consumption tax	7, 677, 485, 422.84	5, 424, 150, 546.27
Business tax		
Urban maintenance and construction tax	566, 340, 116.73	418, 477, 747.17
Education surcharge	242, 762, 663.24	179, 555, 517.95
Resource tax		
Property tax	145, 837, 535.56	130, 772, 143.92
Land use tax	80, 522, 979.26	72, 788, 042.28
Vehicle and vessel use tax		
Stamp duty	307, 783, 577.26	271, 455, 396.57
Local education surcharge	161, 841, 775.49	119, 701, 395.73
Environmental protection tax	17, 236, 683.01	13, 321, 650.94
Security for the disabled		
Others	823, 161.04	796, 739.83
Total	9, 200, 633, 914.43	6, 631, 019, 180.66

Other note:

Please refer to the explanation of "Taxation" for details of the payment standard.

63. Selling expenses

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Logistics transportation fee		
Staff salaries	171, 749, 149.81	177, 239, 467.21
Travel expenses	4, 046, 898.34	4, 163, 862.29
Warehousing related costs	89, 354, 564.98	180, 463, 279.95
Business entertainment expenses	1, 920, 017.46	1, 227, 474.04
Office expenses	17, 366, 721.02	22, 468, 241.55
Other expenses	9, 035, 691.88	7, 206, 851.74
Total	293, 473, 043.49	392, 769, 176.78

Other note:

None

64. Administrative expenses

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Staff salaries	833, 916, 942.06	849, 247, 603.21
Depreciation and amortization	633, 265, 117.08	587, 247, 400.89
Office expenses	424, 368, 720.48	368, 450, 540.43
Travel expenses	47, 548, 901.05	39, 577, 984.82
Business entertainment expenses	20, 965, 070.22	18, 400, 622.78
Other expenses	37, 303, 218.65	26, 374, 511.63
Total	1, 997, 367, 969.54	1, 889, 298, 663.76

Other note:

None

65. Research and development expenses

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Staff salaries	426,960,232.93	383,500,164.71
Direct materials	668,829,148.62	512,323,117.51
Fuel and power	136,857,584.58	137,112,098.62
Depreciation and amortization	103,301,638.38	112,721,585.17
Others	35,079,881.83	39,054,037.39
Total	1,371,028,486.34	1,184,711,003.40

Other note:

None

66. Financial expenses

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Interest expenses	5,836,304,435.57	5,182,887,891.00
Including: Interest expenses on lease liabilities	4,137,699.03	5,022,089.58
Less: Interest capitalized	-1,264,460,002.56	-549,982,061.04
Less: Interest income	-468,581,267.39	-332,736,566.09
Less: Fiscal interest discount	-4,347,712.06	
Net exchange gain or loss	976,349,386.10	-333,939,778.59
Handling fees and others	289,499,031.16	321,141,965.40
Total	5,364,763,870.82	4,287,371,450.68

Other note:

None

67. Other income

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Government grants received in current period	630,488,011.59	1,277,081,247.00
Amortization of deferred income	302,860,322.98	314,769,087.30
Receive Tax Withholding Fee	3,295,205.93	3,692,791.90
Tax reduction and exemption	78,985,705.21	
Total	1,015,629,245.71	1,595,543,126.20

Other note:

None.

68. Investment income

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Income from long-term equity investment by equity method	76,784,860.69	

Gain from disposal of long-term equity investment		
Investment income of financial assets held for trading during the holding period		
Investment income of other equity investment instruments during the holding period		
Interest income from debts investment during the holding period		
Interest income from other debt investments during the holding period		
Gain from disposal of Financial assets held for trading	61,342,743.03	-322,324.78
Investment income from disposal of other equity instruments investment		
Gains from disposal of debts investment		
Gain from disposal of other debt investments		
Gains from debt restructuring		
Gains from disposal of receivables financing	-174,694,586.97	
Total	-36,566,983.25	-322,324.78

Other note:

1. Important items of long-term equity investment income accounted for using the equity method

Investee	Current year	Prior year	Reasons for the increase or decrease in this period compared to the previous year
Wuxi Xishang Bank Co., Ltd.	77,638,436.12	-	Changes in the profit of the investee
Chenju(Suzhou) Science and Technology Innovation Development Co., Ltd	-853,575.43	-	Changes in the profit of the investee
Total	76,784,860.69	-	-

2. The company does not have significant restrictions on the repatriation of investment income.

69. Gain from net exposure of hedging

适用 不适用

70. Gains from changes in fair value

适用 不适用

Unit: Yuan Currency: RMB

Source of gains from changes in fair value	Current year	Prior year
Financial assets held for trading	558,832,667.08	454,544,350.02
Including: Gains from changes in fair value arising from derivative financial instruments	559,183,971.69	456,756,322.79

Gains from changes in fair value of non-derivative financial instruments	-351,304.61	-2,211,972.77
Financial liabilities held for trading	-188,282,293.17	-500,223,920.74
Investment properties measured at fair value		
Total	370,550,373.91	-45,679,570.72

Other note:

None

71. Credit impairment loss

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Bad debts of notes receivable		
Bad debts of accounts receivable	-1,136,866.40	3,803,043.71
Bad debts of other receivables	-106,917,478.88	-6,176,849.83
Impairment loss of debts investment		
Impairment loss of other debt investments		
Bad debt of long-term receivables		
Impairment losses related to financial guarantees		
Total	-108,054,345.28	-2,373,806.12

Other note:

None

72. Assets impairment loss

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
I. Bad debt loss		
II. Impairment loss on decline in value of inventories and contract performance cost	-593,692,020.24	-3,128,732,830.34
III. Impairment loss of long-term equity investment		
IV. Impairment loss of investment properties		
V. Impairment loss of fixed assets		
VI. Impairment loss of construction materials		
VII. Impairment loss of construction in progress		
VIII. Impairment loss of productive biological assets		
IX. Impairment loss of oil and gas assets		
X. Impairment loss of intangible assets		
XI. Impairment loss of goodwill		
XII. Others		
Total	-593,692,020.24	-3,128,732,830.34

Other note:

None

73. Gains from disposal of assets

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Gains from disposal of non-current assets not classified as held for sale	-3,063,798.81	-3,332,571.69
Including: Fixed assets	-869,904.40	-3,494,458.02
Right-of-use assets	-111,362.80	161,886.33
Intangible assets	-2,082,531.61	
Total	-3,063,798.81	-3,332,571.69

Other note:

None

74. Non-operating income

Information of non-operating income

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year	Amount included in non-recurring gains and losses
Total gains on disposal of non-current assets	54,459.02	2,016,853.08	54,459.02
Including: Gain from disposal of fixed assets	54,459.02	2,016,853.08	54,459.02
Gain from disposal of intangible assets			
Gains on barter trade of non-monetary assets			
Accept donation			
Government grants			
Indemnity income	14,739,212.12	10,523,745.24	14,739,212.12
Carbon emissions trading revenue	56,603,773.59		56,603,773.59
Initial investment cost of the long-term equity investment calculated by the equity method is less than the share of the owner's equity of the investee		79,415,493.16	
Others	8,418,013.15	13,374,625.74	8,418,013.15
Total	79,815,457.88	105,330,717.22	79,815,457.88

Other note:

适用 不适用

75. Non-operating expenses

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year	Amount included in non-recurring gains and losses
Total losses on disposal of non-current assets	1,555,570.10	7,478,374.56	1,555,570.10
Including: Loss on disposal of fixed assets	1,555,570.10	7,478,374.56	1,555,570.10
Loss on disposal of intangible assets			
Losses on barter trade of non-monetary assets			
External donation	102,003,000.00	939,000.00	102,003,000.00
Fines payment	399,000.00	14,125.81	399,000.00
Compensation, liquidated damages	142,433.50	306,000.00	142,433.50
Tax late fee	616,116.01	9,966,608.00	616,116.01
Provision for litigation losses			
Others	1,675,568.66	1,977,149.82	1,675,568.66
Total	106,391,688.27	20,681,258.19	106,391,688.27

Other note:

None

76. Income tax expenses

(1). Income tax expenses

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Current income tax	1,330,070,239.55	776,954,787.70
Deferred income tax	638,698,030.86	-685,413,122.59
Total	1,968,768,270.41	91,541,665.11

(2). Reconciliation between income tax expenses and accounting profit

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year
Profits before tax	8,873,232,207.19
Expected income tax expenses at applicable tax rates	2,218,308,051.80
Effect of different tax rates applied by subsidiaries	-328,913,138.60

Adjustment for income tax in previous years	14, 155, 493.36
Effect of non-taxable income	-60, 452, 218.84
Effect of non-deductible costs, expenses and losses	311, 668, 825.62
Effect of using the deductible temporary differences or deductible losses for which no deferred tax asset was recognized in previous period	-135, 675, 028.70
Effect of deductible temporary differences or deductible losses for which no deferred tax asset was recognized this year	47, 987, 369.72
The impact of additional deduction of research and development expenses	-98, 324, 540.76
Effect of tax rates adjustment	13, 456.81
Income tax expenses	1, 968, 768, 270.41

Other note:

适用 不适用

77. Other comprehensive income

适用 不适用

For details of other comprehensive income, please refer to the description of “Other comprehensive income” in note 57.

78. Notes to cash flow statement

(1). Cash related to operating activities

Cash received from other operating activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Recover of bank security deposits	2, 487, 038, 979.97	2, 717, 429, 397.12
Interest income received	457, 661, 248.69	329, 903, 553.79
Revenue from labor services and rental services received	115, 117, 600.04	82, 592, 034.32
Government grants income received	1, 512, 686, 216.15	1, 974, 073, 764.50
Security deposit received	50, 093, 354.25	155, 476, 221.27
Receive the emissions trading revenue	60, 000, 000.00	
Receive the customer's futures transaction reserve fund	757, 796, 509.61	622, 380, 717.69
Net amount received from others payments and current accounts	56, 170, 549.33	54, 436, 482.72
Total	5, 496, 564, 458.04	5, 936, 292, 171.41

Note to cash received from other operating activities:

None

Cash paid for other operating activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Payment of security deposit to banks	1, 282, 883, 169.62	2, 487, 038, 979.97

Expenses paid in cash	925,939,345.05	1,067,439,713.14
Payment of security deposits	55,930,165.11	39,943,686.24
Net amount paid for others payments and current accounts	208,723,191.68	40,617,426.82
Total	2,473,475,871.46	3,635,039,806.17

Note to Cash paid for other operating activities:

None

(2). Cash related to investment activities

Cash received from major investing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Receipts of the redemption of financial products	910,000,000.00	39,000,000.00
Receipts of margin deposit for futures contract	1,002,917,428.98	230,197,278.69
Withdrawal of treasury bond reverse repurchase investment	1,063,238,000.00	1,547,438,000.00
Receipts of other investments such as bond funds	1,496,165,096.54	433,517,745.71
Total	4,472,320,525.52	2,250,153,024.40

Note to Cash received from other investing activities:

None

Cash paid for major investing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Payment of investment in financial products	855,000,000.00	94,000,000.00
Payment of treasury bond reverse repurchase investment	1,220,389,000.00	1,409,925,000.00
Payment of other investments such as bond funds	1,618,046,706.05	433,517,745.71
Total	3,693,435,706.05	1,937,442,745.71

Note to Cash paid for major investing activities:

None

Other cash received relating to investing activities:

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Withdraw the bank guarantee	1,165,527,839.07	273,421,460.73
Margin received for commodity futures contracts	129,638,118.47	65,358,947.08
Net other receipts and current accounts	18,904,666.78	9,122,082.64
Total	1,314,070,624.32	347,902,490.45

Note to cash received related to investment activities:

None

Other cash paid relating to investing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Margin paid for commodity futures contracts	242,207,168.35	129,114,882.39
Bank guarantee deposit paid	634,499,614.62	1,165,527,839.07
Other payments and net current accounts	11,996,480.27	20,985,976.52
Total	888,703,263.24	1,315,628,697.98

(3) Cash related to financing activities

Cash received for other financing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Recover of bank security deposits	4,118,655,079.75	3,352,867,653.01
Recover security deposits of financing leases	23,250,000.00	
Received financing lease payments	3,520,000,000.00	
Net amount of cash received from the sale of treasury shares		382,298,725.15
Total	7,661,905,079.75	3,735,166,378.16

Note to Cash received for other financing activities:

None

Cash paid for other financing activities

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Payment of principal and interest of Hengli Group's borrowings		170,000,000.00
Payment of security deposit to banks	3,525,382,532.58	4,118,655,079.75
Payment related to leases	2,234,645,253.91	193,495,397.24
Cash paid for other financing activities	25,211,778.44	
Total	5,785,239,564.93	4,482,150,476.99

Note to Cash paid for other financing activities:

None

Changes in liabilities arising from financing activities

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Beginning balance	Increase		Decrease		Closing balance
		Cash changes	Non-cash changes	Cash changes	Non-cash changes	
Bank loans	134,718,792,639.74	104,717,625,805.89	16,445,116,890.30	95,381,893,382.68	10,861,079,577.41	149,638,562,375.84
Other payables - dividends payable			34,003.40	34,003.40		
Bonds payable (including those within one year)	2,030,618,280.89	999,000,000.00	48,719,397.32	2,062,100,000.00	943,396.23	1,015,294,281.98
Lease liabilities (including those within one year) [Note]	90,581,757.16		62,188,913.57	39,137,220.23	33,519,584.66	80,113,865.84
Long-term payables (including those within one year)	1,081,671,944.27	3,520,000,000.00	307,067,582.44	2,193,524,919.48	214,179,716.16	2,501,034,891.07
Total	137,921,664,622.06	109,236,625,805.89	16,863,126,787.03	99,676,689,525.79	11,109,722,274.46	153,235,005,414.73

[Note] The VAT related to the payment of rental is RMB1,983,114.21

(4) Note to Presenting Cash Flow on a Net Basis :

□适用 √不适用

(5) Significant activities and financial impacts that do not involve current cash receipts and payments but affect the financial status of the enterprise or may affect the cash flow of the enterprise in the future

√适用 □不适用

Item	Current year	Prior year
Bill endorsement transfer for payment of goods	3, 105, 895, 310.18	3, 814, 448, 539.56

