



Hengyi Petrochemical
2025 Annual Report
Stock code: 000703.SZ

2025 Annual Report

Section I Important notes, contents and definitions

The Board of Directors, the Supervisory Committee and the Directors and senior management of the Company warrant that the contents of the annual report are true, accurate and complete, and that there are no false records, misleading statements or material omissions, and that they will severally and jointly accept legal responsibility for such contents.

Qiu Yibo, Chairman of the Company, Zheng Xingang, the person in charge of accounting work, and Gong Yanhong, the head of the accounting agency (accounting supervisor), declared to ensure the annual financial statement report is true, accurate and complete.

All directors have attended the Board meeting at which this report was considered.

The forward-looking statements contained in this report regarding future plans, development strategies, industry discussions, and outlook do not constitute substantive commitments from the Company to investors. Investors are hereby advised to exercise caution regarding investment risks. Investors are advised to refer to “Section III: Management Discussion and Analysis”, specifically "XI. Prospects for the Future Development of the Company (IV)Risks and Countermeasures Faced by the Company."

The Company is required to comply with the disclosure requirements in respect of the chemical industry as set out in the *"No. 3 Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange - Disclosure of Industry Information"*.

The Company's profit distribution plan reviewed and approved by the Board: on the basis of the share capital entitled to profit distribution registered on the date of registration of shareholdings for the implementation of the equity distribution, a cash dividend of RMB 0.50 (tax included) per 10 shares will be distributed to all shareholders. There will be no equity dividend (tax included) or conversion of equity reserve into share capital of the Company.

This annual report is prepared in Chinese and English respectively. In case of any discrepancy between the two versions, the Chinese version shall prevail.

Content

Section I Important notes, contents and definitions	2
Section II Company Profile and Key Financial Indicators	10
Section III Management Discussion and Analysis	19
Section IV Corporate governance	103
Section V Important Matters	162
Section VI Changes in Shares and Shareholders	219
Section VII Bonds	236
Section VIII Financial Report	246

List of Documents for Reference

1. Accounting statements signed and stamped by the legal representative, person in charge of accounting activities and the head of the accounting agency;
2. The original audit report stamped by the accounting firm and signed and stamped by the certified public accountant;
3. All original documents and original announcements of the Company publicly disclosed on the website designated by CSRC during the current period.

Definitions

Item	Refers to	Definition
Hengyi Petrochemical/Company/the Company	Refers to	Hengyi Petrochemical Co., Ltd.
SZSE/the Exchange	Refers to	Shenzhen Stock Exchange
Hengyi Group	Refers to	Zhejiang Hengyi Group Co., Ltd.
Hengyi Limited	Refers to	Zhejiang Hengyi Petrochemical Co., Ltd.
Hengyi Brunei	Refers to	Hengyi Industries Sdn. Bhd.
Zhejiang Yisheng	Refers to	Zhejiang Yisheng Petrochemical Co., Ltd.
Yisheng New Materials	Refers to	Zhejiang Yisheng New Materials Co., Ltd.
Yisheng Dahua	Refers to	Yisheng Dahua Petrochemical Co., Ltd.
Hainan Yisheng	Refers to	Hainan Yisheng Petrochemical Co., Ltd.
Hengyi Polymer	Refers to	Zhejiang Hengyi Polymer Co., Ltd.
Hengyi High-Tech	Refers to	Zhejiang Hengyi High-Tech Materials Co., Ltd.
Haining New Materials	Refers to	Haining Hengyi New Materials Co., Ltd.
Haining Thermal Power	Refers to	Haining Hengyi Thermal Power Co., Ltd.
Taicang Yifeng	Refers to	Taicang Yifeng Chemical Fibre Co., Ltd.
Jiaxing Yipeng	Refers to	Jiaxing Yipeng Chemical Fibre Co., Ltd.
Shuangtu New Materials	Refers to	Zhejiang Shuangtu New Materials Co., Ltd.
Hangzhou Yichen	Refers to	Hangzhou Yichen Chemical Fibre Co., Ltd.
Suqian Yida	Refers to	Suqian Yida New Materials Co., Ltd.
Ningbo Hengyi	Refers to	Ningbo Hengyi Trading Co., Ltd.
Hong Kong Yisheng	Refers to	Hong Kong Yisheng Co., Ltd.
Hengyi Singapore	Refers to	Hengyi Industries International (Singapore) Co., Ltd.
Hangzhou Yijing	Refers to	Hangzhou Yijing Chemical Fibre Co., Ltd.
Hengyi Caprolactam	Refers to	Zhejiang Baling Hengyi Caprolactam Co., Ltd.
Fujian Yijin	Refers to	Fujian Yi Jin Chemical Fibre Co., Ltd.
China Zheshang Bank	Refers to	China Zheshang Bank Co., Ltd.

Item	Refers to	Definition
Yisheng Investment	Refers to	Dalian Yisheng Investment Co., Ltd.
Hong Kong Tianyi	Refers to	Hong Kong Tianyi International Holding Co., Ltd.
Hengyi Investment	Refers to	Hangzhou Hengyi Investment Co., Ltd.
Hengyi Polyamide	Refers to	Zhejiang Hengyi Polyamide Co., Ltd.
Guangxi New Material	Refers to	Guangxi Hengyi New Material Co., Ltd.
Hengyi Turpan	Refers to	Hengyi Energy Technology (Turpan) Co., Ltd.
Hubei New Material	Refers to	Hubei Hengyi Green New Materials Co., Ltd.
Hengyi Research Institute	Refers to	Zhejiang Hengyi Petrochemical Research Institute Co., Ltd.
Brunei Refinery Project,PMB Petrochemical Project	Refers to	The petrochemical project invested and constructed by the Company in Brunei.
Guangxi New Material Project	Refers to	The company's "Annual 1.2 Million Tons Caprolactam-Polyamide Integrated Industrial and Supporting Project" under construction in Guangxi
Xinjiang Coal-to-Ethylene Glycol Project	Refers to	The company's 'Annual 2.4 Million Tons Per Year Xinjiang Coal-to-Ethylene Glycol Project' under construction in Turpan, Xinjiang.
Circular New Materials Project	Refers to	The company's 'Annual 300,000 Tons Circular New Materials Industrial Demonstration Project' under construction in Jingzhou, Hubei.
Gasoline	Refers to	Gasoline is primarily used as fuel for spark-ignition engines (e.g., automobiles).
Diesel	Refers to	Diesel is mainly used as fuel for compression-ignition engines (e.g., trucks, ships).
Jet Fuel	Refers to	Jet Fuel is primarily employed as fuel for jet aircraft engines.
PX	Refers to	Paraxylene, a colorless and transparent liquid. It is used to produce plastics, polyester fibres and films.

Item	Refers to	Definition
BZ	Refers to	A colorless, transparent, volatile liquid with a distinctive aromatic odor, primarily used in the production of chemical intermediates such as styrene, CPL, phenol, and aniline.
PTA	Refers to	Purified terephthalic acid, mainly used to produce PET, can also be made into engineering polyester plastics, and be used as the raw material of plasticizer and dye intermediate.
PIA	Refers to	Iso-phthalic acid, mainly used in the production of alkyd resin, unsaturated polyester resin and other polymers and plasticizers, as well as in the production of film finishers, coatings, polyester fibre dyeing modifiers and medicines.
MEG	Refers to	Ethylene glycol, mainly used to produce polyester fibre, antifreeze, unsaturated polyester resin, lubricant, plasticizers, non-ionic surfactant and explosives, etc.
PET and polyester	Refers to	Polyethylene terephthalate. It is a fibre-forming polymer made from PTA and MEG through direct esterification and continuous polycondensation reaction.
POY	Refers to	PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN
FDY	Refers to	Fully Drawn Yarn (FDY), also known as FULLY DRAWN YARN.
DTY	Refers to	Drawn textured yarn, also known as FULLY DRAWN YARN.
PSF	Refers to	Polyester staple fiber is mainly used in spinning, filling, and non-woven fabric applications.
CPL	Refers to	Caprolactam, mainly used to produce polyamide