79. Supplement to cash flow statement

(1). Supplement to cash flow statement

√适用 □不适用

Unit: Yuan Currency: RMB

Supplement information	Current year	Prior year
1. Reconciliation of net profit to cash flow from operating activities:		
Net profit	6, 904, 463, 936.78	2, 318, 036, 950.22
Add: Provision for impairment of assets	593, 692, 020.24	3, 128, 732, 830.34
Credit impairment loss	108, 054, 345.28	2, 373, 806.12
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	8, 825, 594, 625.40	8, 567, 512, 312.81
Amortization of right-of-use assets	32, 918, 601.09	33, 675, 038.15
Amortization of intangible assets	254, 303, 592.07	261, 164, 423.95
Amortization of long-term deferred expenses	617, 798, 491.85	680, 489, 913.08
Losses on disposal of fixed assets, intangible assets and other long-term assets (Gain as in “-”)	3, 063, 798.81	3, 332, 571.69
Loss on retirement of fixed assets (Gain as in “-”)	1, 501, 111.08	5, 461, 521.48
Losses on changes in fair value (Gain as in “-”)	-370, 550, 373.91	45, 679, 570.72
Financial expenses (Gain as in “-”)	4, 640, 958, 566.54	4, 444, 197, 476.00
Investment losses (Gain as in “-”)	-138, 127, 603.72	322, 324.78
Decrease in deferred tax assets (Increase as in “-”)	615, 902, 069.48	-703, 400, 163.02
Increase in deferred tax liabilities (Decrease as in “-”)	22, 795, 961.38	17, 987, 040.43
Decrease in inventories (Increase as in “-”)	5, 972, 116, 203.83	-7, 090, 734, 574.98
Decrease in operating receivables (Increase as in “-”)	-366, 059, 086.40	5, 237, 905, 008.94
Increase in operating payables (Decrease as in “-”)	-4, 369, 558, 472.13	9, 119, 876, 604.91
Others	186, 922, 341.30	-118, 641, 872.19
Net cash flows from operating activities	23, 535, 790, 128.97	25, 953, 970, 783.43

2. Significant investment or finance activities not involving cash:		
Conversion of debt into capital		
Convertible bonds mature within one year		
Right-of-use assets formed by leasing	24,494,067.04	27,164,265.16
3. Net increase / (decrease) in cash and cash equivalents:		
Cash and bank balance as at end of year	15,025,322,771.34	20,323,703,829.39
Less: cash and bank balance at beginning of year	20,323,703,829.39	9,589,548,876.75
Add: cash equivalents at end of year		
Less: cash equivalents at beginning of year		
Net increase in cash and cash equivalents	-5,298,381,058.05	10,734,154,952.64

(2). Net cash paid for acquisition of subsidiaries during the year

适用 不适用

(3). Net cash received from disposal of subsidiaries during the year

适用 不适用

(4). Details of cash and cash equivalents

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
I. Cash	15,025,322,771.34	20,323,703,829.39
Including: Cash on hand	609,377.49	1,305,525.78
Cash at bank readily available for payment	12,956,437,868.43	18,837,045,793.15
Other monetary fund readily available for payment	2,068,275,525.42	1,485,352,510.46
Cash at central bank available on demand		
Deposits with banks and other financial institutions		
Interbank lending		
II. Cash equivalents		
Including: bonds investment mature within 3 months		
III. Cash and cash equivalents as at closing balance	15,025,322,771.34	20,323,703,829.39
Including: Restricted cash and cash equivalents held by the Company or subsidiaries of the Group		

(5) Situation where the using rights of cash and bank balances subject to restriction is still listed as cash and cash equivalents

适用 不适用

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

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year	Reason of restriction
Loan guarantee deposit	3, 525, 382, 532.57	3, 838, 471, 603.38	Not to be used casually
Bank acceptance deposit	296, 007, 837.30	506, 369, 384.04	Not to be used casually
Letter of credit deposit	948, 463, 593.21	2, 414, 021, 116.76	Not to be used casually
Bond guarantee	2, 157, 102.00	150, 000.00	Not to be used casually
Forward foreign exchange margin		10, 586, 192.00	Not to be used casually
Futures trading restricted margin	70, 269, 522.55	2, 000, 000.00	Not to be used casually
restricted time deposit certificate	480, 884, 729.18	858, 620, 000.00	Not to be used casually
Other restricted bank deposits	119, 600, 000.00	119, 600, 000.00	Not to be used casually
Unexpired interest receivable	951, 060.99	2, 883, 754.27	Not to be used casually
Total	5, 443, 716, 377.80	7, 752, 702, 050.45	/

Other notes:

□适用 √不适用

80. Notes to Items in the Statement of Changes in Owner's Equity

Explain the "other" items and the adjustment amount for the adjustment of the balance at the end of the previous year:

□适用 √不适用

81. Items in foreign currencies**(1). Items in foreign currencies**

√适用 □不适用

Unit: Yuan

Item	Closing balance in foreign currency	Conversion rate	Converted into RMB at year end balance
Cash and bank balances	-	-	
Including: US Dollar	228, 745, 260.41	7.0827	1, 620, 134, 055.93
Euro	1, 459, 206.53	7.8592	11, 468, 195.96
Hong Kong dollars	8, 062, 199.64	0.90622	7, 306, 126.56
Japanese Yen	3, 697.00	0.050213	185.64
Singapore dollar	2, 765, 282.79	5.3772	14, 869, 478.61
Swiss Franc	0.09	8.4184	0.76
British pounds	72.21	9.0411	652.86
Korean won	1, 600.00	0.005513	8.82
Accounts receivable	-	-	
Including: US Dollar	32, 453, 150.29	7.0827	229, 855, 927.54
Euro	1, 433, 004.36	7.8592	11, 262, 267.86
Receivables financing	-	-	

Including: US Dollar	108,989,669.64	7.0827	772,043,132.63
Other receivables	-	-	-
Including: US Dollar	36,120,161.88	7.0827	255,828,270.54
Notes payable	-	-	-
Including: US Dollar	297,081,634.04	7.0827	2,104,140,089.42
Euro	13,938,649.72	7.8592	109,546,635.88
Accounts payable	-	-	-
Including: US Dollar	526,205,342.04	7.0827	3,726,954,576.07
Euro	150,206,369.36	7.8592	1,180,501,898.07
Swiss Franc	1,783,610,991.94	0.050213	89,560,458.74
Other payables	-	-	-
Including: US Dollar	23,814,259.44	7.0827	168,669,255.34
Non-current liabilities due within one year	-	-	-
Including: US Dollar	54,269,231.75	7.0827	384,372,687.71
Euro	5,659,424.16	7.8592	44,478,546.36
Long term loans	-	-	-
Including: US Dollar	850,000,000.00	7.0827	6,020,295,000.00
Euro	33,936,458.48	7.8592	266,713,414.49

Other note:

None

- (2). Explanation of overseas operating entities, including for important overseas operating entities, the main overseas business location, bookkeeping functional currency and selection basis should be disclosed, and the reasons for changes in bookkeeping functional currency should also be disclosed

适用 不适用

Name	Place of business	Reporting currency	Selection basis
HENGLI PETROCHEMICAL CO., LIMITED	China Hong Kong	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar
HENGLI PETROCHEMICAL INTERNATIONAL PTE. LTD.	Singapore	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar
HENGLI OILCHEM PTE. LTD.	Singapore	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar
HENGLI SHIPPING INTERNATIONAL PTE. LTD.	Singapore	US Dollar	The currency of the primary economic environment in which the business operates is US Dollar

82. Lease

(1) As lessee

√适用 □不适用

Variable lease payments not included in the measurement of lease liabilities

□适用 √不适用

Simplify the processing of short-term leases or rental fees for low-value assets

√适用 □不适用

Item	Current year
Short-term leases	4,968,272.71
Rental fees for low-value assets	-
Total	4,968,272.71

After-sale leaseback transaction and judgment basis

√适用 □不适用

In the after-sale leaseback transaction business of the company, the leased property belongs to the company at the end of the lease term and does not meet the criteria for sale. The company uses after-sale leaseback transactions for financing, which is not a common business practice for companies.

Total cash outflow related to leasing 2,234,645,253.91(Unit: Yuan Currency: RMB)

(2) As lessor

Operating lease as a lessor

√适用 □不适用

Unit: Yuan Currency:RMB

Item	Rental income	Including: income related to variable lease payments not included in the lease receipt amount
Houses and buildings	12,306,376.38	-
Total	12,306,376.38	-

Financial leasing as a lessor

□适用 √不适用

Adjustment table of undiscounted lease receipts and net lease investment

□适用 √不适用

Undiscounted lease receipts in the next five years

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Annual undiscounted lease receipts	
	Closing balance	Beginning balance
First year	10,845,440.54	11,011,481.76
Second year	2,177,766.12	8,667,674.42
Third year	544,441.53	-

The fourth year	-	-
Fifth year	-	-
Total undiscounted lease receipts after five years	-	-

(3) Confirm the profit or loss of financial leasing sales as a manufacturer or distributor

适用 不适用

Other notes:

None.

83. Others

适用 不适用

VIII Research and Development Expenditures**(1). Listed by nature of expenses**

适用 不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Staff salaries	426,960,232.93	383,500,164.71
Direct materials	668,829,148.62	512,323,117.51
Fuel and power	136,857,584.58	137,112,098.62
Depreciation and amortization	103,301,638.38	112,721,585.17
Others	35,079,881.83	39,054,037.39
Total	1,371,028,486.34	1,184,711,003.40
Including: Expensed R&D expenditure	1,371,028,486.34	1,184,711,003.40
Capitalized R&D expenditure		-

Other notes:

None

(2). Expenditure of research and development projects meet capitalized conditions

适用 不适用

Important capitalized research and development projects

适用 不适用

Provision for impairment of development expenditure

适用 不适用

Other notes:

None

Important outsourcing projects in research

适用 不适用

IX. Changes in scope of consolidation**1. Business combination not under common control**

适用 不适用

2. Business combination under common control

适用 不适用

3. Reverse acquisition

适用 不适用

4. Disposal of subsidiaries

Whether there are transactions or events that result in the loss of control over subsidiaries in the current period :

适用 不适用

Other note:

适用 不适用

Whether there are situations that the investment in a subsidiary is disposed of through multiple transactions and control is lost in the current period:

适用 不适用

Other note:

适用 不适用

5. Changes in the scope of consolidation for other reasons

Explain the changes in the scope of consolidation caused by other reasons (such as the establishment of new subsidiaries, liquidation of subsidiaries, etc.) and related situations:

适用 不适用

1. Increase in scope of consolidation

Company name	Mode of acquisition of equity	Equity acquisition date	Contribution amount	Contribution ratio
Luzhou Hengli Energy Sales Co., Ltd	New established	2023/04/27	10000 ten thousand yuan	100%
Hengli Fuel Oil (Hainan) Co., Ltd	New established	2023/05/17	10000 ten thousand yuan	100%
Shanghai Hengli Fuel Oil Co., Ltd	New established	2023/05/30	10000 ten thousand yuan	100%
Hengli (Zhoushan) Energy and Chemical Co., Ltd	New established	2023/03/28	10000 ten thousand yuan	100%
Hengli Petrochemical Trading Co., Ltd	New established	2023/04/24	10000 ten thousand yuan	100%
Huizhou Hengli Jinshang Trading Co., Ltd	New established	2023/08/28	10000 ten thousand yuan	100%
Huizhou Hengli Chemical Sales Co., Ltd	New established	2023/11/15	5000 ten thousand yuan	100%
Hengli International Trade Co., Ltd	New established	2023/10/08	10000 ten thousand yuan	100%

2. Decrease in scope of consolidation for other reasons

Company name	Disposal method	Disposal date of equity	Net assets on disposal date	Net profit from the beginning of the period to date of disposal
Kanghui Kunshan New Material Technology Co., Ltd	Deregistered	2023/06/26	-	5.6
Hengli Logistics (Dalian) Co., Ltd	Deregistered	2023/06/27	-	-
Hengli Chemical (Suqian) Co., Ltd	Deregistered	2023/01/10	-	-
Hengli Oil Products (Suqian) Co., Ltd	Deregistered	2023/01/10	-	-
Suzhou Baocheng Weiye	Deregistered	2023/01/20	-	-

Petrochemical Trading Co., Ltd				
Suzhou Jinzhan Hengyuan Petrochemical Trading Co., Ltd	Deregistered	2023/01/03	-	-

3. Absorption merger

There is no merger or acquisition in this period.

6. Others

适用 不适用

X. Interests in other entities

1. Interests in subsidiaries

(1). Group structure

√适用 □不适用

Name of subsidiary	Place of business	Registered capital	Place of registration	Nature of business	Shareholding (%)		Acquisition method
					Direct	Indirect	
Jiangsu Hengli Chemical Fiber Co., Ltd.	China	220800 ten thousand yuan	No. 1, Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang City, Jiangsu Province	Manufacturing	99.99	0.01	Business combination not under common control
Jiangsu Hengke Advanced Materials Co. Ltd.	China	278000 ten thousand yuan	Hengli Textile New Material Industrial Park, Binjiang New District (Wuji Town), Tongzhou City, Nantong City	Manufacturing		100.00	Business combination under common control
Nantong Teng'an Logistics Co., Ltd.	China	50 ten thousand yuan	No. 1, Kaisha Road, Binjiang New District, Tongzhou City, Nantong City	Transportation industry		100.00	Established by investment
Jiangsu Xuanda Polymer Material Co., Ltd.	China	205000 ten thousand yuan	Textile New Material Industrial Park, Wujie Town, Tongzhou District, Nantong City	Manufacturing		100.00	Established by investment
Jiangsu Deli Chemical Fiber Co., Ltd.	China	75073.87 ten thousand yuan	No. 599, Huanghe South Road, Sucheng Economic Development Zone, Suqian City	Manufacturing		100.00	Business combination not under common control
Hengli Futures Co., Ltd.	China	75000 ten thousand yuan	02, 03, 04, Floor 7, No. 308, Jinkang Road, China (Shanghai) Pilot Free Trade Zone	Other financial industry		100.00	Business combination not under common control
Hengli Hengxin Industry and Trade (Shanghai) Co., Ltd.	China	20000 ten thousand yuan	Floor 7, No. 308, Jinkang Road, China (Shanghai) Pilot Free Trade Zone (nominal floor, actual floor 6th floor) 01	Wholesale and retail		100.00	Established by investment