Item	Refers to	Definition
		fibre, engineering plastics, plastic film, etc. It is widely used in industrial and civil fields.
LPG	Refers to	A flammable gas mixture produced during the refining process, is widely used as household fuel, industrial energy source, and chemical feedstock.
PA6	Refers to	Also known as Polyamide or Nylon 6 chips, it is polymerized from CPL (caprolactam) and is a polymer with excellent overall properties. It is widely used in textile products like apparel and carpets, as well as in various industrial products.
PET Bottle Chip	Refers to	PET chips are primarily used for food packaging (such as beverages and cooking oil), daily chemical and pharmaceutical packaging, as well as being processed into sheets or films
RPET	Refers to	Recycled plastic materials from PET
Differentiated yarn	Refers to	A variety that is innovative in technology or performance or has some characteristics which is different from traditional yarns.
RMB 1 and RMB 10,000	Refers to	RMB 1 and RMB 10,000
Reporting period / during the reporting period / this reporting period	Refers to	From January 1, 2025 to December 31, 2025
End of reporting period/end of the current reporting period	Refers to	As of December 31,2025

Section II Company Profile and Key Financial Indicators

I. Company profile

Stock abbreviation	Hengyi Petrochemical	Stock code	000703
Stock abbreviation before the change (if any)	None		
Stock exchange	Shenzhen Stock Exchange		
Chinese name	恒逸石化股份有限公司		
Chinese abbreviation	恒逸石化		
Foreign name (if any)	HENGYI PETROCHEMICAL CO., LTD.		
Foreign abbreviation (if any)	HYPC		
Legal Representative	Qiu Yibo		
Registered address	No. 68 Linhai Avenue, Qinzhou Port, Qinzhou City		
Post code of the registered address	535000		
Change history of the Company's registered address	<p>In August 2022, the company's registered address was changed from "Unit G, 7th Floor, Haifu Building, No. 16 West Beihai Avenue, Beihai City, Guangxi Zhuang Autonomous Region" to "Floor 4, Building 2, International Technology Park, No. 5 Zhongma Street, China-Malaysia Qinzhou Industrial Park, Qinzhou Port Area of the China (Guangxi) Pilot Free Trade Zone";</p> <p>In November 2025, the company's registered address was changed from "Floor 4, Building 2, International Technology Park, No. 5 Zhongma Street, China-Malaysia Qinzhou Industrial Park, Qinzhou Port Area of the China (Guangxi) Pilot Free Trade Zone" to the current registered address.</p>		

Office address	Building 3, Hengyi Nan'an Mingzhu, 260 North Shixin Road, Xiaoshan District, Hangzhou City, Zhejiang Province
Post code of the office address	311215
Company website	http://www.hengyishihua.com
E-mail address	hysh@hengyi.com

II. Contact person and contact information

	Secretary of BOD	Securities Representative
Name	Zheng Xingang	Zhao Guanshuang
Contact address	BOD Office, 16/F, Building 3, Nan'an Mingzhu, No. 260 North Shixin Road, Xiaoshan District, Hangzhou City, Zhejiang Province	BOD Office, 16/F, Building 3, Nan'an Mingzhu, No. 260 North Shixin Road, Xiaoshan District, Hangzhou City, Zhejiang Province
Telephone	(0571) 83871991	(0571) 83871991
Fax	(0571) 83871992	(0571) 83871992
E-mail address	hysh@hengyi.com	hysh@hengyi.com

III. Information disclosure and place of preparation

The website of the Stock Exchange where the Company discloses the Annual report	Shenzhen Stock Exchange: http://www.szse.cn
Press name and website of Annual reporting disclosure	China Securities Journal, STCN, Shanghai Securities News and Securities Daily; CNINFO: http://www.cninfo.com.cn
Place where the Company's Annual Report is prepared	Office of the BOD of Hengyi Petrochemical Co., Ltd.

IV. Registration changes

Unified Social Credit Code	9145050019822966X4
Changes in the Company's main business since listing	<p>In November 2025, the company's business scope was changed from "Investment in the petrochemical and chemical fiber industries; non-ferrous metals, construction materials (excluding timber), mechanical and electrical products and parts; freight forwarding (excluding road passenger and cargo transport services); import and export business of self-produced products of the company and its members, as well as raw materials, machinery, equipment, instruments, components, and related items required for production and scientific research (excluding goods and technologies prohibited or restricted by the state for import and export)." to: "General Projects: Chemical product manufacturing (excluding licensed chemical products); petroleum product manufacturing (excluding hazardous chemicals); synthetic material manufacturing (excluding hazardous chemicals); synthetic fiber manufacturing; synthetic fiber sales; bio-based material manufacturing; chemical product sales (excluding licensed chemical products); special chemical sales (excluding hazardous chemicals); bio-based material sales; knitted textiles and raw material sales; import and export of goods; new material technology research and development; resource recycling technology research and development; investment activities with self-owned funds; technical services, development, consultation, exchange, transfer, and promotion."</p>
Previous changes of controlling shareholders (if any)	No changes

V. Other relevant information

1. Accounting firm engaged by the company

Name	Zhongxinghua Certified Public Accountants LLP
Address	20/F, Tower B, Lize SOHO, 20 Lize Road, Fengtai District, Beijing
Name of signing accountants	Zhang Liming, Yin Yanning

2.Accounting firm engaged by the company

Name of Sponsor Institution	Address	Name of sponsor representative	Continuous supervision period
CITIC Securities Company Limited	No. 48, Liangmaqiao Road, Chaoyang District, Beijing	Mao Zongxuan, Zhu Wei	The continuous supervision period is from August 16, 2022, to December 31, 2023. Since the company has not yet fully utilized the raised funds, the sponsor will continue to fulfill its continuous supervision responsibilities regarding the use of the raised funds until the funds are fully utilized.

3.The financial advisor engaged by the company to perform continuous supervision duties during the reporting period

Applicable Not applicable

VI. Main accounting data and financial indicators**1. Whether the company is required to retrospectively adjust or restate prior years' accounting data**

Yes No

	2025	2024	Increase/decrease of this year over the previous year	2023
Revenue (RMB)	113,527,493,619.63	125,463,237,098.17	-9.51%	136,148,114,082.34
Net profit attributable to shareholders of listed companies (RMB)	258,331,586.27	233,939,342.84	10.43%	435,458,340.57
Net profit after deducting non-recurring profits and losses attributable to shareholders of listed companies (RMB)	141,243,770.17	20,276,451.16	596.59%	53,685,831.74
Net cash flow from operating activities (RMB)	4,625,435,458.61	5,997,011,555.76	-22.87%	4,531,834,805.15
Primary earnings per share (RMB/share)	0.08	0.07	14.29%	0.13
Diluted earnings per share (RMB/share)	0.08	0.07	14.29%	0.13
Weighted average ROE	1.05%	0.93%	0.12%	1.74%
	End of 2025	End of 2024	Increase/decrease at the end of this year over the end of the previous year	End of 2023

Total assets (RMB)	109,629,492,714.94	107,528,828,060.12	1.95%	108,052,106,925.94
Net assets attributable to shareholders of listed companies (RMB)	24,386,894,833.42	24,742,051,837.12	-1.44%	25,211,150,840.09

2.The lower of the net profit before and after deducting non-recurring gains and losses of the company in the last three financial years is negative, and the audit report of the last year shows that the company’s liability to continue as a going concern is uncertain.

Yes No

3.The lower of the net profit before and after deducting non-recurring gains and losses is negative.

Yes No

VII. Difference in accounting data under Chinese Accounting Standards and Overseas Accounting Standards

1.Difference in the net profit and net asset in the financial statements which are presented concurrently in accordance with International Financial Reporting Standards and Chinese Accounting Standards

There was no difference in the net profit and net asset in the financial statements which are presented concurrently in accordance with International Financial Reporting Standards and Chinese Accounting Standards.

2.Difference in the net profit and net asset in the financial statements which are presented concurrently in accordance with accounting standards and Chinese Accounting Standards

There was no difference in the net profit and net asset in the financial statements which are presented concurrently in accordance with international accounting standards and Chinese Accounting Standards.

VIII. Quarterly main financial indicators

Unit: RMB

	Q1	Q2	Q3	Q4
Revenue	27,167,817,451.97	28,792,200,097.90	27,925,447,147.87	29,642,028,921.89
Net profit attributable to shareholders of listed company	51,494,837.15	175,186,830.37	4,407,914.47	27,242,004.28
Net Profit after deducting non-recurring profits and losses attributable to shareholders of listed companies	8,170,966.61	141,263,329.99	-70,637,754.42	62,447,227.99
Cash flow from operating activities	-3,839,565,306.66	3,658,094,811.18	521,631,617.76	4,285,274,336.33

The above financial indicators, or the sum thereof, show no material differences from the relevant financial indicators disclosed in the company' s quarterly or semi-annual reports.