Suzhou Susheng Thermal Power Co., Ltd.	China	26700 ten thousand yuan	Tanqiu Village, Shengze Town, Wujiang	Manufacturing		100.00	Business combination under common control
Suzhou Binglin Trading Co., Ltd.	China	500 ten thousand yuan	Room 202, Building 8, No. 1, Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District, Suzhou	Wholesale and retail		100.00	Established by investment
Sichuan Hengli New Material Co., Ltd.	China	10000 ten thousand yuan	No. 10, Section 2, Lingang Avenue, South Sichuan Lingang Area, Sichuan Free Trade Zone	Manufacturing		100.00	Established by investment
Hengli New Materials (Suqian) Co., Ltd.	China	100000 ten thousand yuan	No. 88, Gangcheng Road, Yangbei Street, Sucheng District, Suqian City	Manufacturing		100.00	Established by investment
Suzhou Hengli Chemical New Material Co., Ltd.	China	10000 ten thousand yuan	Room 203, Building 8, No. 1, Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province	Wholesale industry		100.00	Established by investment
Kanghui New Material Technology Co., Ltd.	China	167796.5802 ten thousand yuan	Yingkou Xianrendao Energy and Chemical Industry Zone	Manufacturing	66.33	33.67	Business combination under common control
Comfort International Trade (Jiangsu) Co., Ltd.	China	5000 ten thousand yuan	Room 201, Building 8, No. 1, Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District	Wholesale and retail		100.00	Established by investment
Suqian Kanghui New Material Co., Ltd.	China	50000 ten thousand yuan	Shop 125, Property 77, Huaihai Property Material Decoration City, Suqian Economic and Technological Development Zone	Manufacturing		100.00	Established by investment

Kanghui Dalian New Material Technology Co., Ltd.	China	64000 ten thousand yuan	Complex Building No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing		100.00	Established by investment
Jiangsu Kanghui New Material Technology Co., Ltd.	China	250000 ten thousand yuan	The Yangtze River Delta Ecological Green Integration Development Demonstration Zone (No.558 Fenu Avenue, Lili Town, Wujiang District, Suzhou City)	Manufacturing		100.00	Established by investment
Kanghui Nantong New Material Technology Co., Ltd.	China	200000 ten thousand yuan	Hengli Textile New Material Industrial Park, Wujie Town, Tongzhou District, Nantong City	Manufacturing		100.00	Business combination under common control
Hengli Investment (Dalian) Co., Ltd.	China	627000 ten thousand yuan	Former Xingang Primary School, Xingang Village, Changxing Island Economic Zone, Dalian, Liaoning Province	Industrial Investment	100.00		Business combination under common control
Hengli Petrochemical (Dalian) Co., Ltd.	China	589000 ten thousand yuan	Former Xingang Primary School, Xingang Village, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing		100.00	Established by investment
Hengli Shipping (Dalian) Co., Ltd.	China	2000 ten thousand yuan	Xingang Village, Changxing Island Economic Zone, Dalian, Liaoning Province (formerly Xingang Primary School)	Transportation industry		100.00	Business combination not under common control
Hengli Petrochemical Co., Limited	China Hong Kong	1000 ten thousand Hong Kong dollars	Flat 1906, 19/F, Harbour Centre, 25 Harbour Road, Wanchai, Hong Kong	Wholesale and retail		100.00	Established by investment
Shenzhen Ganghui Trading Co., Ltd.	China	10000 ten thousand yuan	Unit 6101-03, Block A, Kingkey 100 Property, 5016 Shennan East Road, Guiyuan Street,	Wholesale and retail		100.00	Business combination under common control

			Luohu District, Shenzhen				
Hengli Storage and Transportation (Dalian) Co., Ltd	China	1000 ten thousand yuan	No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Transportation industry		100.00	Established by investment
Hengli Concrete (Dalian) Co., Ltd.	China	2000 ten thousand yuan	Xingang Village, Changxing Island Economic Zone, Dalian, Liaoning Province (formerly Xingang Primary School)	Manufacturing		100.00	Business combination under common control
Hengli Petrochemical (Huizhou) Co., Ltd.	China	227740 ten thousand yuan	No. 26, Xiayong Petrochemical Avenue Middle, Daya Bay, Huizhou (Plant No. 2 (R&D))	Manufacturing		100.00	Established by investment
Hengli Petrochemical (Dalian) Refining Co., Ltd.	China	1759633 ten thousand yuan	No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing	100.00		Business combination under common control
Hengli Petrochemical International Pte. Ltd.	Singapore	3035.6844 ten thousand U.S dollar	9 STRAITS VIEW #08-11 MARINA ONE WEST TOWER SINGAPORE(018937)	Wholesale and retail		100.00	Established by investment
Hengli Oilchem Pte. Ltd.	Singapore	2500 ten thousand Singapore Dollar	9 STRAITS VIEW #08-11 MARINA ONE WEST TOWER SINGAPORE(018937)	Wholesale and retail		79.00	Established by investment
Hengli Shipping International Pte. Ltd.	Singapore	50 ten thousand U.S dollar	9 STRAITS VIEW #08-11 MARINA ONE WEST TOWER SINGAPORE(018937)	Transportation industry		100.00	Established by investment
Hengli Energy (Hainan) Co., Ltd.	China	15000 ten thousand U.S dollar	Room 801, Building A, Sunshine Financial Plaza, Jiyang District, Sanya City, Hainan Province	Wholesale and retail		100.00	Established by investment
Hengli Petrochemical (Hainan) Co., Ltd.	China	10000 ten thousand U.S dollar	Room 205-1328, No.181 Xingyang Avenue, Jiangdong New	Wholesale and retail		100.00	Established by investment

			District, Haikou City, Hainan Province				
Suzhou Hengli Chemical Import & Export Co., Ltd.	China	11000 ten thousand U.S dollar	No. 1801, Pangjin Road, Wujiang Economic and Technological Development Zone, Suzhou City, Jiangsu Province	Wholesale and retail		100.00	Established by investment
Suzhou Hengli Energy Chemical Import & Export Co., Ltd.	China	5000 ten thousand U.S dollar	Room 301, Building 5, No. 1518, Linhu Avenue, Lili Town, Wujiang District, Suzhou City	Wholesale and retail		100.00	Established by investment
Shenzhen Shengang Trading Co., Ltd.	China	5000 ten thousand yuan	No. 5016, Shennan East Road, Guiyuan Street, Luohu District, Shenzhen, Unit 6101-03B, Block A, Kingkey 100 Building	Wholesale and retail		100.00	Business combination under common control
Hengli Refining Products Sales (Dalian) Co., Ltd.	China	10000 ten thousand yuan	OSBL Project - Public Works Office Building No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail		100.00	Established by investment
Hengli Aviation Oil Co., Ltd.	China	1000 ten thousand yuan	No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail		100.00	Established by investment
Hengli Oilchem (Suzhou) Co., Ltd.	China	10000 ten thousand yuan	2302, Property 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli Energy (Suzhou) Co., Ltd.	China	10000 ten thousand yuan	Room 2301, Property 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area,	Wholesale and retail		100.00	Established by investment

			China (Jiangsu) Pilot Free Trade Zone				
Suzhou Hengli Chemical Polymer Co., Ltd.	China	10360 ten thousand yuan	East side of East Bridge, Lili Town, Wujiang District, Suzhou City	Wholesale and retail		100.00	Established by investment
Hengli Petrochemical (Dalian) Chemical Co., Ltd.	China	457495 ten thousand yuan	No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing	100.00		Established by investment
Hengli Petrochemical (Dalian) New Material Technology Co., Ltd.	China	650000 ten thousand yuan	Complex Building No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing		100.00	Established by investment
Hengli Petrochemical Utilities (Dalian) Co., Ltd.	China	30000 ten thousand yuan	Complex Building No. 298, Changsong Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing		100.00	Established by investment
Dalian Hengzhong Special Materials Co., Ltd.	China	1800 ten thousand yuan	Dispatching Center, No. 3 Renshan Street, Changxing Island Economic Zone, Dalian, Liaoning Province	Manufacturing		65.00	Established by investment
Suzhou Textile Group Network E-commerce Co., Ltd.	China	500 ten thousand yuan	No. 1, Hengli Road, Nanma Industrial Zone, Shengze Town, Wujiang District	Wholesale and retail	100.00		Established by investment
Hengli Petrochemical Sales Co., Ltd.	China	5000 ten thousand yuan	Room 1688, Property 2, No. 215, Lianhe North Road, Fengxian District, Shanghai	Wholesale and retail	100.00		Established by investment
Hengli (Eastern China) Petrochemical Sales Co., Ltd.	China	5000 ten thousand yuan	2401, No. 3099, Chang'an Road, Songling Town, Wujiang District, Suzhou City	Wholesale and retail		100.00	Established by investment
Hengli (Southern China) Petrochemical	China	20000 ten thousand yuan	3202, Luohu Business Center, 2028 Shennan East Road,	Wholesale and retail		100.00	Established by investment

al Sales Co., Ltd.			Chengdong Community, Dongmen Street, Luohu District, Shenzhen				
Hengli (Northern China) Petrochemical Sales Co., Ltd.	China	5000 ten thousand yuan	Window 1, West Side of the Approval Hall, R&D Property, Xianrendao Economic Development Zone, Yingkou, Liaoning Province	Wholesale and retail		100.00	Established by investment
Yuehai Petrochemical (Shenzhen) Co., Ltd.	China	20000 ten thousand yuan	Room 1401, Main Tower Building, Ocean Shipping Center, No. 59, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen 14002-14003	Wholesale and retail		100.00	Business combination not under common control
Hengli Oil Sales (Suzhou) Co., Ltd.	China	10000 ten thousand yuan	2303, Property 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli Chemical Sales (Suzhou) Co., Ltd.	China	10000 ten thousand yuan	2304, Property 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli North Energy Sales Co., Ltd.	China	10000 ten thousand yuan	No. 3, Unit 1, 21st Floor, Office Property B, Victoria Plaza, No.56 Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale and retail		100.00	Established by investment
Hengli Tongshang New Energy Co., Ltd.	China	10000 ten thousand yuan	Room 813, Free Trade Building, Dalian Free Trade Zone, Liaoning Province	Wholesale and retail		100.00	Established by investment

Hengli Tongshang New Material Co., Ltd.	China	10000 ten thousand yuan	Service Apartment, Building 14, Suzhou Bay View Garden, No. 777, Fengqing Street, East Taihu Lake Ecotourism Resort (Taihu New Town), Wujiang District, Suzhou City	Wholesale and retail		100.00	Established by investment
Hengli Energy Import and Export Co., Ltd.	China	10000 ten thousand yuan	Room F1-A-1026, Building A2, No. 8, Qicun Road, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli Nenghua (Shanghai) Trading Co., Ltd.	China	10000 ten thousand yuan	Room 702-7, No. 719 Shengui Road, Minhang District, Shanghai	Wholesale and retail		100.00	Established by investment
Hengli Hengyuan Supply Chain (Shanghai) Co., Ltd.	China	20000 ten thousand yuan	Room 101, Floor 1, Building 1, No. 99, Shuanghui Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli New Energy (Shanghai) Co., Ltd.	China	10000 ten thousand yuan	Room 502, No. 99, Huangpu Road, Hongkou District, Shanghai	Wholesale and retail		100.00	Established by investment
Hengli Yuanshang Technology (Suzhou) Co., Ltd.	China	10000 ten thousand yuan	Room 2507, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Suzhou Hengli Jinshang Energy Technology Co., Ltd.	China	10000 ten thousand yuan	Room 2506, Building 88, Suzhou Center Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Dalian Hengli Fine Chemical	China	10000 ten thousand yuan	No. 5, 21st Floor, No. 52, Gangxing Road, Zhongshan	Wholesale and retail		100.00	Established by

Sales Co., Ltd.			District, Dalian City, Liaoning Province				investment
Hengli Petrochemical Sales (Haikou) Co., Ltd.	China	10000 ten thousand yuan	Hefeng Homeland, Meilan District, Haikou City, No. 63-1, Qiongshan Avenue, Jiangdong New District, Haikou City, Hainan Province-5449	Wholesale and retail		100.00	Established by investment
Hengli Energy Chemical (Sanya) Co., Ltd.	China	10000 ten thousand yuan	Room 805, Building A, Yahua Xiangxie, Sanya Bay Road, Tianya District, Sanya City, Hainan Province	Wholesale and retail		100.00	Established by investment
Dalian Hengli Petrochemical Sales Co., Ltd.	China	10000 ten thousand yuan	No. 4, 21st Floor, No. 52, Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale and retail		100.00	Established by investment
Dalian Hengli Gold Merchant Sales Co., Ltd.	China	10000 ten thousand yuan	No. 62, Changxing Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail		100.00	Established by investment
Dalian Hengli New Energy Sales Co., Ltd.	China	10000 ten thousand yuan	No. 62, Changxing Road, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail		100.00	Established by investment
Dalian Henglixing Gemstone Chemical Trading Co., Ltd.	China	10000 ten thousand yuan	No. 6, 21st Floor, No. 52, Gangxing Road, Zhongshan District, Dalian City, Liaoning Province	Wholesale and retail		100.00	Established by investment
Dalian Hengli Gaoyuan Sales Co., Ltd.	China	10000 ten thousand yuan	Office Dormitory Building, No. 6, No. 76, Jinghai Street, Changxing Island Economic Zone, Dalian, Liaoning Province	Wholesale and retail		100.00	Established by investment
Hengli Energy Chemical (Shenzhen) Co., Ltd.	China	10000 ten thousand yuan	Room 3201, Luohu Business Center, No. 2028, Shennan East Road, Chengdong	Wholesale and retail		100.00	Established by investment

			Community, Dongmen Street, Luohu District, Shenzhen				
Nantong Hengli Maoyuan Petrochemical Trading Co., Ltd.	China	1000 ten thousand yuan	Room 101, Building 5, Kaisha Village, Wujie Town, Tongzhou District, Nantong City, Jiangsu Province	Wholesale and retail		100.00	Established by investment
Suzhou Hengli New Energy Sales Co., Ltd.	China	10000 ten thousand yuan	Room 501-04, Building A, Building 1, Taihu East Bank Business Center, No. 4088 Kaiping Road, Wujiang District, Suzhou City, Jiangsu Province	Wholesale and retail		100.00	Established by investment
Suzhou Hengli Fine Chemical Sales Co., Ltd.	China	10000 ten thousand yuan	Room 501-3, Building A, Building 1, Taihu East Bank Business Center, No. 4088 Kaiping Road, East Taihu Lake Eco-tourism Resort (Taihu New Town), Wujiang District, Suzhou City	Wholesale and retail		100.00	Established by investment
Hengli Petrochemical Sales (Shenzhen) Co., Ltd.	China	10000 ten thousand yuan	No. 1406, Main Tower, Ocean Shipping Center, No. 59, Linhai Avenue, Nanshan Street, Qianhai Shenzhen-Hong Kong Cooperation Zone, Shenzhen-14057, 14058	Wholesale and retail		100.00	Established by investment
Luzhou Hengli Energy Sales Co., Ltd	China	10000 ten thousand yuan	No. 1, 2nd Floor, Building 19, Yingtian Intelligent Terminal Industrial Park, Luzhou Comprehensive Bonded Zone	Wholesale and retail		100.00	Established by investment
Hengli Fuel Oil (Hainan) Co., Ltd	China	10000 ten thousand yuan	Room G003, No. 2 Office Building, Bonded Port	Wholesale and retail		100.00	Established by

			Area, Xinying Bay District, Yangpu Economic Development Zone, Hainan Province				investment
Shanghai Hengli Fuel Oil Co., Ltd	China	10000 ten thousand yuan	Room A-522, No. 188, Yesheng Road, Lingang New Area, China (Shanghai) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli (Zhoushan) Energy and Chemical Co., Ltd	China	10000 ten thousand yuan	Room 402-76, Warehouse 1, Area B, No. 86, Dacheng 4th Road, High-tech Industrial Park, Dinghai District, Zhoushan City, China (Zhejiang) Pilot Free Trade Zone	Wholesale and retail		100.00	Established by investment
Hengli Petrochemical Trading Co., Ltd	China	10000 ten thousand yuan	Room 2602, Building 88, Suzhou Central Square, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail	100.00		Established by investment
Huizhou Hengli Jinshang Trading Co., Ltd	China	10000 ten thousand yuan	No. 26, Xianong Petrochemical Avenue, Daya Bay, Huizhou (No. 2 factory building (R&D))	Wholesale and retail		100.00	Established by investment
Huizhou Hengli Chemical Sales Co., Ltd	China	5000 ten thousand yuan	No. 26 Xiachong Petrochemical Avenue Central, Daya Bay, Huizhou (Building 2 (R&D))	Wholesale and retail		100.00	Established by investment
Hengli International Trade Co., Ltd	China	10000 ten thousand yuan	Room 501-2606, Building 88, Suzhou Central Plaza, Suzhou Industrial Park, Suzhou Area, China (Jiangsu) Pilot Free Trade Zone	Wholesale and retail	100.00		Established by investment

Reason of difference between shareholding ratio and voting right ratio in the subsidiary:
There are no subsidiaries with a shareholding ratio different from the voting right ratio.

Basis for holding half or less of the voting rights but still controlling the investee:

There were no subsidiaries in the current period that the parent company had half or less of the voting rights and was included in the scope of the consolidated financial statements.

Basis of control in structured entity included in the scope of the consolidation:

There are no important structured entity included in the scope of the consolidation in this period.

Basis for determining whether a company is an agent or a principal:

None

Other note:

In this period, there was no equity investment in which the parent company had more than half of the voting rights but failed to exercise control.

(2). Significant non-wholly-owned subsidiaries

适用 不适用

(3). Key financial information of important non-wholly owned subsidiaries

适用 不适用

(4). Significant restrictions on the use of corporate group assets and the settlement of corporate group debts

适用 不适用

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

适用 不适用

Other note:

适用 不适用

2. Transactions in which the share of ownership interest in a subsidiary changes and the subsidiary is still controlled

适用 不适用

3. Interests in joint ventures or associates

适用 不适用

4. Significant joint venture

适用 不适用

5. Interests in structured entities not included in the scope of consolidated financial statements

Explanation on structured entities not included in the scope of consolidated financial statements:

适用 不适用

On 31 December 2023, the structured entities related to the Company but not included in the scope of this financial statement are mainly engaged in asset management business, manage client assets and provide clients with investment management services for securities, futures and other financial products. The total assets of such structured entities on 31 December 2023 were RMB738.5488 million.

6. Others

适用 不适用

XI. Government grants

1、Government grants recognized based on the receivable amount at the end of the reporting period

适用 不适用

Reasons for not receiving the expected amount of government grant at the expected time

适用 不适用

2、Liability items involving government grants

适用 不适用

Unit: Yuan Currency: RMB

Financial statement items	Beginning balance	Increase d grants amount in this period	Amount included in non-operating income in this period	Transferred to other income in this period	Other changes in this period	Closing balance	Related to assets/revenues
Deferred income	3,376,501,714.84	877,850,492.50	-	305,260,322.98	-	3,949,091,884.36	Related to assets

3、Government grants included in the current profit or loss

适用 不适用

Unit: Yuan Currency: RMB

Type	Current year	Prior year
Related to assets	302,860,322.98	315,654,639.40
Related to revenues	637,235,723.65	1,278,595,694.90
Total	940,096,046.63	1,594,250,334.30

Other notes:

None

XII. Risk of financial instruments

适用 不适用

1. Risk of financial instruments

(I) Various risks arising from financial instruments

The Company faces risks of various financial instruments in its daily activities, mainly including credit risk, market risk and liquidity risk. The Company's main financial instruments include cash and bank balances, equity investment, debt investment, loans, accounts receivable, accounts payable, etc. For details of each financial instrument, please refer to the relevant items in this Note. The risks associated with these financial instruments and the risk management policies adopted by the Company to reduce these risks are as follows:

The board of directors is responsible for planning and establishing the Company's risk management structure, formulating the Company's risk management policies and related guidelines, and supervising the implementation of risk management measures. The Company has formulated risk management policies to identify and analyze the risks faced by the Company. These risk management policies specify specific risks and cover many aspects such as market risk, credit risk and liquidity risk management. The Company regularly assesses changes in the market environment and the Company's operating activities to determine whether to update risk management policies and systems. The Company's risk management is carried out by the risk management committee in accordance with the policies approved by the board of directors. The Risk Management Committee identifies, evaluates and avoids related risks through close cooperation with the Company's other business departments. The Company's internal audit department conducts regular audits on risk management controls and procedures, and reports the audit results to the Company's audit committee.

The Company diversifies the risk of financial instruments through appropriate diversified investments and business portfolios, and reduces risk concentrated on a single industry, a specific region, or a specific counterparty by formulating appropriate risk management policies.

1. Market risk

Market risk of financial instruments refers to the risk that the fair value or future cash flow of financial instruments will fluctuate due to changes in market price, including foreign exchange rate risk, interest rate risk and other price risk.

(1). Foreign exchange rate risk

Exchange rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in foreign exchange rates. The Company's main operations are located in China, Hong Kong, Singapore, domestic business is settled in RMB, export business is mainly settled in US dollar, and overseas operating companies are settled in US dollar, so the Company's determined foreign currency assets and liabilities and future foreign currency transactions (Foreign currency assets and liabilities and foreign currency transactions are mainly denominated in US dollar.) were exposed to foreign exchange rate risk. Related foreign currency assets and foreign currency liabilities include: Cash and bank balances, Accounts receivable, Receivable financing, Other receivables, Accounts payable, Notes payable, Other payables, Short-term loans, and Non-current liabilities due within one year. Amount of financial assets and foreign currency financial liabilities dominated in foreign currency and converted into RMB can be found in "Items in foreign currencies" in this note.

The Company pays close attention to the impact of exchange rate changes on the Company's exchange rate risk, and matches foreign currency income with foreign currency expenditure as much as possible to reduce foreign exchange risk. In addition, the Company also signed forward foreign exchange contracts to prevent the exchange risk of the Company's revenue settled in US dollars. At the end of the current period, the foreign exchange risks faced by the Company mainly originated from financial assets and liabilities denominated in US dollar. Amount of foreign currency financial assets and foreign currency financial liabilities converted into RMB is shown in "Items in foreign currencies" in this note.

If all the other variables remain unchanged, the impact of a 5% appreciation or depreciation of the RMB against the US dollar on the company's net profit is as follows:

Exchange rate changes	Impact on Net profit (RMB ten thousand)	
	Current year	Prior year
Up5%	-41,759.98	-48,908.58
Down5%	41,759.98	48,908.58

The management believes that 5% reasonably reflects the reasonable range of possible changes in the RMB against the US dollar.

(2). Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows will fluctuate due to changes in market interest rates. The risks faced by the Company in changing market interest rates are mainly related to the Company's borrowings with floating interest rates. The Company's interest rate risk mainly arises from long-term interest-bearing debts such as long-term bank loans and bonds payable. Floating interest rate financial liabilities expose the Company to cash flow interest rate risk, while fixed interest rate financial liabilities expose the Company to fair value interest rate risk. The Company determines the relative ratio of fixed rate and floating rate contracts according to the market environment at that time, and maintains an appropriate combination of fixed and variable rate instruments through regular review and monitoring.

When other variables remain unchanged, if the borrowing rate calculated at floating interest rates increases or decreases by 50 basis points, the impact on the company's net profit is as follows:

Interest rate changes	Impact on Net profit (RMB ten thousand)	
	Current year	Prior year
Up 50 basis points	-41,340.58	-29,996.98
Down 50 basis points	41,340.58	29,996.98

Management believes that 50 basis points reasonably reflects a reasonable range of possible changes in interest rates over the next year.

(3). Other price risks

The Company does not hold equity investments in other listed companies, and there is no other price risk.

2. Credit risk

Credit risk refers to the risk that the counterparty of a transaction fails to perform its contractual obligations, resulting in financial losses to the Company. The Company's credit risk mainly arises from Cash at bank and Receivables.

The Company's cash at bank is mainly deposited in state-owned banks and other large and medium-sized listed banks. The Company does not expect cash at bank to have significant credit risk.

For Receivables, the Company sets relevant policies to control credit risk exposure in accordance with the concentration of customer management credit risk. The Company evaluates the debtor's credit qualifications based on the debtor's financial status, external ratings, possibility of obtaining guarantees from third parties, credit history and other factors such as current market conditions, and sets the corresponding arrearage amount and credit period. The Company will regularly monitor the credit history of the debtor. For debtors with poor credit records, the Company will use written reminders, shorten the credit period or cancel the credit period to ensure that the Company's overall credit risk is within control. Since the Company's Receivables customers are widely dispersed in different regions and industries, there is no significant concentration of credit risk in the Company.

The Company does not provide any other guarantees that may subject the Company to credit risk. The largest credit risk exposure undertaken by the Company is the carrying amount of each financial asset in the balance sheet.

(1). Judgment basis for significant increase in credit risk

The Company assesses on each balance sheet date whether the credit risk of relevant financial instruments has increased significantly since initial recognition. When determining whether the credit risk has increased significantly since the initial recognition, the Company considers that it can obtain reasonable and evidence-based information without unnecessary extra cost or effort, including qualitative and quantitative analysis based on the Company's historical data, external credit risk rating and forward-looking information. When one or more of the following quantitative and qualitative standards are met, the Company believes that credit risk has increased significantly:

- 1) The contract payment has been overdue for more than 30 days.
- 2) According to the results of external public credit ratings, the debtor's credit rating dropped significantly.
- 3) There are serious problems in the debtor's production or operation, and the actual or expected results of the operation have dropped significantly.
- 4) Significantly adverse changes have occurred in the debtor's regulatory, economic or technological environment.
- 5) It is expected that the debtor's business, financial or economic conditions that will meet its debt-servicing capacity will undergo significant adverse changes.
- 6) Other objective evidence shows that financial assets have significantly increased credit risk.

(2). Basis of credit impairment

When evaluating whether the debtor has suffered credit impairment, the Company mainly considers the following factors:

- 1) The issuer or debtor has significant financial difficulties.
- 2) The debtor violates the contract, such as interest payment or principal default or overdue, etc.
- 3) Due to economic or contractual considerations related to the debtor's financial difficulties, the creditor gives the debtor a concession that would not be made under any other circumstances.
- 4) The debtor is likely to go bankrupt or undergo other financial restructuring.
- 5) The issuer or debtor's financial difficulties caused the active market for the financial asset to disappear.
- 6) Purchase or source a financial asset at a substantial discount, the discount reflects the fact that credit losses have occurred.

(3). Parameters of measurement of expected credit loss

The parameters of expected credit loss measurement are based on whether there has been a significant increase in credit risk and whether credit impairment has occurred. The Company measures the loss provision for different assets with 12 months or the expected lifetime of the entire credit period. The key parameters of expected credit loss measurement include default probability, default loss rate and default risk exposure. The Company considers the quantitative analysis of historical statistical data and forward-looking information to establish default probability, default loss rate and default risk exposure model. The relevant definitions are as follows:

- 1) The probability of default refers to the possibility that the debtor will not be able to meet its repayment obligations in the next 12 months or throughout the remaining duration.
- 2) The default risk exposure refers to the amount that the Company should be reimbursed when a default occurs in the next 12 months or throughout the remaining duration.
- 3) The default loss rate refers to the Company's expectation of the degree of loss in default exposure. Depending on the type of counterparty, the method and priority of recourse, and the availability of collateral or other credit support, the rate of default loss varies.

The Company determines the expected credit loss by predicting the default probability, default loss rate and default risk exposure of individual exposures or asset portfolios in the coming months. During the reporting period, there have been no major changes in the expected credit loss estimation techniques or key assumptions.

(4). Forward-looking information included in the expected credit loss model

The assessment of a significant increase in credit risk and the calculation of expected credit losses involve forward-looking information. Through historical data analysis, the Company has identified relevant information that affects the credit risk and expected credit losses of each asset portfolio, such as GDP growth rate and other macroeconomic conditions, and industry development stages such as industry cycle stage. The Company predicts the impact of this information on the probability of default and the rate of default loss on the basis of considering changes in the Company's future sales strategy or credit policy.

3.Liquidity risk

Liquidity risk refers to the risk of a shortage of funds when an enterprise performs its obligation to settle cash or other financial assets. Liquidity risk is centrally controlled by the Company's financial department. The finance department monitors cash balances, securities that can be cashed at any time, and rolling forecasts of cash flows over the next 12 months to ensure that the Company has sufficient funds to repay debts under all reasonable forecasts, meet the Company's operating needs, and reduce the impact of cash flow fluctuations.

The financial liabilities and off-balance sheet guarantee items held by the company are analyzed according to the maturity period of the undiscounted remaining contractual cash flow (unit: RMB):

Item	Closing balance				
	Within a year	1 to 2 years	2 to 3 years	Over three years	Total
Bank borrowing	8,816,488.06	1,166,222.44	1,308,678.55	6,010,008.31	17,301,397.36
Financial liabilities held for trading	19,032.43	-	-	-	19,032.43
Notes payable	1,200,245.36	-	-	-	1,200,245.36
Accounts payable	1,559,866.76	-	-	-	1,559,866.76
Other payables	41,622.49	-	-	-	41,622.49
Lease liabilities	4,188.18	2,577.97	1,009.84	1,055.12	8,831.11
Long-term payables	50,923.22	88,241.72	109,148.72	19,036.84	267,350.51
Bonds payable	103,530.00	-	-	-	103,530.00
Total financial liabilities and contingent liabilities	10,099,557.28	1,257,042.13	1,418,837.11	6,030,100.26	18,805,536.79

Continued

Item	Beginning balance				
	Within a year	1 to 2 years	2 to 3 years	Over three years	Total
Bank borrowing	7,995,908.34	1,442,535.62	982,147.48	4,578,830.32	14,999,421.76
Financial liabilities held for trading	34,602.07	-	-	-	34,602.07

Notes payable	2,060,377.59	-	-	-	2,060,377.59
Accounts payable	886,931.00	-	-	-	886,931.00
Other payables	38,226.32	-	-	-	38,226.32
Lease liabilities	3,727.65	3,164.20	1,545.50	1,630.60	10,067.95
Long-term payables	26,731.55	38,100.00	51,500.00	-	116,331.55
Bonds payable	203,061.83	-	-	-	203,061.83
Total financial liabilities and contingent liabilities	11,249,566.35	1,483,799.82	1,035,192.98	4,580,460.92	18,349,020.07

The financial liability amounts disclosed in the table above represent undiscounted contractual cash flows and may therefore differ from the carrying amount in the balance sheet.