IX. Non-recurring profit and loss items and amounts

Unit: RMB

Item	2025	2024	2023
Gains and losses on disposal of non-current assets (including elimination of provision for impairment of assets)	-1,884,599.46	-69,347,520.98	416,787,000.84
Government grants recognised in the current period's profit or loss (except for government grants that are closely related to the Company's normal operating business, in line with national policies and in accordance with defined criteria, and that have a continuing impact on the Company's profit or loss)	120,544,532.66	73,683,478.38	114,355,884.18
Gains and losses from changes in fair value of financial assets and liabilities held by non-financial corporations and gains and losses from the disposal of financial assets and liabilities, except for effective hedging operations related to the Company's normal business operations	23,134,947.25	110,896,777.29	491,763.52
Gains and losses on external entrusted loans	0.00	16,324,423.72	38,393,856.92
Reversal of provision for impairment of receivables individually tested for impairment	431,103.55	587,594.00	6,570.00
The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the identifiable net assets of the investee at the time the investment is acquired	0.00	0.00	16,534,148.40
Gain or loss on debt restructuring	-175,000.00	0.00	0.00
Custodian fee income earned on trusteeship	1,824,528.25	1,698,113.16	1,698,113.16

Non-operating income and expenses other than those listed above	7,591,536.95	-34,615,951.04	-24,115,026.00
Other items of profit or loss that meet the definition of non-recurring profit or loss	6,782,488.27	23,008,095.06	63,233,423.28
Less: income tax effect	15,002,310.98	-8,440,156.97	156,969,934.37
Minority interest impact (after tax)	26,159,410.39	-82,987,725.12	88,643,291.10
Total	117,087,816.10	213,662,891.68	381,772,508.83

1. Other profits and losses satisfying the definition of non-recurring profits and losses:

Other items that meet the definition of non-recurring gains and losses primarily include the portion of non-recurring gains and losses attributable to the investee in the investment income recognized under the equity method for significant associates and joint ventures, amounting to RMB 6,782,488.27.

2. Definition of non-recurring profit and loss items listed in "Interpretative Announcement for Information Disclosure of Companies Issuing Public Securities No. 1 - Non-recurring Profit and Loss" as recurring profit and loss items

There are no instances where the Company defines items of non-recurring gains and losses listed in "Interpretative Announcement No. 1 on Information Disclosure by Companies Issuing Public Securities - Non-recurring Gains and Losses" as items of recurring gains and losses.

Section III Management Discussion and Analysis

I. Major business activities of the company during the reporting period

The Company is required to comply with the disclosure requirements in respect of the chemical industry as set out in the "No. 3 Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange - Disclosure of Industry Information".

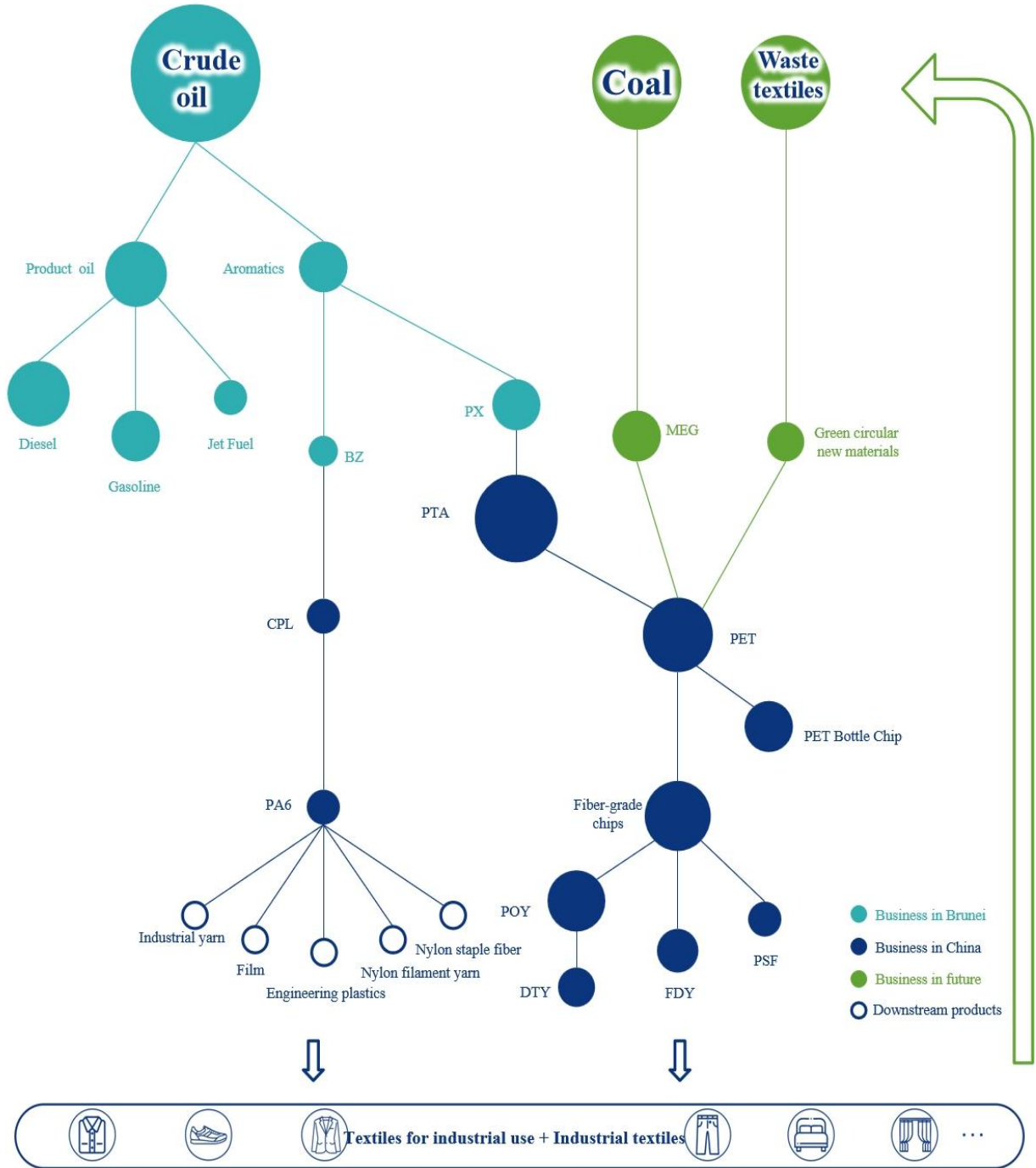
Hengyi Petrochemical (Stock Code: 000703.SZ), as a globally leading vertically integrated leader in the full "refining-chemicals-fiber" industry chain, has established a closed-loop, integrated industrial chain spanning from crude oil processing to chemical fiber products. This is achieved by leveraging the Brunei Refinery Project Phase I in Southeast Asia as an upstream strategic pivot and domestic PTA-PET and CPL-PA6 plants as industrial cornerstones. Through efficient domestic and international coordination and vertical integration across upstream, midstream, and downstream segments, the company has formed a unique "polyester + nylon" dual-drive model in China, characterized by a balanced, columnar industrial layout where all business segments advance in tandem. The company has fully commenced the construction of the Brunei Refinery Project Phase II to further enhance its market share overseas and strengthen its integrated industrial chain and global competitive advantages.

Simultaneously, the company actively researches and adopts new chemical technologies, strategically invests in coal chemical and waste textile recycling projects, vigorously advances the Hengyi Turpan 2.4 million tons/year high-quality coal-to-ethylene glycol project for fiber production, and strives to build an integrated "coal –ethylene glycol –polyester" industrial chain. It is accelerating the deployment of the first 300,000 tons/year circular new materials industrial demonstration project, taking new strides in green, low-carbon, and circular development.

The implementation of these major strategic projects will enhance the diversification

of the company's raw material sources and reinforce its industrial competitive moat. It will drive the company's transition from "sole reliance on crude oil" to "complementary utilization of oil, coal, and textiles," establishing a development path from "a drop of oil, a lump of coal, and a piece of clothing" to "two types of fibers". This will create a new synergistic landscape integrating petrochemicals, coal chemicals, and high-end green circular new materials projects, positioning Hengyi Petrochemical as a globally leading technology-driven chemical enterprise.