(IV) Capital management

The goal of the Company's capital management policy is to ensure that the Company can continue to operate, so as to provide returns for shareholders and benefit other stakeholders, while maintaining the optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors the capital structure on the basis of the asset-liability ratio (ie total liabilities divided by total assets). As of 31 December 2023, the Company's asset-liability ratio was 76.98% (31 December 2022: 78.08%).

2. Hedging

(1) The company carries out hedging business for risk management

适用 不适用

Other notes:

适用 不适用

(2) The company carries out eligible hedging business and applies hedge accounting

适用 不适用

Other notes:

适用 不适用

(3) The company conducts hedging business for risk management, and expects to achieve risk management objectives but has not applied hedge accounting:

适用 不适用

Other notes:

适用 不适用

3. Transfer of financial assets

(1) Classification of Transfer Methods

适用 不适用

(2) Financial assets derecognized due to transfer

适用 不适用

(3) Transfer of financial assets that continue to be involved

适用 不适用

Other notes:

适用 不适用

XIII. Disclosure of fair value

1. Fair value of assets and liabilities measured at fair value at the end of the period

适用 不适用

Unit: Yuan Currency: RMB

Item	Fair value at year end			
	Level 1 fair value measurement	Level 2 fair value measurement	Level 3 fair value measurement	Total
I. Recurring fair value measurement				
(I) Financial assets held for trading	48,652,243.29	250,177,829.84	-	298,830,073.13
1. Financial assets at fair value through profit or loss	48,652,243.29	250,177,829.84	-	298,830,073.13
(1) Debt instruments investment	-	131,265,471.64	-	131,265,471.64
(2) Equity instruments investment	-	81,022,358.20	-	81,022,358.20
(3) Derivative financial assets	48,652,243.29	-	-	48,652,243.29
(4) Wealth management products and structured deposits	-	37,890,000.00	-	37,890,000.00
2. Financial assets designated at fair value through profit or loss				
(1) Debt instruments investment				
(2) Equity instruments investment				

(II) Other debt investments				
(III) Other equity instruments investment				
(IV) Investment properties				
1.Land use rights for rental				
2.Leased buildings				
3.Land use rights that are held and ready to be transferred after appreciation				
(V) Biological assets				
1.Consumptive biological assets				
2.Productive biological assets				
(VI) Receivables financing	-	-	4, 170, 047, 562.43	4, 170, 047, 562.43
Total assets measured at fair value on recurring basis	48, 652, 243.29	250, 177, 829.84	4, 170, 047, 562.43	4, 468, 877, 635.56
(VI) Financial liabilities held for trading	190, 324, 330.67	-	-	190, 324, 330.67
1.Financial liabilities at fair value through profit or loss	190, 324, 330.67	-	-	190, 324, 330.67
Including: Issued trading bonds	-	-	-	-
Derivative financial liabilities	190, 324, 330.67	-	-	190, 324, 330.67
Others				
2.Designated as financial liabilities at fair value through profit or loss				
Total liabilities measured at fair value on recurring basis	190, 324, 330.67	-	-	190, 324, 330.67
II. Non-recurring fair value measurement				
(I) Assets held-for-sale				

Total assets measured at fair value on a non-recurring basis				
Total liabilities measured at fair value on a non-recurring basis				

2. The basis for determining the market value of the continuous and non-continuous Level 1 fair value measurement

适用 不适用

For futures contracts with an active market price, the fair value is determined based on the quotation on the balance sheet date.

3. Continuous and non-continuous Level 2 fair value measurement using valuation techniques and qualitative and quantitative information on important parameters

适用 不适用

For debt instrument investments, wealth management products, structured deposits, fund trusts, and asset management products held by the company, valuation techniques are used to determine their fair value. The valuation model used is the discounted cash flow model/market quotes or dealer quotes for similar instruments.

4. Continuous and non-continuous Level 3 fair value measurement using valuation techniques and qualitative and quantitative information on important parameters

适用 不适用

For receivables financing that is not traded in an active market, the carrying amount is similar to the fair value, and the carrying amount is used as the fair value.

5. Continuous third-level fair value measurement items, reconciliation information between book value at the beginning and end of the period and sensitivity analysis of unobservable parameters

适用 不适用

6. Continuing fair value measurement items, conversions between levels during the current period, reasons for the conversions and policies for determining the timing of the conversions

适用 不适用

7. Valuation technology changes during the period and reasons for the changes

适用 不适用

8. Fair value of financial assets and financial liabilities not measured at fair value

适用 不适用

The Company's financial assets and financial liabilities measured at amortised cost mainly include: Cash and bank balances, Note receivables, Accounts receivable, Other receivables, Short-term loans, Notes payable, Accounts payable, Other payables, Non-current liabilities due within one year, Long term loans, etc. The difference between the carrying amount of the financial assets and financial liabilities that the Company does not measure at fair value and their fair value are immaterial.

9. Others

适用 不适用

XIV. Related party and related party transactions

1. Information of parent company

适用 不适用

Unit: ten thousand yuan Currency: RMB

Name of parent company	Place of registration	Nature of business	Registered capital	Shareholding ratio of parent company to the Company (%)	Parent company's voting right ratio (%)
Hengli Group Co., Ltd.	Wujiang, Jiangsu	Industrial Investment	200,200.00	29.84	29.84

Description of the parent company of the company

The Company's ultimate controlling party is the couple of Chen Jianhua and Fan Hongwei. Chen Jianhua and Fan Hongwei directly held 11.24% shares of the Company and through Hengli Group Co., Ltd. and other 5 companies to hold 64.21% of shares of the Company, and totally held 75.45% of shares of the Company.

The ultimate controlling party of this enterprise is Chen Jianhua and his wife Fan Hongwei.

Other note:

None

2. The Company's subsidiaries

For the details of the subsidiaries of the company, please refer to the notes

适用 不适用

For details of the Company's subsidiaries, please refer to "Interests in subsidiaries".

3. The Company's joint ventures and associates

For the important Joint ventures or associates of the company, please refer to the notes

适用 不适用

The situation of other joint ventures or associates that had related party transactions with the company in the current period, or had balances with the company in the previous period is as follows

适用 不适用

Other note

适用 不适用

4. Other related party

适用 不适用

Name of other related party	Other related party and its relationship with the Company
Dalian Henghan Investment Co., Ltd.	Companies controlled by the actual controlling party of the Company
Guangdong Songfa Ceramics Co., Ltd.	Entity controlled by our parent company
Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd.	Entity controlled by our parent company
Suzhou Hengli Real Estate Co., Ltd.	Entity controlled by our parent company
Hengli Industrial Investment (Suzhou) Co., Ltd.	Entity controlled by our parent company
Suzhou Gufeng Asset Management Co., Ltd.	Entity controlled by our parent company
Hengli Cloud Business Technology Co., Ltd.	Entity controlled by our parent company
Wujiang Huajun Textile Co., Ltd.	Entity controlled by our parent company
Jiangsu Boyada Textile Co., Ltd.	Entity controlled by our parent company
Jiangsu Deshun Textile Co., Ltd.	Entity controlled by our parent company
Jiangsu Dehua Textile Co., Ltd.	Entity controlled by our parent company
Hengli (Suzhou) Textile Sales Co., Ltd.	Entity controlled by our parent company
Sichuan Hengli Smart Textile Technology Co., Ltd.	Entity controlled by our parent company
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Entity controlled by our parent company
Jiangsu Pejie Textile Intelligent Technology Co., Ltd.	Entity controlled by our parent company
Suqian Lishun Property Co., Ltd. Hengli Hotel Branch	Companies controlled by the actual controlling party of the Company
Suqian Bailong Garden Technology Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Real Estate (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company
Dalian Victoria Property Service Co., Ltd.	Companies controlled by the actual controlling party of the Company
Dalian Kangjia Property Service Co., Ltd.	Companies controlled by the actual controlling party of the Company
Suzhou Tongli Red Wine Co., Ltd.	Companies controlled by the actual controlling party of the Company
Suzhou Tonglihong Electronic Commerce Co., Ltd.	Companies controlled by the actual controlling party of the Company
Suzhou Hengli Intelligent Technology Co., Ltd.	Companies controlled by the actual controlling party of the Company
Suzhou Hengli System Integration Co., Ltd.	Companies controlled by the actual controlling party of the Company
Jiangsu Changshun Textile Co., Ltd.	Companies controlled by the actual controlling party of the Company
Nantong Deji Concrete Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Import and Export Co., Ltd.	Entity controlled by our parent company
Jiangsu Wu Jiangsu Zhouwan Hengli International Hotel Co., Ltd.	Entity controlled by our parent company
Hengli Engine (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Precision Casting (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Green Building Materials (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company

Hengli Shipbuilding (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Equipment Manufacturing (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Comprehensive Service (Dalian) Co., Ltd.	Companies controlled by the actual controlling party of the Company
Hengli Energy Management Service (Dalian) Co., Ltd. Yingkou Hehai Bridge Gas Station Branch	Companies controlled by close family members of the actual controlling party of the Company
Hengli International Hotel (Suqian) Co., Ltd	Companies controlled by the actual controlling party of the Company
Hengli Marine Engineering (Dalian) Co., Ltd	Companies controlled by the actual controlling party of the Company
Hengli Energy Management Service (Jiangsu) Co., Ltd. Nantong Yangkou Port Gas Station	Companies controlled by close family members of the actual controlling party of the Company
Hengli Energy Management Service (Suzhou) Co., Ltd	Companies controlled by close family members of the actual controlling party of the Company
Hengli Heavy Industry Group Co., Ltd	Companies controlled by the actual controlling party of the Company
Jiangsu Hengli Charity Foundation	Entity controlled by our parent company
Wujiang Sunan Rural Micro-credit Co., Ltd	Entity controlled by our parent company

Other note

None

5. Related party transactions

(1). Purchase and sale of goods, acceptance and provision of labor services

Procurement of goods / acceptance of labor services

适用 不适用

Unit: Yuan Currency: RMB

Related party	Nature of transaction	Current year	Approved transaction amount (if applicable)	Whether the transaction limit is exceeded (if applicable)	Prior year
Jiangsu Boyada Textile Co., Ltd.	Others	23,951.15	100,000.00	No	139,598.21
Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd.	Others	88,874.00	1,950,000.00	No	32,656.90
Hengli Technology (Dalian) Co., Ltd.	Others	-	-	No	1,058,490.57
Jiangsu Deshun Textile Co., Ltd.	Others	1,636,122.16	3,000,000.00	No	1,348,731.38

Jiangsu Deshun Textile Co., Ltd.	Steam	1,533,394.95	2,000,000.00		-
Jiangsu Dehua Textile Co., Ltd.	Others	5,847,923.57	7,000,000.00		7,728,404.83
Suqian Lishun Property Co., Ltd. Hengli Hotel Branch	Others	329,392.72	500,000.00	No	326,001.41
Suqian Bailong Garden Technology Co., Ltd.	Fixed assets	1,583,934.00	1,600,000.00	No	940,980.00
Dalian Kangjia Property Service Co., Ltd.	Others	4,922,687.31	5,500,000.00	No	8,067,922.44
Nantong Jinchuan Logistics Co., Ltd.	Others	-	-	No	72,415.65
Suzhou Taihu Brewing Co., Ltd.	Others	-	-	No	5,998,351.85
Suzhou Tongli Red Wine Co., Ltd.	Others	147,847.00	1,272,000.00	No	160,796.46
Suzhou Hengli Intelligent Technology Co., Ltd.	Others	45,985,849.08	55,000,000.00	No	21,655,660.40
Suzhou Hengli System Integration Co., Ltd.	Fixed assets, etc	13,087,680.39	24,000,000.00	No	15,183,078.76
Nantong Deji Concrete Co., Ltd.	Concrete mortar	24,250,531.57	45,000,000.00	No	149,444,036.86
Suzhou Tonglihong Electronic Commerce Co., Ltd.	Others	3,011,539.56	4,000,000.00	No	3,398,870.13

Guangdong Songfa Ceramics Co., Ltd.	Others	80,009.64	200,000.00	No	42,175.22
Jiangsu Pejie Textile Intelligent Technology Co., Ltd.	Others	991,728.43	1,200,000.00	No	1,620,797.94
Suzhou Gufeng Asset Management Co., Ltd.	Others	2,185,917.88	3,500,000.00	No	2,317,278.91
Suzhou Oak Bay No. 9 Catering Co., Ltd.	Others	-	-	No	10,847.00
Suqian Kangtai Investment Co., Ltd.	Others	-	-	No	299,311.93
Hengli Import and Export Co., Ltd.	Others	169,939.00	600,000.00	No	191,091.30
Hengli Energy Management Service (Jiangsu) Co., Ltd.	Others	-	-	No	513,274.34
Jiangsu Wu Jiang Su Zhou Wan Hengli International Hotel Co., Ltd.	Others	970,549.48	1,500,000.00	No	299,685.91
Sichuan Hengli Smart Textile Technology Co., Ltd.	Others	1,752,691.69	2,000,000.00	No	5,962,003.40
Suzhou Tongzui Trading Co., Ltd.	Others	-	-	No	10,088.50
Dalian Victoria Property Service Co., Ltd.	Others	5,979,302.45	6,500,000.00	No	1,624,223.77

Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Others	533,366.81	600,000.00	No	5,781,546.55
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Machine equipment	1,464,159.29	1,600,000.00		-
Hengli International Hotel (Suqian) Co., Ltd	Others	89,895.45	150,000.00	No	-
Hengli Marine Engineering (Dalian) Co., Ltd	Others	3,495,575.23	3,550,000.00	No	-
Hengli Green Building Materials (Dalian) Co., Ltd	Engineering materials, etc	11,597,337.37	11,650,000.00	No	-
Yingkou Hehai Bridge Gas Station Branch of Hengli Energy Management Service (Dalian) Co., Ltd	Finished oil	260,495.44	300,000.00	No	-
Hengli Shipbuilding (Dalian) Co., Ltd	Others	1,752,212.38	1,800,000.00	No	-
Hengli Heavy Industry Group Co., Ltd	Others	486,716.81	500,000.00	No	-
Hengli Equipment Manufacturing (Dalian) Co., Ltd	Engineering materials, etc	189,866,254.91	292,500,000.00	No	-