Integrated layout of the entire industry chain



(I) Overview of the Chemical and Chemical Fiber Business







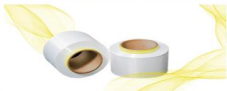

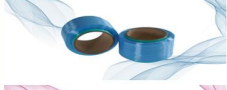




The company thoroughly implements the strategic development principle of "vertical extension and horizontal synergy," continuously optimizes its industrial layout, and enriches its product portfolio. It has now established a comprehensive product system covering refined oil products (gasoline, diesel, jet fuel), basic petrochemical raw materials (PX, PTA, BZ, CPL, LPG), and new chemical fiber materials (POY, FDY, DTY, PSF, PET, PA6). This system deeply serves fundamental industries of the national economy and essential demand sectors, such as energy, textiles and apparel, packaging, electronics, and building materials.

Figure 1 The current capacity of main production

Category	Product	Shareholding and controlling production capacity (10,000 tons/ year)
Refined oil products	Gasoline, Diesel, Jet fuel, etc.	565
Chemical products	PX, Benzene, etc.	265
	PTA	2,150
	PIA	30
	CPL	100
Polyester products	PET Fiber (POY/FDY/DTY/PSF/CHIPS)	938
	PET Bottle Chip(including RPET)	530
	PA6	60

As of the disclosure date of this report, the company has established an annual refining and petrochemical design capacity of 8 million tons (Phase I of Brunei Refinery Project), a participating and controlling PTA capacity of 21.5 million tons/year, a participating and controlling polymerization capacity of 14.68 million tons/year, a participating and controlling CPL capacity of 1 million tons/year, a PA6 capacity of 600,000 tons/year, and a PIA design capacity of 300,000 tons/year.

Leveraging the vertical integration advantages of the “oil refining – aromatics – chemical fibers” chain, the company achieves value creation across the full spectrum from crude oil processing to chemical fiber products, continuously strengthening its core competitiveness.

Company's main products and main characteristics and applications areas			
Model		Main products	Application areas
Chemical oil			Mainly used as fuel for various fuel-powered equipment and for heating. It serves as fuel for automobiles, motorcycles, speedboats, helicopters, agricultural and forestry aircraft, vehicles powered by diesel internal combustion engines (including trains), ships and vessels, as well as diesel boilers.
Chemical products	PX		An aromatic hydrocarbon, colorless transparent liquid with a wide range of uses. It is the main raw material for the production of purified terephthalic acid (PTA), and is also used in the synthesis of plastics, pharmaceuticals, pesticides, etc.
	Pure Benzene		Colorless, transparent, volatile, and flammable liquid with a characteristic aromatic odor. As a basic organic raw material in the petrochemical industry, benzene is widely used in the synthesis of important intermediates such as styrene, phenol, cyclohexane and nitrobenzene.
	PTA		Mainly used for producing polyester products, widely applied in various sectors of the national economy such as apparel, decoration, electronics, and construction. 75% is used for polyester fiber, 20% for bottle-grade polyester, and 5% for film-grade polyester, with downstream applications primarily in civilian use.
	PIA		PIA (Isophthalic Acid) is a white crystalline powder or needle-like crystal, used for producing polyester bottle chips, alkyl resins, etc., as well as in coatings, polyester fiber dyeing modifiers, and the pharmaceutical field.
	CPL		Mainly used for producing nylon fiber, engineering plastics, plastic films, etc., widely applied in industrial and civilian fields. It can be further processed to produce DTY (Drawn Textured Yarn) and fibers with special characteristics, widely used in the apparel and industrial sectors.
Polyester products	POY		Can be directly used for weaving to produce garments, decorative fabrics, etc., widely applied in the apparel, industrial, and other fields.
	FDY		Directly used for weaving, widely applied in the apparel and industrial sectors, as well as in garment fabrics and linings.
	DTY		Directly used for weaving, widely applied in apparel, industrial fields, garment fabrics and linings.
	CHIPS		Widely used in indirect spinning to produce textile raw materials such as filament and staple fiber, and can also be used in casting to produce plastics and other products.
	PSF		Mainly used in spinning, non-woven fabrics, filling and other fields. Among them, non-woven fabrics can serve as important raw materials for products such as masks, disinfecting wipes, and disposable protective supplies.
	PET Bottle Chip		Mainly used for beverage packaging, food containers, daily chemical packaging, pharmaceutical packaging, and industrial sheets.
Nylon products			White cylindrical pellets made from caprolactam are widely used as basic raw materials for producing textile fibers, engineering plastics, food packaging films, and other fields.

(II) Overview of the Chemical+ business

Amidst global economic fluctuations and industry transformations, the Company has maintained strategic focus, deepening its core businesses (symbolized by "a drop of oil and two strands of fiber"), while relying on its "Chemical+" business to navigate steadily through complex changes and comprehensively enhance its overall resilience against risks and economic cycles.

1. Deepening Synergy Across the Industrial Chain to Multiply Operational Efficiency

Through a trinity strategy of "synergized management, logistics development, and technology enablement", the Company has comprehensively improved industrial chain synergy efficiency and risk resistance.

The Company has established an end-to-end distribution and service system "from feedstock to product". Leveraging the Hengyi Micro Mall online platform—which integrates functions such as price inquiries, quick ordering, market information, and financial services—and the HTMS intelligent logistics management system, the Company has driven continuous growth in online transaction volume and significantly enhanced its synergistic management capabilities.

The Company has built a full-channel control network covering warehousing, transportation, and distribution. By establishing its own logistics and transportation network and appropriately introducing third-party logistics platforms, it has substantially reduced transportation costs in the process of feedstock supply security and product distribution, greatly improving logistics support capabilities.

The Company has vigorously promoted the development of digital factories. Relying on big data analytics to achieve flexible customization in production, it has created an intelligent service system of "demand forecasting—intelligent production

scheduling—dynamic dispatching". This has significantly shortened response cycles, with "AI+" technologies providing efficient empowerment for the enterprise.

2. Strategic Equity Investment in a High-Quality Bank for Long-Term Steady Returns

Zhejiang Chouzhou Commercial Bank Co., Ltd. was officially established in 2004. It is one of the 12 national joint-stock commercial banks approved by the former China Banking Regulatory Commission. The Bank was listed on the Main Board of The Stock Exchange of Hong Kong Limited on March 30, 2016, and subsequently listed on the Shanghai Stock Exchange on November 26, 2019, becoming an "A+H" listed bank. It has now developed into a high-quality commercial bank with a solid foundation, sound profitability, rapid growth, and effective risk control.

(III) Business Model

During the reporting period, the Company added the Phase I caprolactam-polyamide integration and supporting project (hereinafter referred to as "Guangxi Phase I Project") into production and operation. Its main products are CPL and PA6. The procurement models for CPL and PA6 products are basically the same as those for the Company's existing products. The production and sales models are as follows:

1. Production Model

Guangxi New Materials typically sets monthly production targets based on the annual production and operation plan and makes dynamic adjustments according to market demand and plant conditions.

2.Sales Model

CPL and PA6 products are primarily sold in the domestic market, covering over twenty provinces and regions across China. They are directly sold to customers by the Company's sales department. The CPL produced by the Guangxi Phase I Project is mainly for self-use, while the PA6 is sold externally. The main customers for PA6 products are apparel fabric manufacturers, bag and luggage fabric manufacturers, and

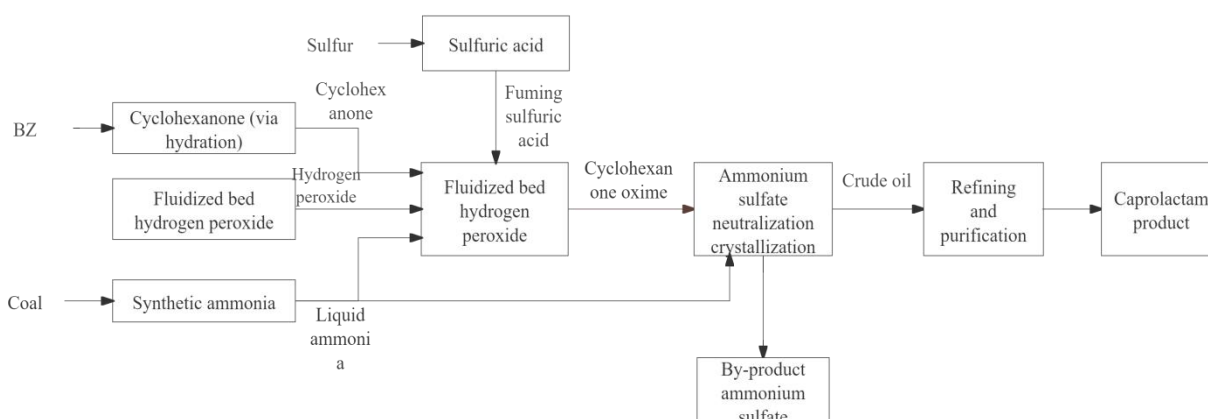
home decoration fabric manufacturers. These customers are largely concentrated in provinces such as Guangdong, Fujian, Jiangsu, and Zhejiang. The Company generally adopts a direct sales approach, entering into sales contracts directly with customers. The settlement model typically involves payment before delivery or simultaneous exchange of payment and goods.

During the reporting period, there were no significant changes to the business model for the Company's existing products. For detailed information on the company's business model, please refer to the section "II. Major business activities of the company during the reporting period" under "Section III. Management Discussion and Analysis" in the company's 2024 Annual Report, specifically subsection "(II) Business model".

(IV) Process Flow Diagram of Main Products

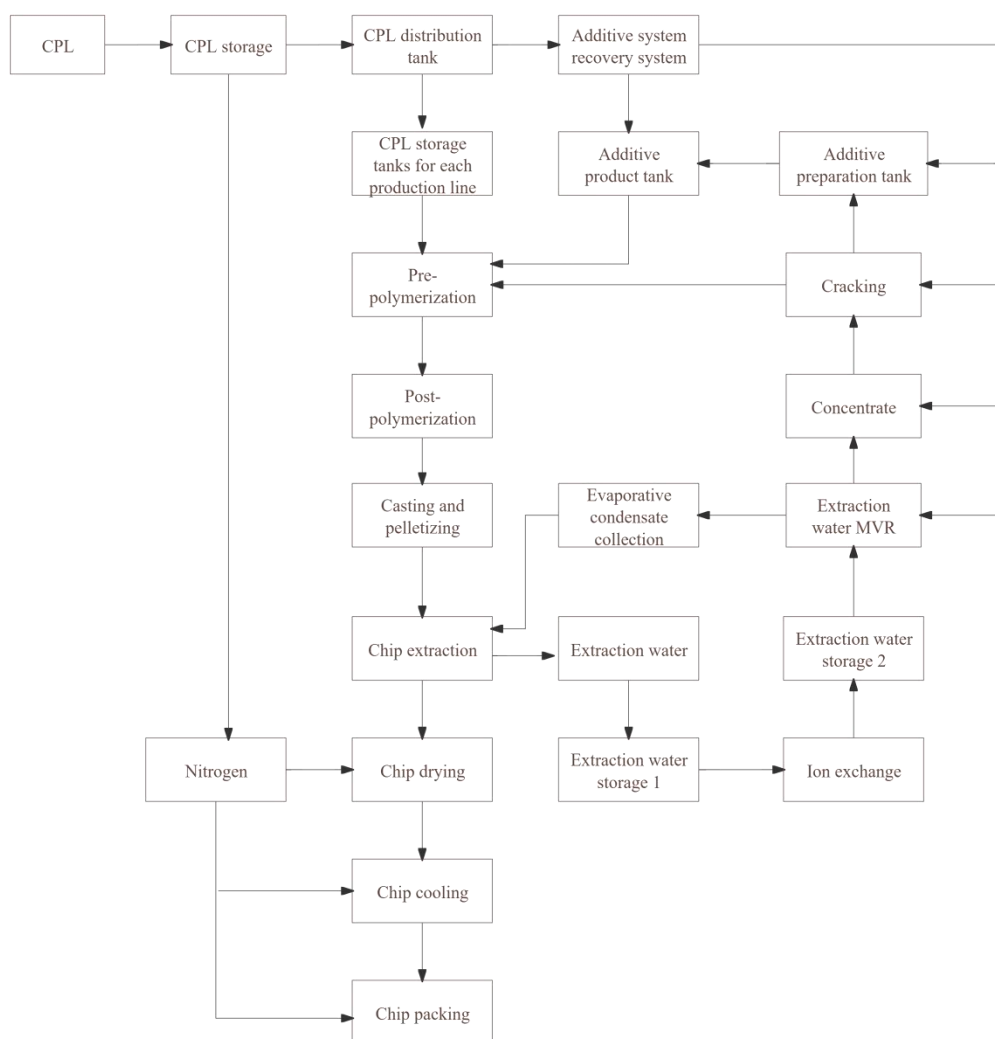
1. CPL Production Process

The production of CPL primarily uses benzene and coal as raw materials. It employs currently advanced processes: the synthetic ammonia process to produce liquid ammonia, the hydration method to produce cyclohexanone, and the fluidized bed process to produce hydrogen peroxide. Subsequently, the cyclohexanone oxime is produced via the ammoximation process. Through solvent rearrangement and neutralization crystallization steps, crude CPL is generated, which is then refined and purified to obtain the final CPL product.



2.PA6 Production Process

CPL and additives are continuously fed into the polymerization reactor at specified ratios. They undergo pre-polymerization and post-polymerization reactions respectively, with the conversion rate of CPL reaching approximately 90% by controlling appropriate reaction temperatures. The polymer from the bottom of the post-polymerization reactor is continuously conveyed by a gear pump to a melt filter and then to a pelletizer for pelletizing. The resulting pellets undergo extraction, drying, and cooling before being sent to the packaging process.



Apart from CPL and PA6, no major changes have been made to the process flow diagrams of the company's existing primary products. For detailed information on the company's business model, please refer to the section "II.Major businesses in which the Company was engaged during the reporting period" under "Section III.

Management Discussion and Analysis" in the company's 2024 Annual Report, specifically subsection"(III) Process flow diagram of main products ."

(V) Key Business Operations During the Reporting Period

In the face of a complex and ever-changing international macro-environment and industry cyclical fluctuations, the Company's Board of Directors and management team resolutely implemented the development philosophy of "innovation-led technology, high-tech foundation, quality and efficiency improvement as the core". Leveraging the synergistic advantages of its integrated upstream-downstream industrial chain, the Company operated prudently by adapting to the circumstances, continuously consolidating its competitive edge in its core chemical business.

During the Reporting Period, the Company achieved operating revenue of RMB 113.527 billion and net profit attributable to shareholders of the listed company of RMB 258 million. As of the end of the Reporting Period, the Company's total assets amounted to RMB 109.629 billion, and net assets attributable to shareholders of the listed company amounted to RMB 24.387 billion.

1. "Technology Hengyi" Deeply Advanced, Integration of Production and Research Leading Technological Transformation

In recent years, the Company has continued to increase R&D investment in core and key technological innovations focusing on "one drop of oil, two strands of fiber". It has also conducted scientific research in its new business areas such as coal chemical, recycled materials, and bio-based materials. Focusing on green and environmental protection, functionality, import substitution, and high value-added products and technologies covering multiple fields including materials, chemical products, and recycling technologies, the Company deeply integrates innovation resources with the industrial ecosystem. It uses industrial demand to drive scientific research breakthroughs and leverages technological advancements to feed back into industrial upgrading. The pace of transformation from "Industrial Hengyi" to "Technology

Hengyi" has accelerated significantly, with technological innovation empowering the industry and showing increasing effectiveness.

The Company's market share in core functional materials remains at the forefront of the industry. The Company strategically deploys functional fibers and non-fiber materials, with many products utilizing domestically pioneered technological routes, showing broad market prospects. Products independently developed by the Company, such as catalysts, matting agents, spin finishes, and masterbatches, have achieved large-scale application. Projects related to the Company's green and environmentally friendly bio-based materials, monomers, and high-performance products are progressing in an orderly manner. Concurrently, the Company's waste textile recycling and reuse project is advancing vigorously.