Jiangsu Hengli Charity Foundation	Others	38,400.00	100,000.00	No	-
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Sales of goods / provision of services

√适用 □不适用

Unit: Yuan Currency: RMB

Related party	Nature of transaction	Current year	Prior year
Jiangsu Boyada Textile Co., Ltd.	Polyester Yarn	208,640,252.11	87,580,730.31
Jiangsu Boyada Textile Co., Ltd.	Steam	8,965,416.13	10,558,594.50
Jiangsu Boyada Textile Co., Ltd.	Others	198,723.96	189,354.31
Jiangsu Boyada Textile Co., Ltd.	Refined oil	305,975.57	-
Wujiang Huajun Textile Co., Ltd.	Steam	40,103.35	83,788.97
Wujiang Huajun Textile Co., Ltd.	Others	1,599.24	358.11
Wujiang Huajun Textile Co., Ltd.	Polyester Yarn	663.97	-
Jiangsu Deshun Textile Co., Ltd.	Polyester Yarn	124,149,644.53	82,864,669.02
Jiangsu Deshun Textile Co., Ltd.	Others	153,641.73	158,503.41
Jiangsu Dehua Textile Co., Ltd.	Polyester Yarn	63,867,811.29	53,775,042.74
Jiangsu Dehua Textile Co., Ltd.	Others	86,418.82	45,185.47
Sichuan Hengli Smart Textile Technology Co., Ltd.	Polyester Yarn	398,169,463.06	178,975,907.35
Jiangsu Pejie Textile Intelligent Technology Co., Ltd.	Polyester Yarn	371,255,430.92	162,430,422.95
Jiangsu Pejie Textile Intelligent Technology Co., Ltd.	Others	36,617.69	13,602.01
Nantong Deji Concrete Co., Ltd.	Others	-	95,650.09
Jiangsu Changshun Textile Co., Ltd.	Polyester Yarn	-	915,276.11
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	Polyester Yarn	231,835,864.48	86,349,012.89
Hengli Cloud Business Technology Co., Ltd.	Refined oil	22,575,772.03	-
Hengli Cloud Business Technology Co., Ltd.	Others	8,952.38	8,616.29
Hengli Engine (Dalian) Co., Ltd.	Refined oil and Others	504,719.29	1,987,528.30
Hengli Precision Casting (Dalian) Co., Ltd.	Refined oil and Others	925,895.93	1,729,444.34

Hengli Green Building Materials (Dalian) Co., Ltd.	Refined oil and Others	2,604,414.46	1,061,766.91
Hengli Shipbuilding (Dalian) Co., Ltd.	Refined oil and Others	2,760,539.05	14,294,980.10
Hengli Equipment Manufacturing (Dalian) Co., Ltd.	Refined oil and Others	857,751.11	1,552,929.25
Hengli Comprehensive Service (Dalian) Co., Ltd.	Others	126,431.79	2,271,070.75
Hengli Energy Management (Guangdong) Co., Ltd. Guangzhou Huadu Gas Station	Refined oil	-	1,477,353.99
Hengli (Suzhou) Textile Sales Co., Ltd	Others	153.73	-
Hengli Marine Engineering (Dalian) Co., Ltd	Refined oil	1,776,720.23	-
Hengli Import and Export Co., Ltd	Others	1,567,666.90	-
Yingkou Hehai Bridge Gas Station Branch of Hengli Energy Management Service (Dalian) Co., Ltd	Refined oil	869,823.72	-
Yingkou Hehai Bridge Gas Station Branch of Hengli Energy Management Service (Dalian) Co., Ltd	Others	24,145.14	-
Hengli Energy Management Service (Suzhou) Co., Ltd	Refined oil	1,029,223.01	-
Suzhou Hengli Real Estate Co., Ltd	Others	57,335.61	-

Note to purchase and sale of goods, acceptance and provision of labor services

适用 不适用

(2). Related entrusted management/contracting and entrusted management/contracting

The company's entrusted management/contracting situation table:

适用 不适用

Note to custodian/contracting situation with related party

适用 不适用

The company's entrusted management/outsourcing situation

适用 不适用

Unit: Yuan Currency: RMB

Name of entrusting party/contracting party	Name of entrusted party/subcontractor	Entrustment/Outsourced Assets Type	Start date of Entrustment/Outsourced	Entrustment/Outsourcing termination Date	Pricing basis for custody fee/package fee	Custody fee/outsourcing fee included in current period
Hengli (Northern	Hengli Energy Management	Other assets custodian	2022-09-15	2042-09-14	Market price	1,834,862.39

China) Petrochemic al Sales Co., Ltd.	Service (Dalian) Co., Ltd. Yingkou Hehai Bridge Gas Station Branch					
Hengli East China Petrochemic al Sales Co., Ltd	Hengli Energy Management Service (Jiangsu) Co., Ltd. Nantong Yangkou Port Gas Station	Other assets custodian	2023-04-01	2043-03-31	Market price	1, 376, 146.79

Note to entrusted management/outsourcing with related party

适用 不适用

(3). Rental with related party

The Company's as lessor:

适用 不适用

Unit: Yuan Currency: RMB

Tenant	Category of lease assets	Rental income included in current period	Rental income recognised in prior year
Nantong Jinchuan Logistics Co., Ltd.	Transportation equipment	-	147, 492.62
Hengli (Suzhou) Textile Sales Co., Ltd.	Property and real estate	1, 705, 275.24	1, 705, 275.19
Hengli Real Estate (Dalian) Co., Ltd.	Property and real estate	2, 183, 815.52	1, 633, 324.64
Hengli Heavy Industry Group Co., Ltd	Property and real estate	7, 128, 440.37	-
Wujiang Sunan Rural Microfinance Co., Ltd	Property and real estate	18, 481.65	-
Hengli Shipbuilding (Dalian) Co., Ltd	Property and real estate	1, 270, 363.60	-

The Company's as lessee:

√适用 □不适用

Unit: Yuan Currency: RMB

Landlord	Category of lease assets	Rental charge of short-term leases and low-value asset leases under simplified method (if applicable)		Variable lease payments not included in the measurement of lease liabilities (if applicable)		Rent paid		Interest expense of lease liabilities		Increase of Right-of-use assets	
		Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year	Current year	Prior year
Jiangsu Deshun Textile Co., Ltd.	Property and real estate	3,163,259.60	114,285.71	-	-	3,163,259.60	114,285.71	-	-	-	-4,913,558.14
Jiangsu Boyada Textile Co., Ltd.	Property and real estate	1,805,013.11	1,026,248.88	-	-	1,805,013.11	1,026,248.88	-	-	-	-5,429,649.95

Hengli Industrial Investment (Suzhou) Co., Ltd.	Property and real estate	-	-	-	-	11,859,286.39	10,965,782.42	792,391.95	1,261,139.54	-	
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Note to rental with related party

适用 不适用

(4). Guarantee with related parties

The Company as a guarantor

适用 不适用

The company as the guaranteed party

适用 不适用

Unit: Yuan Currency: RMB

Guarantor	Guaranteed Amount	Start date of guarantee	Guarantee expiry date	Whether the guarantee has been fulfilled
Chen Jianhua, Fan Hongwei	11,319,990,991.77	2021/8/20	2031/8/20	No
Chen Jianhua, Fan Hongwei ^[Note 1]	2,770,902,552.03	2023/3/10	2024/11/22	No
Chen Jianhua, Fan Hongwei ^[Note 2]	996,595,126.62	2023/5/29	2038/5/21	No
Chen Jianhua, Fan Hongwei ^[Note 3]	430,000,000.00	2023/11/14	2024/11/15	No
Chen Jianhua, Fan Hongwei ^[Note 4]	894,800,000.00	2023/1/17	2025/12/31	No
Chen Jianhua, Fan Hongwei ^[Note 5]	2,674,084,333.98	2023/5/24	2038/5/16	No
Chen Jianhua, Fan Hongwei ^[Note 6]	1,724,950,000.00	2019/9/25	2026/12/20	No
Chen Jianhua, Fan Hongwei ^[Note 7]	854,580,000.00	2020/10/30	2026/12/20	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd.	11,316,082,621.89	2022/4/18	2024/12/10	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd. ^[Note 8]	300,000,000.00	2023/2/1	2024/1/25	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd. ^[Note 9]	170,000,000.00	2023/2/21	2024/12/7	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd. ^[Note 10]	10,245,820,000.00	2023/6/29	2033/6/15	No
Hengli Group Co., Ltd.	5,687,789,805.08	2022/11/29	2024/11/28	No
Hengli Group Co., Ltd. ^[Note 11]	360,000,000.00	2020/2/20	2028/2/19	No
Hengli Group Co., Ltd. ^[Note 12]	2,663,810,000.00	2022/2/26	2027/1/26	No
Hengli Group Co., Ltd. ^[Note 13]	1,208,210,000.00	2015/4/24	2029/1/28	No
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd., Jiangsu Boyada Textile Co., Ltd., Jiangsu Deshun Textile Co., Ltd.,	25,399,999,999.98	2018/5/3	2033/5/2	No

Jiangsu Dehua Textile Co., Ltd. , Wujiang Chemical Fiber Weaving Factory Co., Ltd. [Note 14]				
Chen Jianhua, Fan Hongwei, Hengli Group Co., Ltd. , Jiangsu Boyada Textile Co., Ltd. , Jiangsu Deshun Textile Co., Ltd., Jiangsu Dehua Textile Co., Ltd. , Wujiang Chemical Fiber Weaving Factory Co., Ltd. [Note 15]	USD900, 000, 000.00	2018/5/3	2033/5/2	No
Chen Jianhua, Fan Hongwei, Jiangsu Boyada Textile Co., Ltd. , Jiangsu Deshun Textile Co., Ltd., Jiangsu Dehua Textile Co., Ltd. , Wujiang Chemical Fiber Weaving Factory Co., Ltd. [Note 16]	7, 169, 500, 000.02	2019/12/19	2034/12/19	No

Guarantee with related parties

适用 不适用

[Note 1]: The Company also placed security deposits to provide pledge guarantee.

[Note 2]: The Company provides mortgage guarantee with the construction in progress.

[Note 3]: The Company also provides mortgage guarantees with property and real estate, and land use rights.

[Note 4]: The Company also provides mortgage guarantees with property and real estate, machine equipment, land use rights.

[Note 5]: The Company also provides mortgage guarantees with property and real estate and the construction in progress

[Note 6]: The Company also provides mortgage guarantees with land use rights.

[Note 7]: The Company also provides mortgage guarantees with property and real estate.

[Note 8]: The Company also provides mortgage guarantees with property and real estate, machine equipment, and land use rights.

[Note 9]: The Company also provides mortgage guarantees with property and real estate and land use rights.

[Note 10]: The Company also provides mortgage guarantees with property and real estate and the construction in progress

[Note 11]: The Company also provides mortgage guarantees with property and real estate.

[Note 12]: The Company also provides mortgage guarantees with property and real estate and land use rights.

[Note 13]: The Company also provides mortgage guarantees with land use rights.

[Note 14]: The Company also provides mortgage guarantees for property and real estate, land use

rights, Construction in progress and machinery and equipment.

[Note 15]: The Company also provides mortgage guarantees for property and real estate, land use rights, Construction in progress and machinery and equipment.

[Note 16]: The Company also provides mortgage guarantees for property and real estate, land use rights, Construction in progress and machinery and equipment.

(5). Loans and borrowings with related parties

适用 不适用

(6). Assets transfer and debt restructuring with related parties

适用 不适用

Unit: Yuan Currency: RMB

Related party	Nature of transaction	Current year	Prior year
Hengli Real Estate (Dalian) Co., Ltd.	Property and real estate, etc.	-	1, 323, 285, 775.22
Jiangsu Deshun Textile Co., Ltd.	Machinery and equipment	-	135, 024.36
Hengli (Suzhou) Textile Sales Co., Ltd.	Transportation tools	-	25, 512.50
Jiangsu Boyada Textile Co., Ltd.	Machinery and equipment	-	288, 346.30
Jiangsu Dehua Textile Co., Ltd.	Machinery and equipment	-	128, 481.40
Suzhou Hengli System Integration Co., Ltd.	Machinery and equipment	-	95, 398.23
Suzhou Wujiang Tongli Lake Tourist Resort Co., Ltd.	Machinery and equipment	-	55, 981.42
Nantong Kane Polymer Material Co., Ltd.	Property and real estate, etc.	-	2, 003, 608, 814.83
Sichuan Hengli Intelligent Textile Technology Co., Ltd	Property and real estate, etc	127, 597, 951.89	-

(7). Compensation of key management personnel

适用 不适用

Unit: ten thousand Yuan Currency: RMB

Item	Current year	Prior year
Compensation of key management personnel	1, 043.45	804.95

(8). Other related party transactions

适用 不适用

(1)

The Company purchases and sells for related parties

Unit: Yuan Currency:RMB

Name of related party	Transaction content	Current year	Prior year
Hengli (Suzhou) Textile Sales Co., Ltd.	Electricity	543, 475.26	544, 678.21
Jiangsu Boyada Textile Co., Ltd.	Electricity	1, 466, 939.59	7, 101, 204.60

Jiangsu Deshun Textile Co., Ltd.	Electricity	82,002,884.88	76,218,287.89
Sichuan Hengli Smart Textile Technology Co., Ltd.	Electricity	148,408,893.05	27,779,540.06
Yingkou Hehai Bridge Gas Station Branch of Hengli Energy Management Service (Dalian) Co., Ltd	Electricity	82,518.52	-
Nantong Deji Concrete Co., Ltd	Electricity	65,179.01	-

(2) Related parties purchase and sell for the Company

Unit: Yuan

Name of related party	Transaction content	Current year	Prior year
Jiangsu Deshun Textile Co., Ltd.	Water and electricity	248,766.98	2,182,678.58
Jiangsu Boyada Textile Co., Ltd.	Water and electricity	35,717.79	547,224.69
Suzhou Gu Feng Asset Management Co., Ltd	Water and electricity	183,151.72	-