During the Reporting Period, the Company continuously generated innovative achievements. The project "Development of New Titanium-Based Catalysts and Complete Technology for Preparation of Antimony-Free Eco-Friendly Polyester Materials", led by Hengyi Research Institute, won the first prize of the 2024 Zhejiang Provincial Science and Technology Progress Award. The Company's R&D expenditure reached RMB 889 million, a year-on-year increase of 16.45%. The number of R&D personnel was 1,421, of which 21.46% held master's or doctoral degrees. The Company actively commits to R&D innovation and promotes the cultivation of patent-intensive products. During the Reporting Period, it submitted a total of 187 invention patent applications. Its waste textile recycling technology was included in the 2025 High-Value Patent Cultivation List. Projects related to dyeable permanent anti-static polyester fibers were included in the Zhejiang Provincial 2026 Science and Technology Plan Projects. By the end of 2025, the Company held 617 valid authorized patents, including 499 R&D patents and 118 intelligent manufacturing patents. Furthermore, the Company leveraged its leading enterprise demonstration role and actively participated in industry standard setting. In 2025, it

participated in formulating and revising a total of 20 standards, comprising 12 national standards, 3 industry standards, and 5 association standards.

2. Major Strategic Projects Fully Implemented with Results, Industrial Layout Upgraded Significantly

During the Reporting Period, Phase I of the Company's Guangxi project entered the trial production stage. This project is a large-scale CPL and polyamide PA6 integrated production base key for the Company in recent years, with an annual capacity of 600,000 tons of CPL and 600,000 tons of PA6. Upon completion, the Company's CPL and PA6 capacity achieved leapfrog growth, establishing it as a leading enterprise in this field.

The project broke through multiple technical bottlenecks, achieving large-scale industrialized application of several patented technologies and intellectual properties independently developed by the Company. The entire production process employs internationally advanced unit operations and technical combinations, with full-process integration of production factors and energy resources. Consequently, energy and material consumption indicators are significantly reduced, giving the project significant advantages in competitiveness and unit cost compared to peers. The project's products can be used in various fields such as civil fibers, engineering plastics, and films. This project will comprehensively strengthen the Company's integrated "Benzene-CPL-PA6" whole industrial chain layout, significantly enhance its resource integration capability and core competitiveness in the nylon market, and inject strong new momentum for improving long-term profitability and achieving high-quality sustainable development.

3. Refining-Chemical-Polyester Projects Operating Efficiently, Strong Momentum for High-Quality Development

During the Reporting Period, centering on the core principle of "ensuring safety, stabilizing production, strengthening management, optimizing operations, and

increasing efficiency", the Company achieved safe, stable, and high-load operation of its refining-chemical-polyester facilities throughout the year. In 2025, the output of Phase I of the Brunei Refining Project was 8.2291 million tons. Among the main products, diesel output was 3.4287 million tons, PX output was 1.5150 million tons, and benzene output was 574,100 tons.

The turbulent geopolitical situation further highlighted the advantages of Phase I of the Brunei Refinery Project, making them increasingly evident. The main sources of crude oil for this project are local Brunei Darussalam and countries like Malaysia, ensuring diversified procurement channels. The procurement price is settled based on the Brent crude oil benchmark. Brunei Darussalam bears a strategic supply guarantee obligation to the Company. Crude oil supply and freight costs have not been affected by geopolitical factors, ensuring the long-term full-load operation of Phase I of the Brunei Refinery Project. The finished products are primarily sold to Southeast Asia and Australia.

4. Lean Management Enhancing Quality and Efficiency, Digital Intelligence Transformation Deepening with Results

During the Reporting Period, the Company continued to promote technological innovation in processes. It persistently advanced technical renovation projects such as reducing reflux ratios in process columns and optimizing energy efficiency in air compression systems, achieving notable results in energy conservation and consumption reduction. Simultaneously, the Company actively promoted localization substitution and technological innovation of key auxiliary materials. The localization ratio of spin finishes for filaments continuously increased. Titanium-based catalysts were successfully applied on a large scale, and the annual output of titanium-containing polyester products repeatedly reached new highs. This technology is also of great significance for green manufacturing and ecological environmental protection.

Furthermore, the Company continued to deepen the central tenet of "enhancing intelligence and efficiency", driving the continuous achievement of new results in digitalization. The Company's core business systems achieved comprehensive integration and upgrade, breaking down key data barriers and building an efficient and collaborative integrated operation platform. This platform supports the end-to-end digital operation of core business processes such as sales and logistics. The Company advanced intelligent manufacturing, effectively ensuring production continuity and product quality consistency. Thanks to the outstanding results of digitalization construction and the deep integration of digital intelligence technology with business management, the Company's operational efficiency continuously improved.

5. Deeply Practicing Green Development Philosophy, Empowering Sustainable Industrial Development

The Company consistently practices the concept of green circular development, actively building a green management system covering the entire lifecycle of "source reduction, process energy saving, end-of-pipe recycling, and value enhancement". By adopting advanced melt direct spinning technology, waste heat recovery systems, and high-efficiency energy-saving equipment, the Company continuously reduces energy consumption per unit of output. It actively develops differentiated and functional green fiber products and expands the application of polyester materials in high-end textiles and industrial materials, using technological innovation to drive the dual enhancement of product added value and green competitiveness. During the Reporting Period, Haining New Materials successfully entered the list of national-level green factories assessed by the Ministry of Industry and Information Technology, marking a new stage for the Company in green manufacturing and sustainable development and establishing it as a benchmark enterprise for green transformation and upgrading in the industry.

Concurrently, the Company actively deploys clean energy projects such as photovoltaic power generation, biogas power generation, esterification power

generation, waste heat recovery and reuse, and process column energy saving. In 2025, the Company added photovoltaic installed capacity of 133 MW. By the end of 2025, the Company's cumulative photovoltaic installed capacity reached 259 MW, with an annual power generation of 165.71 million kWh. Through energy storage systems, the Company achieved peak shaving and valley filling in electricity consumption, with a cumulative deployed energy storage capacity of 113 MW and an annual charging capacity of 29.72 million kWh.



Figure: Hengyi Brunei Natural and Renewable Energy Sustainable Integration Project

6. Steadily Increasing Shareholder Returns, Sharing Development Achievements with Investors

The company has always placed great emphasis on investor returns and market value growth. It completed the 2024 dividend distribution, with a total cash dividend payout of 165 million yuan, accounting for 70.54% of the company's net profit attributable to listed company shareholders in 2024. The controlling shareholder and concerted actors implemented two share increase plans, cumulatively increasing their holdings by 345 million shares with a total investment of 2.794 billion yuan. On July 9, 2025, the company completed the cancellation of 63.7038 million repurchased shares, representing 1.74% of the total share capital before cancellation. The company has carried out six phases of share repurchase plans. As of March 31, 2026, the cumulative funds used for repurchases amounted to 4.17 billion yuan. Currently, the sixth phase of the share repurchase plan is underway, with 959.7659 million yuan already disbursed.

(VI) Other business information**1. Purchase model of major materials**

Unit: RMB/ Tons

Main raw materials	Procurement model	Percentage of total amount of purchase	Whether the settlement method changed significantly	Average price in the first half of the year	Average price in the second half of the year
Crude oil	Purchasing inquiry	32.50%	No	4,074.45	3,744.72
PX	Purchasing inquiry	6.81%	No	5,988.64	6,064.34
MEG	Purchasing inquiry	8.90%	No	3,982.16	3,665.76
BZ	Purchasing inquiry	0.63%	No	0.00	4,921.13

2. Reasons for the significant change in the prices of raw materials compared with the previous period

In 2025, due to recurring geopolitical conflicts and fluctuations in global crude oil inventories, international crude oil prices exhibited a trend of starting high and then declining, with a unilateral downward movement. Year-on-year, crude oil prices dropped by 15%. Prices of products across the entire industrial chain fluctuated in line with crude oil prices. Among them, MEG experienced a price increase followed by a decline, remaining weak throughout the year, largely influenced by sluggish downstream demand. Overall, MEG prices decreased year-on-year (according to CCF data, the average annual domestic spot price of MEG in 2025 fell by 5.18% year-on-year). PX also saw an overall year-on-year decline in prices, driven by a significant drop in crude oil costs in 2025 and oversupply pressure (according to CCF data, the average annual CFR China PX price in 2025 fell by 13.27% year-on-year).

3. The purchase price of energy accounts for more than 30% of the total production cost

Applicable Not applicable

4.Reasons for significant changes in major energy types

Not applicable

5.Main production technologies

Main products	Stage of production technology	Core technical person	Patented technology	Advantage in product R&D
CPL	Mass production	Multiple persons	Introduction and innovation, Independent R&D	Short process flow, high production capacity, low investment, low energy consumption, high product quality, and low consumption of raw materials and utilities.
PA6	Mass production	Multiple persons	Introduction and innovation	Short process flow, high production capacity, low investment, low energy consumption, high product quality, and low consumption of raw materials and utilities.

Apart from CPL and PA6, no major changes have been made to the production technology of the company's existing primary products. For detailed information on the production technology status of the Company's key products, please refer to Section III. Management Discussion and Analysis, II.Major businesses activities of the company during the reporting period, and “(4) Highlights of company's operations during the reporting period: Major production technologies” in the Company's Annual Report 2024.

6.The capacity of major products

Please refer to “(1) Overview of the Chemical and Chemical Fiber Business” under “II. Major business activities of the company during the reporting period” in this section.

7.The product categories in main chemical parks

Major chemical parks	Main product categories
PMB Industrial Park	Gasoline、 Diesel、 Jet Fuel、 PX、 BZ
Yaqian Town Industrial Park, Xiaoshan District, Hangzhou	PET Chip、 POY、 FDY、 DTY
Hangzhou Linjiang High-tech Industrial Park	PET Chip、 PSF、 POY、 FDY
Haining Economic Development Zone (Jianshan New District)	PET Chip、 POY、 FDY、 DTY
Suqian High-tech Industrial Development Zone	PET Chip、 PSF
Jiaxing Xiuzhou High-tech Industrial Development Zone	PET Chip、 POY、 FDY
Taicang Shaxi Town Industrial Park	PET Chip、 POY
Jinjiang Yinglin Town Industrial Park	FDY、 PSF、 PET Chip
Ningbo Petrochemical Economic and Technological Development Zone	PTA
Dalian Economic and Technological Development Zone	PTA、 PET Bottle Chip
Yangpu Economic Development Zone	PTA、 PET Bottle Chip
Guangxi Qinzhou Petrochemical Industrial Park (Jingu Area)	PA6、 CPL, etc.

8. Environmental Impact Assessment (EIA) Approvals Applied for or Newly Obtained During the Reporting Period:

No.	Company	Project	Approve time	Document No.
1	Hengyi Turpan	2.4 Million Tons/year high-quality	31/12/2025	Xin Hua Shen (2025) No.304

		coal-to-ethylene glycol project		
2	Haining New Material	Technical Upgrade Project for an Annual Output of 250,000 Tons of Customized Protective Fiber	16/05/2025	Jia Huan Jian (2025) No.6
3	Hubei New Material	Industrial Demonstration Project for an Annual Output of 300,000 Tons of Circular New Materials	28/2/2026	Jing Huan Shen No. (2026) 16

9. During the reporting period, the listed company experienced incidents of abnormal production suspension

Applicable Not applicable

10. Status of Relevant Approvals, Licenses, Certifications, and Validity Periods

No.	Holder	Certificate name	Certificate No.	Issuer	Validity period
1	Hengyi Limited	Emission Permit	91330000765215943G001Y	Department of Ecology and Environment of Zhejiang Province	2029.10.17
2	Hengyi High-Tech	Emission Permit	913301006680033406001Q	Department of Ecology and Environment of Zhejiang Province	2030.10.19
3	Hengyi Polymer	Emission Permit	913301097245283880001P	Department of Ecology and Environment of Zhejiang Province	2030.05.08
4	Hengyi Polymer	Radiation Safety Permit	ZHFZ(A2255)	Department of Ecology and Environment of Zhejiang Province	2029.08.19
5	Jiaxing Yipeng	Emission Permit	91330411MA28BLMY30001V	Department of Ecology and Environment of Jiaxing City	2030.08.07
6	Taicang Yifeng	Emission Permit	91320585MA1P1GPBXM001V	Department of Ecology and Environment of Suzhou Province	2030.09.28
7	Shuangtu New Materials	Emission Permit	91330100566050736P001Y	Department of Ecology and Environment of Zhejiang Province	2029.05.08
8	Shuangtu New Materials	Radiation Safety Permit	ZHFZ(A3048)	Department of Ecology and Environment of Zhejiang Province	2028.12.12
9	Fujian Yijin	Emission Permit	91350582MA31G07Q8C001V	Department of Ecology and Environment of Quanzhou Province	2031.01.26
10	Suqian Yida	Emission Permit	91321311MA1UXUC8XJ001R	Department of Ecology and Environment of Suqian Province	2028.11.05
11	Suqian Yida	Radiation Safety Permit	SHFZ(N0199)	Department of Ecology and Environment of Suqian Province	2027.01.12

No.	Holder	Certificate name	Certificate No.	Issuer	Validity period
12	Suqian Hengyuan Thermal Power	Emission Permit	91321311MA25ADT26R001V	Department of Ecology and Environment of Suqian Province	2028.12.27
13	Haining Thermal Power	Emission Permit	91330481MA29HXML34001R	Department of Ecology and Environment of Jiaxing Province	2029.06.13
14	Haining New Materials	Emission Permit	91330481MA29HRX724001V	Department of Ecology and Environment of Jiaxing Province	2029.11.12
15	Guangxi New Materials	Emission Permit	91450700MA5NXY1H52001V	Department of Ecology and Environment of Qinzhou City	2030.06.18
16	Guangxi Environmental Technology	Emission Permit	91450704MA5PR38T24001V	Department of Ecology and Environment of Qinzhou City	2030.06.19
17	Guangxi Yihai Port Affairs	Registration Receipt for Fixed Pollution Source Discharge	91450001MAA7JK5M1E001W	Department of Ecology and Environment of Qinzhou Province	2030.04.08
18	Guangxi Yihai Port Affairs	Certificate of Work Safety Standardization Grade (Level 1)	WTI-2025-GK-03-0008	Water Transport Science Research Institute	2028.11.16
19	Guangxi Yihai Port Affairs	Port Operation License	(Guangxi) Port Economic Certificate (0158)	Department of Transport of Guangxi Zhuang Autonomous Region	2028.07.16
20	Guangxi Yihai Port Affairs	Port Dangerous Goods Operation Annex	(Guangxi) Port Economic Certificate (0158)-M001	Department of Transport of Guangxi Zhuang Autonomous Region	2028.07.16
21	Guangxi Yihai Port Affairs	Approval for Port Opening to Foreign Vessels	Guizheng Han (2025) No. 139	Department of Transport of Guangxi Zhuang Autonomous	Long-term

No.	Holder	Certificate name	Certificate No.	Issuer	Validity period
				Region	
22	Zhejiang Yisheng	Emission Permit	91330200744973411W001W	Department of Ecology and Environment of Ningbo Province	2029.11.12
23	Zhejiang Yisheng	Radiation Safety Permit	ZHFZ (B2005)	Department of Ecology and Environment of Ningbo Province	2029.11.10

11. Engaged in petroleum processing and petroleum trading

Yes No

12. Engaged in fertilizer industry

Yes No

13. Engaged in pesticide industry

Yes No

14. Engaged in chlor-alkali and soda ash industry

Yes No

II. Main business of the Company and the industry in which the Company is engaged during the Reporting Period

(I) Status of the Company's industry

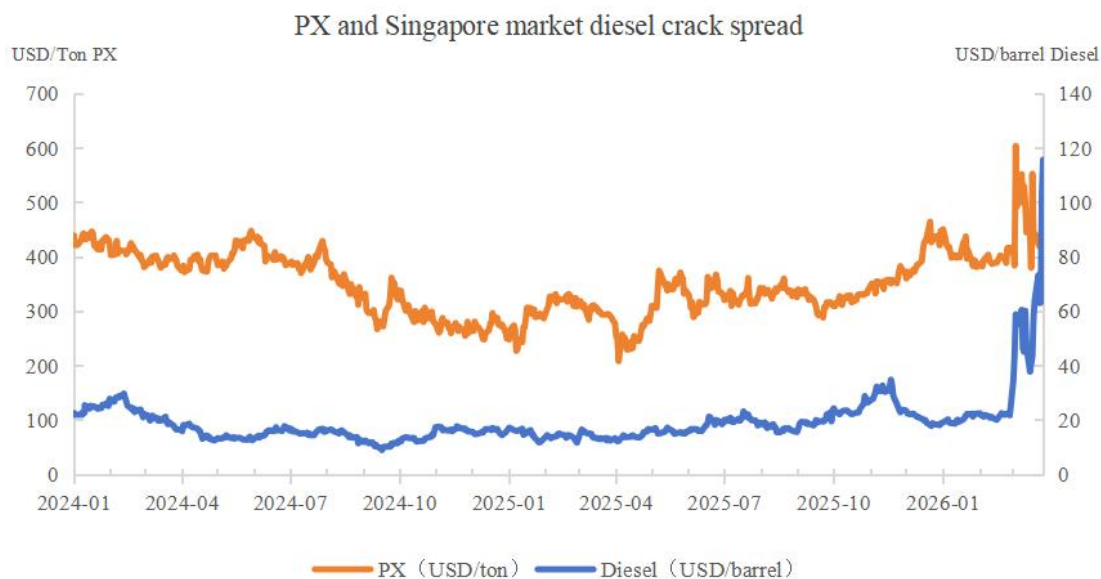
The Company is required to comply with the disclosure requirements in respect of the chemical industry as set out in the "No. 3 Self-Regulatory Guidelines for Listed Companies of the Shenzhen Stock Exchange - Disclosure of Industry Information".