6. Receivables and payables with related parties

(1). Receivables from related parties

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Related party	Closing balance		Beginning balance	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable	Jiangsu Deshun Textile Co., Ltd.	-	-	122,370.50	6,118.53
Accounts receivable	Wujiang Huajun Textile Co., Ltd.	6,467.04	323.35	8,275.50	413.78
Accounts receivable	Hengli Shipbuilding (Dalian) Co., Ltd.	1,379,248.60	68,962.43	535,755.00	26,787.75
Accounts receivable	Jiangsu Boyada Textile Co., Ltd.	270.00	13.50	660,814.00	33,040.70
Accounts receivable	Jiangsu Pejie Textile Intelligent Technology Co., Ltd.	-	-	261,283.11	13,064.16
Prepayments	Suzhou Gufeng Asset Management Co., Ltd.	463,848.00	-	520,594.50	-
Prepayments	Jiangsu Boyada Textile Co., Ltd.	61,852.60	-	70,000.00	-

Prepayments	Yingkou Hehai Bridge Gas Station Branch of Hengli Energy Management Service (Dalian) Co., Ltd	25,640.20	-	-	-
Other non-current assets	Hengli Equipment Manufacturing (Dalian) Co., Ltd.	58,193,106.40	-	26,366,322.00	-

(2). Payables to related parties

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Related party	Book balance at year end	Book balance in beginning of year
Accounts payable	Suzhou Hengli System Integration Co., Ltd.	1,976,292.16	1,405,000.89
Accounts payable	Suzhou Hengli Intelligent Technology Co., Ltd.	3,780,885.78	7,300.88
Accounts payable	Jiangsu Changshun Textile Co., Ltd.	97,788.73	97,788.73
Accounts payable	Jiangsu Dehua Textile Co., Ltd.	118,888.47	130,931.49
Accounts payable	Dalian Kangjia Property Service Co., Ltd.	1,638,364.17	1,817,017.75
Accounts payable	Hengli (Guizhou) Textile Intelligent Technology Co., Ltd.	-	376,548.67
Accounts payable	Sichuan Hengli Smart Textile Technology Co., Ltd.	4,683,521.59	2,970,917.95
Accounts payable	Guangdong Songfa Ceramics Co., Ltd	75,313.20	-
Accounts payable	Hengli Green Building Materials (Dalian) Co., Ltd	431,375.00	-
Accounts payable	Hengli Equipment Manufacturing (Dalian) Co., Ltd	13,651,844.32	-
Accounts payable	Jiangsu Deshun Textile Co., Ltd	805,787.54	-
Accounts payable	Jiangsu Peijie Textile Intelligent Technology Co., Ltd	354,575.16	-
Accounts payable	Suzhou Wujiang Tongli Lake Tourism Resort Co., Ltd	2,168.00	-

Other payables	Dalian Henghan Investment Co., Ltd.	19,750,000.00	19,750,000.00
Other payables	Sichuan Hengli Smart Textile Technology Co., Ltd.	21,518,410.47	2,220,459.94
Other payables	Hengli Green Building Materials (Dalian) Co., Ltd	303,113.23	-
Lease liabilities	Hengli Industrial Investment (Suzhou) Co., Ltd.	123,005.88	10,516,284.19

Contract assets and contract liabilities arising from related party transactions

1 . Contract assets

None

2 . Contract liabilities

Name of related party	Closing balance	Beginning balance
Jiangsu Boyada Textile Co., Ltd.	431,840.13	237,809.14
Wujiang Huajun Textile Co., Ltd.	730.78	727.14
Jiangsu Deshun Textile Co., Ltd.	904,053.54	148,515.44
Jiangsu Pejie Textile Intelligent Technology Co., Ltd.	896,212.56	770,761.60
Jiangsu Dehua Textile Co., Ltd.	639,776.71	96,717.29
Hengli (Suzhou) Textile Sales Co., Ltd.	68,538.08	68,538.04
Hengli Shipbuilding (Dalian) Co., Ltd.	803,787.59	1,615.22
Hengli (Guizhou) Textile Intelligent Technology Co., Ltd	1,801,538.53	-
Hengli Engine (Dalian) Co., Ltd	170,678.94	-
Hengli Ocean Engineering (Dalian) Co., Ltd	32,499.58	-
Hengli Precision Casting (Dalian) Co., Ltd	535,643.86	-
Hengli Green Building Materials (Dalian) Co., Ltd	359,421.83	-
Hengli Equipment Manufacturing (Dalian) Co., Ltd	281,934.39	-
Sichuan Hengli Intelligent Textile Technology Co., Ltd	213,114.73	-

(3) Other project:

适用 不适用

7. Commitments with related party

适用 不适用

8. Others

适用 不适用

XV. Share-based payments

1. Information about share-based payments

适用 不适用

Stock options or other equity instruments issued to the public at the end of the period

适用 不适用

2. Equity-settled share-based payments

适用 不适用

Unit: Yuan Currency: RMB

Method in determining the fair value of equity instruments at the date of grant	-
Important parameters for the fair value of equity instruments on the grant date	-
Basis in determining the quantity of exercisable equity instruments	It is expected that the on-the-job employees will eventually obtain the corresponding benefits of the employee share incentive plan
Reasons for the significant difference between the current estimate and the previous estimate	None
Accumulated amount recorded in capital reserve for equity-settled share-based payments	371, 449, 176.90

Other notes:

None

3. Information on cash-settled share-based payments

适用 不适用

4. Share-based payment expenses in the current period

适用 不适用

Unit: Yuan Currency: RMB

Grant object category	Share-based payment expenses settled in equity	Share-based payment expenses settled in cash
Company employees	77, 070, 049.22	-
Total	77, 070, 049.22	

Other notes:

None

5. Information on modification and termination of share-based payment

适用 不适用

6 Others

适用 不适用

XVI. Commitments and contingencies

1. Significant commitments

适用 不适用

Important external commitments, nature and amount on the balance sheet date

1. Signed external investment contracts that have not yet been performed or have not been fully performed and related financial expenditures

Item	Closing balance	Beginning balance
Commitment to purchase and build long-term assets	5, 245, 473, 299.61	3, 585, 319, 049.57

Unused letter of credit issued	4,736,563,964.70	6,351,652,193.39
Letter of guarantee not due for payment	81,303,948.76	258,707,203.30
Total	10,063,341,213.07	10,195,678,446.26

2. Leases that the lessee has committed but not started and their financial impact

As of the balance sheet date, the future potential cash outflows of the leases that the company has committed as a lessee but has not yet started are as follows:

Item	Closing balance
Undiscounted lease payments:	
1 year after balance sheet date	41,881,753.80
2 years after balance sheet date	25,779,663.21
3 years after balance sheet date	10,098,433.08
Thereafter	10,551,206.99
Total	88,311,057.08

2. Contingencies

(1). Important contingencies existing on the balance sheet date

适用 不适用

(2). The company has no important contingencies that need to be disclosed, and it should also be explained:

适用 不适用

3. Others

适用 不适用

1. Contingent liabilities arising from pending litigation arbitration and their financial impact

There are no contingent liabilities arising from pending litigation or arbitration.

2. Contingent liabilities arising from providing debt guarantees to other entities and their financial implications:

The company does not provide debt guarantees for other units.

3. Other contingencies and their financial impact

For bank acceptance bills that have been discounted or endorsed and have not yet expired on the balance sheet date, please refer to the description of "Receivables financing" in the note.

XVII. Event after balance sheet date

1. Important non-adjusting matters

适用 不适用

2. Appropriation of profits

适用 不适用

Unit: Yuan Currency: RMB

Proposed dividend per 10 shares (Yuan)	5.5
Dividend per 10 shares declared and approved for distribution (Yuan)	5.5
Profit distribution plan	The 19th meeting of the 9th Board of Directors of the company deliberated and approved the proposed profit distribution plan for 2023: based on the total share capital on the date of equity distribution and registration, a cash

	dividend of RMB 5.50 (including tax) per 10 shares will be distributed to all shareholders.
--	---

3. Sales returned

适用 不适用

4. Other event after balance sheet date

适用 不适用

XVIII. Other significant events**1. Correction of previous accounting errors****(1). Retrospective restatement method**

适用 不适用

(2). Prospective application method

适用 不适用

2. Debt restructuring

适用 不适用

3. Exchange of assets**(1). Exchange of non-monetary assets**

适用 不适用

(2). Exchange of other assets

适用 不适用

4. Annuity plan

适用 不适用

5. Discontinued operations

适用 不适用

6. Segment information**(1). Basis for determining the reporting segment and accounting policies**

适用 不适用

According to the Company's internal organizational structure, management requirements and internal reporting system, the Company mainly operates in three business segments: petrochemical business segment, polyester business segment, headquarters and other business segments, the Company's management evaluate the operating results of these segments to determine the allocation of resources and evaluate their performance.

Segment report information is disclosed based on the accounting policies and measurement standards adopted by each segment when reporting to management. These measurement bases are consistent with the accounting and measurement bases used in the preparation of financial statements.

(2). Reporting of segment information

√适用 □不适用

Unit: ten thousand yuan Currency: RMB

Item	Petrochemical segment	Polyester segment	Headquarters and other business segment	Elimination between segments	Total
Segment revenue	21,734,875.06	4,140,195.82	10,350,287.62	-12,738,745.99	23,486,612.51
Including: External revenue	11,787,010.70	3,873,952.87	7,825,648.94	-	23,486,612.51
Inter-segment sales	9,947,864.36	266,242.95	2,524,638.68	-12,738,745.99	-
Segment cost	19,568,517.88	3,729,059.04	10,278,004.15	-12,737,195.88	20,838,385.19
Segment profit (loss)	659,474.79	209,182.41	175,088.79	-156,422.76	887,323.23
Total assets	20,326,820.27	6,644,315.02	5,821,029.37	-6,732,262.56	26,059,902.10
Total liabilities	15,110,959.77	5,332,684.61	1,672,946.65	-2,056,545.17	20,060,045.86

(3). If the company has no reportable segment, or cannot disclose the total assets and total liabilities of each reportable segment, the reasons shall be explained

□适用 √不适用

(4). Other note

□适用 √不适用

7. Other important transactions and events affecting investors' decision-making

√适用 □不适用

1. Pledge of the Company's shares by the parent Company and the ultimate controller Chen Jianhua, Fan Hongwei:

Pledgor	Pledgee	Pledge period	Number of pledged shares
Hengli Group Co., Ltd.	Huaxia Bank Co., Ltd. Suzhou Branch	2023/11/8-2026/10/26	142,000,000.00
Hengli Group Co., Ltd.	Yunnan International Trust Co., Ltd	2023/4/26-2024/4/28	98,000,000.00
Hengli Group Co., Ltd.	Zhejiang Merchants Bank Co., Ltd. Suzhou Wujiang Sub-branch	2023/4/18-2028/4/30	38,000,000.00
Hengneng Investment (Dalian) Co., Ltd	Industrial International Trust Co., Ltd	2023/12/29-2025/1/7	287,000,000.00
Hengli Group Co., Ltd.	China Minsheng Banking Corp., Ltd	[Note]	71,000,000.00
Hengneng Investment (Dalian) Co., Ltd	China Galaxy Securities Co., Ltd	[Note]	21,046,100.00
Hengneng Investment (Dalian) Co., Ltd	Essence Securities Co., Ltd	[Note]	18,786,200.00

Hengneng Investment (Dalian) Co., Ltd	Huatai Securities Co., Ltd	[Note]	17,752,400.00
Hengneng Investment (Dalian) Co., Ltd	Guangfa Securities Co., Ltd	[Note]	15,976,300.00

[Note] The share pledge of Hengli Group is mainly used to provide pledge guarantee for the trust plan established by employees of Hengli Group and its related subsidiaries. The specific pledge expiration date is subject to the actual pledge cancellation registration procedures.

8. Others

适用 不适用

Split off the subsidiary Kanghui New Material Technology Co., Ltd. and reorganize it for listing:

On July 4, 2023, the Company held the 10th meeting of the 9th Board of Directors and the 7th meeting of the 9th Board of Supervisors, and considered and approved the "Proposal on Agreeing to the Restructuring and Listing of the Company's Subsidiary Kanghui New Material Technology Co., Ltd." The Company agreed to spin off its subsidiary Kanghui New Material Technology Co., Ltd. (hereinafter referred to as "Kanghui New Material") and use the Company and Jiangsu Hengli Chemical Fiber Co., Ltd. (hereinafter referred to as "Hengli Chemical Fiber") to subscribe for 100% of the equity of Kanghui New Material through non-public offering of shares of Dalian Thermal Power Co., Ltd. (hereinafter referred to as "Dalian Thermal Power"). At the same time, Dalian Thermal Power plans to raise matching funds from no more than 35 specific investors through non-public offering of shares to achieve restructuring and listing.

On October 24, 2023, the application for the spin-off of the subsidiary and restructuring for listing was accepted by the Shanghai Stock Exchange.

XIX. Notes on important items of parent company's financial statements

1. Accounts receivable

(1). Disclosure by ageing

适用 不适用

Unit: Yuan Currency: RMB

Ageing	Closing balance	Beginning balance
Within one year		
Including: Within one year		
Within one year	1,270,363.60	-
Subtotal of within one year	1,270,363.60	-
1 to 2 years		
2 to 3 years		
Over 3 years		
3 to 4 years		
4 to 5 years		
Over 5 years		
Total	1,270,363.60	-

(2). Disclosure by method of provision for bad debts

√适用 □不适用

Unit: Yuan Currency: RMB

Category	Closing balance					Beginning balance				
	Book balance		Provision for bad debts		Carrying amount	Book balance		Provision for bad debts		Carrying amount
	Amount	Ratio (%)	Amount	Provision ratio (%)		Amount	Ratio (%)	Amount	Provision ratio (%)	
Provision for bad debts on individual basis										
Including:										
Provision for bad debts on portfolio basis	1,270,363.60	100.00	63,518.18	5.00	1,206,845.42					
Including:										
Ageing analysis portfolio	1,270,363.60	100.00	63,518.18	5.00	1,206,845.42					
Total	1,270,363.60	100.00	63,518.18	5.00	1,206,845.42					

Provision for bad debts on individual basis:

□适用 √不适用

Provision for bad debts on portfolio basis:

√适用 □不适用

Provision for bad debts on portfolio basis: Ageing analysis portfolio

Unit: Yuan Currency: RMB

Name	Closing balance		
	Accounts receivable	Provision for bad debts	Provision ratio (%)
Ageing analysis portfolio	1,270,363.60	63,518.18	5.00
Total	1,270,363.60	63,518.18	5.00

Confirmation criteria and notes for bad debt provision by portfolio:

√适用 □不适用

Provision for bad debts by ageing portfolio is as below:

Ageing	Book balance	Provision for bad debts	Provision ratio (%)
Within one year(including one year)	1,270,363.60	63,518.18	5.00
1-2 years	-	-	-

Ageing	Book balance	Provision for bad debts	Provision ratio (%)
2-3 years	-	-	-
3-4 years	-	-	-
4-5 years	-	-	-
Over 5 years	-	-	-
Subtotal	1, 270, 363.60	63, 518.18	5.00

According to the expected credit loss general model to accrual provision for bad debts:

适用 不适用

Basis for dividing each stage and proportion of bad debt provision

None

Note to the significant change in the book balance of accounts receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(3). Provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in the year				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-	-	-	-	-	-
Provision for bad debts on portfolio basis	-	63, 518.18	-	-	-	63, 518.18
Total	-	63, 518.18	-	-	-	63, 518.18

Including significant amount of recovery or reversal of provision for bad debts:

适用 不适用

Other notes:

None

(4). Accounts receivable written-off during the year

适用 不适用

The important write-off of accounts receivable:

适用 不适用

Notes for write-off of accounts receivable:

适用 不适用

(5). Accounts receivable and contract assets due from the top five debtors

适用 不适用

Unit: Yuan Currency: RMB

Name of unit	Book balance of account receivables	Book balance of contract asset	Closing balance of accounts receivable and contract assets	Proportion of the total closing balance of accounts receivable and contract assets (%)	Closing balance of bad debt provision
Hengli Shipbuilding (Dalian) Co., Ltd	1, 270, 363.60		1, 270, 363.60	100.00	63, 518.18
Total	1, 270, 363.60		1, 270, 363.60	100.00	63, 518.18

The Company's top five year-end balances for accounts receivable in total of RMB1, 270, 363.60, accounting for 100.00% of the total account balance of year-end balances of accounts receivable, and the corresponding year-end balance of provision for bad debts is RMB63, 518.18.

Other note

适用 不适用

2. Other receivables

Presented by item

适用 不适用

Unit: Yuan Currency: RMB

Item	Closing balance	Beginning balance
Interest receivable		
Dividends receivable	81, 550, 000.00	800, 000, 000.00
Other receivables	83, 181, 382.20	11, 162, 769.45
Total	164, 731, 382.20	811, 162, 769.45

Other note:

适用 不适用

Interest receivable

(1). Interest receivable by category

适用 不适用

(2). Significant overdue interest

适用 不适用

(3). Information of provision for bad debts适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用**(4). Provision for bad debts based on the general model of expected credit losses**适用 不适用

Basis for dividing each stage and proportion of provision for bad debt:

None

Explanation of the significant change in the book balance of interest receivable due to changes in provisions for losses incurred during the current period:

适用 不适用**(5) Provision for bad debts**适用 不适用

The significant amount of provision for bad debt recovered or reversed in the current period:

适用 不适用

Other note:

None

(6) Interest receivable written-off during the year适用 不适用

The important write-off of Interest receivable:

适用 不适用

Notes for write-off of Interest receivable:

适用 不适用**Dividends receivable****(1) Dividends receivable**适用 不适用

Unit: Yuan Currency: RMB

Item (or Investee)	Closing balance	Beginning balance
Subtotal of book balance	81,550,000.00	800,000,000.00
Less: Provision for bad debts	-	-
Total	81,550,000.00	800,000,000.00

(2). Important dividends receivable aged over 1 year适用 不适用**(3). Information of provision for bad debts**适用 不适用

Provision for bad debts on individual basis:

适用 不适用

Notes for provision for bad debts on individual basis:

适用 不适用

Provision for bad debts on portfolio basis:

适用 不适用

(4). Provision for bad debts based on the general model of expected credit losses

适用 不适用

Basis for dividing each stage and proportion of provision for bad debt:

None

Explanation of the significant change in the book balance of dividends receivable due to changes in provisions for losses incurred during the current period:

适用 不适用

(5) Provision for bad debts Provision for bad debts

适用 不适用

The significant amount of provision for bad debt recovered or reversed in the current period:

适用 不适用

Other note:

None

(6) Dividends receivable written-off during the year

适用 不适用

The important write-off of dividends receivable:

适用 不适用

Notes for write-off of dividends receivable:

适用 不适用

Other note:

适用 不适用

Other receivables

(1). Disclosure by ageing

适用 不适用

Unit: Yuan Currency: RMB

Ageing	Book balance at year end	Book balance in beginning of year
Within one year		
Including: Within one year		
Within one year	87,047,433.89	11,723,262.09
Subtotal of within one year	87,047,433.89	11,723,262.09
1 to 2 years	607,900.00	-
2 to 3 years	-	23,805.45
Over 3 years		
3 to 4 years		
4 to 5 years	-	56,935.95
Over 5 years	-	362,040.00
Total	87,655,333.89	12,166,043.49

(2). Disclosure by nature

√适用 □不适用

Unit: Yuan Currency: RMB

Nature	Book balance at year end	Book balance in beginning of year
Current accounts	3,500,000.00	-
Deposits and security deposits	10,400.00	456,931.40
Others	84,144,933.89	11,709,112.09
Total	87,655,333.89	12,166,043.49

(3). Information of provision for bad debts

√适用 □不适用

Unit: Yuan Currency: RMB

Provision for bad debts	First stage	Second stage	Third stage	Total
	Expected credit loss within next 12 months	Expected credit loss for lifetime (no credit impairment occurred)	Expected credit loss for lifetime (credit impairment has occurred)	
Balance of 1 January 2022	-	1,003,274.04	-	1,003,274.04
Balance of 1 January 2022 during the period	-			
--transfer to second stage	-			
--transfer to third stage	-			
--Reverse to second stage	-			
--Reverse to first stage	-			
Provision for the year	-	3,470,677.65	-	3,470,677.65
Reversal in the year	-			
Transfer in the year	-			
Write-off in the year	-			
Other movement	-			
Balance of 31 December 2021		4,473,951.69	-	4,473,951.69

Basis for dividing each stage and proportion of bad debt provision:

The basis for dividing each stage is detailed in the note "Impairment of Financial Instruments".

Note on the significant changes in other receivables book balance that have changed the loss provision in the current period:

√适用 □不适用

No significant changes occurred in the provision for losses in the current period

Basis for accruing bad debt provision for the current period and assessing whether the credit risk of financial instruments has increased significantly:

适用 不适用

The basis, input values, assumptions and other information used to determine the provision for bad debts amount and the assessment of whether the credit risk of financial instruments have increased significantly since initial confirmation are detailed in the note "Credit Risk".

(4). Provision for bad debts

适用 不适用

Unit: Yuan Currency: RMB

Category	Beginning balance	Movement in the year				Closing balance
		Accrual	Recovery or reversal	Transfer or written-off	Other movement	
Provision for bad debts on individual basis	-	-	-	-	-	-
Provision for bad debts on portfolio basis	1,003,274.04	3,470,677.65	-	-	-	4,473,951.69
Total	1,003,274.04	3,470,677.65	-	-	-	4,473,951.69

Including, the important reversed or recovered amount of bad debt provision for the current period:

适用 不适用

Other notes:

None.

(5). Actual written-off of other receivables in the year

适用 不适用

The write-off of important other receivables:

适用 不适用

Notes to write-off of other receivables:

适用 不适用

(6). Other receivables due from the top five debtors

适用 不适用

The Company's top five year-end balances of other receivables in total is RMB87,652,433.89, accounting for 99.99% of the total year end balance of other receivables, and the corresponding year-end balance of provision for bad debts is RMB4,473,746.69.

(7). Other receivables reported due to centralized management of funds

适用 不适用

Other note:

适用 不适用

3. Long-term equity investment

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Closing balance			Beginning balance		
	Book balance	Provision for impairment	Carrying amount	Book balance	Provision for impairment	Carrying amount
Investment in subsidiaries	44,366,275,704.93	-	44,366,275,704.93	44,316,275,704.93	-	44,316,275,704.93
Investment in associates and joint ventures						
Total	44,366,275,704.93	-	44,366,275,704.93	44,316,275,704.93	-	44,316,275,704.93

(1). Investment in subsidiaries

√适用 □不适用

Unit: Yuan Currency: RMB

Investee	Beginning balance	Increase	Decrease	Closing balance	Provision for impairment in the year	Closing balance of provision for impairment
Jiangsu Hengli Chemical Fiber Co., Ltd.	10,808,919,000.00			10,808,919,000.00	-	-
Kanghui New Material Technology Co., Ltd.	1,937,601,065.09			1,937,601,065.09	-	-
Suzhou Textile Group Network E-commerce Co., Ltd.	2,000,000.00			2,000,000.00	-	-
Hengli Petrochemical (Dalian) Chemical Co., Ltd.	4,619,719,782.89			4,619,719,782.89		
Hengli Petrochemical (Dalian) Refining Co., Ltd.	17,516,472,093.22			17,516,472,093.22		
Hengli Investment (Dalian) Co., Ltd.	9,381,563,763.73			9,381,563,763.73		

Hengli Petrochemical Sales Co., Ltd.	50,000,000.00			50,000,000.00		
Hengli International Trade Co., Ltd	-	50,000,000.00		50,000,000.00		
Total	44,316,275,704.93	50,000,000.00		44,366,275,704.93		

(2). Investment in associates and joint ventures

□适用 √不适用

Other note:

None

(3) Impairment test of long-term equity investment

□适用 √不适用

Other note

At the end of the period, there was no obvious sign of impairment of long-term equity investment, so no Provision for impairment.

4. Operating income and operating cost**(1). Operating income and operating cost**

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year		Prior year	
	Revenue	Cost	Revenue	Cost
Primary operations	-	-	-	-
Other operations	3,454,179.12	2,011,877.89	1,633,324.64	1,270,659.72
Total	3,454,179.12	2,011,877.89	1,633,324.64	1,270,659.72

(2). Breakdown information of operating income and operating costs

□适用 √不适用

Other notes:

□适用 √不适用

(3). Note on performance obligations

□适用 √不适用

(4). Description of apportionment to remaining performance obligations :

□适用 √不适用

(5) Significant changes of contracts or Significant transaction price adjustments:

□适用 √不适用

Other note:

None

5. Investment income

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Current year	Prior year
Income from long-term equity investment by cost method	1,521,000,000.00	6,023,294,874.00
Income from long-term equity investment by equity method		
Gain from disposal of long-term equity investment		-422,352.37
Investment income of financial assets held for trading during the holding period		
Investment income of other equity instruments investment during the holding period		
Interest income from debts investment during the holding period		
Interest income from other debt investments during the holding period		
Gain from disposal of Financial assets held for trading		
Investment income from disposal of other equity instruments investment		
Gains from disposal of debts investment		
Gain from disposal of other debt investments		
Gains from debt restructuring		
Total	1,521,000,000.00	6,022,872,521.63

Other note:

None

6. Others

□适用 √不适用

XX. Supplement information

1. Details of non-recurring gain or loss for the year

√适用 □不适用

Unit: Yuan Currency: RMB

Item	Amount	Note
Gain or loss on disposal of non-current assets	-4,564,909.89	
Government grants that are included in the profit or loss (closely related to the business of the enterprise, except for government grants that are subject to fixed or quantitative quotas in accordance with national unified standards)	638,569,056.98	
In addition to the effective hedging business related to the normal business operations of the same company, the profit or loss from changes in fair value of financial assets and financial liabilities held by non-financial enterprises, as well as the profit or loss from	431,893,116.94	

the disposal of financial assets and financial liabilities		
Fund occupation fees charged to non-financial enterprises included in the current profit or loss		
Profit or loss of entrusting others to invest or manage assets		
Profit or loss from external entrusted loans		
Provision for impairment arising from force majeure such as natural disasters		
Reversal of impairment provision for receivables that have been individually tested for impairment		
The investment cost of the enterprise's acquisition of subsidiaries, associates, and joint ventures is less than the return generated by the fair value of the investee's identifiable net assets when the investment is made.		
Net profit of subsidiaries for the period from beginning of the year to date of acquisition by business combination under common control		
Non-monetary assets exchange profit or loss		
Profit or loss of debt restructuring		
One-time expenses incurred by enterprises due to the discontinuation of related business activities, such as the expenditure for resettling employees		
One-time impact on current profit or loss due to adjustments in tax, accounting, and other laws and regulations		
Share-based payment expenses recognized in one time due to cancellation or modification of equity incentive plans		
For cash-settled share-based payments, after the vesting date, the profit or loss arising from the change in the fair value of employee compensation payable		
Profit or loss arising from changes in fair value of investment real estate subsequently measured using the fair value model		
Gains from transactions with unfair transaction prices		
Profit or loss arising from contingencies unrelated to the company's normal business operations		
Income from custody fees obtained from entrusted operation		
Other non-operating income and expenses other than the above items	-25,075,119.31	
Other profit or loss items that meet the definition of non-recurring profit or loss	7,339,987.53	
Less: Income tax impact	140,790,996.05	
Impact amount of minority shareholders' equity (after tax)		
Total	907,371,136.20	

If the company recognizes items not listed in the "Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Gains or Losses" as non-recurring gains or losses with significant amounts, and defines the non-recurring gains or losses listed in the "Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-recurring Gains or Losses" as recurring gains or losses, the reasons should be explained.

适用 不适用

Other notes:

适用 不适用

The impact of the first implementation of the "Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-Recurring Gains or Losses (2023 Revision)" on non-recurring gains or losses during comparable accounting periods:

The Company will implement the "Explanatory Announcement No. 1 on Information Disclosure by Companies that Offer Securities to the Public - Non-Recurring Gains or Losses (2023 Revision)" from December 22, 2023, and will recalculate and present the non-recurring gains or losses for the comparable accounting period of 2022. The affected non-recurring gains or losses and their amounts are as follows (unit: yuan; currency: RMB):

Affected non-recurring gain or loss items	Before adjustment	Adjustment amount	After adjustment
Government grants that are included in the profit or loss (closely related to the business of the enterprise, except for government grants that are subject to fixed or quantitative quotas in accordance with national unified standards)	1,594,250,334.30	-311,921,306.08	1,282,329,028.22
Income tax impact (decrease in income tax expense is indicated by "-")	360,240,063.26	-56,948,417.60	303,291,645.66
Impact of minority shareholders' profit or loss (after tax)	-	-	-
Net non-recurring gain or loss attributable to shareholders of the parent company	1,273,018,054.78	-254,972,888.48	1,018,045,166.30

2. Return on equity and earnings per share

适用 不适用

Profit in reporting period	Weighted average return on equity (%)	Earnings per share	
		Basic earnings per share	Diluted earnings per share
Net profit attributable to the Company's shareholders	12.24	0.98	0.98
Net profit attributable to the shareholders of the Company, excluding non-recurring items	10.63	0.85	0.85

3. Differences in accounting data under domestic and foreign accounting standards

适用 不适用

4. Others

适用 不适用

Chairman of the Board: Fan Hongwei

Date of Board Approval and Submission: 9 April 2024

Revised information

适用 不适用