1. Refining and Chemical Industry

The company's Brunei Refinery Project and chemical project is located in Brunei Darussalam, and its finished products are primarily sold to Southeast Asia, Australia, and other regions.

From the demand perspective: According to data from the Asian Development Bank, the economic growth rate in the ASEAN region is projected to be 4.5% in 2025, with the forecast for 2026 revised upward to 4.4%, significantly higher than the global average. This sustained positive economic development trend has effectively driven the growth in demand for refining and chemical products. According to an IEA report, oil demand in Southeast Asia is expected to increase by approximately 49 million tons per year by 2030, accounting for an estimated 39% of the global growth in oil demand. As a major destination for the global shift in manufacturing, Southeast Asia continues to see rising industrial energy demand and steady growth in transportation fuel consumption. It has become one of the world's most strategically promising markets for oil demand growth.

From the supply perspective: The Southeast Asian refined oil market faces a significant supply gap, making it the world's largest net import market for refined oil products. According to Platts data, with the ongoing global rationalization of refinery capacity and the continued contraction in global refined oil supply, the supply-demand gap for refined oil in Southeast Asia is expected to widen further in 2026. Concurrently, some refineries in Southeast Asia are adversely affected by factors such as early-stage construction, outdated technology, and poor management. Several refineries frequently reduce production due to issues like raw material shortages and equipment failures, further exacerbating the tight supply situation. Coupled with increasingly stringent global environmental policies, the willingness of global refining and chemical enterprises to expand capacity remains low, while the costs for upgrading and retrofitting existing capacity have also risen substantially. Overseas refining and chemical companies are adopting a more cautious approach to capital expenditure plans. Future growth in refinery capacity will be severely constrained, which will create strategic opportunities for refining and chemical enterprises possessing technological advantages.



Data source: Platts

From the perspective of the price spreads of the main finished products — diesel and PX — from the Phase I refining and chemical project in Brunei, during the period from 2024 to 2025, PX fluctuated in the range of 300–500 USD/ton, while the diesel crack spread in the Singapore market fluctuated between 15–25 USD/barrel. Since 2026, the refinery profitability in Southeast Asia has improved significantly, and the supply-demand dynamics of the refined oil and chemical product markets have continued to improve. The crack spreads for refined oil products in the Singapore market have widened, with the diesel crack spread once exceeding 150 USD/barrel. The profitability of aromatic products such as PX has also improved. It is expected that the product spreads will remain at high levels within the year, and the per-ton product profit is expected to increase compared to the same period last year, becoming a core driver of the company's current and future performance growth. The operational and technological advantages of the Brunei refining and chemical project are becoming increasingly prominent.

2. PTA Industry

PTA is one of the important bulk organic raw materials, widely used in various sectors of the national economy, including chemical fibers, light industry, electronics, and construction. In China, 95% of domestic PTA demand comes from the polyester industry. As China continuously increases its independent PTA production capacity, it has now become the world's largest producer and consumer of PTA, dominating the global PTA market.

On the supply side, the industry was still in a phase of concentrated capacity commissioning in 2025. According to CCF data, the annual newly added PTA capacity reached 8.7 million tons, while 2.625 million tons of capacity were permanently shut down, resulting in a net capacity growth rate of approximately 7.1%. This led to a decline in the industry's average operating rate to 76.8%, and product profitability came under pressure under the phase of loose supply-demand balance. This round of PTA industry capacity expansion cycle has ended. After 2026, the pace of new capacity commissioning will slow significantly. Considering the permanently shut-down capacity, the effective PTA capacity in 2026 is expected to see negative growth, with a projected capacity growth rate of -1.7%. Furthermore, due to geopolitical reasons, since March 2026, raw material supply has been continuously tight, global PTA operating rates have declined significantly, and some backward capacity

3. PET Industry

PET products include POY, FDY, DTY, PSF, CHIPS, PET Bottle Chip, among others. Among these, POY, FDY, DTY, PSF, and CHIPS are mainly used in apparel, home textiles, and industrial textiles, and these products are closely related to the national economy and people's livelihoods.

(1) Steady downstream demand, improving industry prosperity

In 2025, PET market demand grew both domestically and internationally, with the domestic market remaining stable and overseas demand showing strong growth. In terms of domestic demand, according to data from the National Bureau of Statistics,

China's total retail sales of consumer goods exceeded 50 trillion RMB, a year-on-year increase of 3.7%, among which the category of clothing, footwear, hats, and knitwear increased by 3.2% year-on-year, providing basic support for the PET industry chain. In terms of overseas demand, according to the quick statistics from the General Administration of Customs, against the backdrop of complex and changing international trade patterns, the cumulative export volume of textiles and apparel in 2025 reached 50.128 million tons, an increase of 9.5%. The export market for PET products grew strongly in 2025, with China's total PET industry export volume reaching 14.61 million tons, an increase of 1.74 million tons year-on-year, representing a growth rate of 13%. Among these, the export growth rates of PSF and CHIPS exceeded 20%.

(2) Divergent capacity growth rates, leading companies' advantages highlighted

According to CCF data, by the end of 2025, the total capacity of direct-spun polyester filament yarn reached 44.86 million tons, with a net capacity of 2.1 million tons during the year, representing steady growth. For polyester bottle chip, total capacity reached 21.47 million tons by the end of 2025, with approximately 1.55 million tons of new capacity commissioned in 2025. The capacity commissioning cycle is basically coming to an end, while demand continues to grow rapidly, which is expected to gradually absorb existing capacity and enter a new high-prosperity cycle.

Since March 2026, the supply of raw materials for PET products has been constrained, and product spreads have widened significantly. As backward capacity is further phased out, equipment supply requirements continue to rise, and under the influence of carbon peak and carbon neutrality policies, the industry entry barriers will further increase. The market concentration of the PET industry will continue to improve, driving up the prosperity of the industry chain in the coming years. The per-ton profit of PTA and PET products is expected to improve and achieve overall profitability. As a leading company in the industry, leveraging its integration advantages, technological R&D advantages, and scale advantages, the company continues to

consolidate its market leadership, forming significant competitive advantages in differentiated product development, intelligent production, and full industry chain collaboration, providing solid support for the company's medium- to long-term performance growth.

4. CPL and PA6 Industry

CPL is a petrochemical product produced from raw materials such as BZ, which is then polymerized into PA6, forming the "BZ — CPL — PA6" industry chain. Nylon (polyamide) is an important synthetic fiber variety with characteristics such as good wear resistance and high strength. Its downstream application areas cover civil fibers, engineering plastics, films, and other directions.

Currently, the CPL industry has completed its phased capacity deployment. According to CCF data, new CPL capacity in 2025 was 670,000 tons, with a growth rate exceeding 10%. In 2026, the pace of capacity expansion has significantly slowed, with only a small amount of capacity added through technical upgrades. The average capacity growth rate over the next three years is expected to decline to around 5%. As the degree of industry chain integration deepens, requirements in terms of capital scale, environmental standards, and management levels continue to rise, correspondingly raising industry entry barriers. At the same time, downstream demand is steadily expanding, and new capacity is expected to be gradually absorbed, leading to an improvement in the industry's supply-demand balance.

New PA6 capacity is being released in an orderly manner. According to CCF data, new PA6 capacity in 2025 was 885,000 tons, and it is estimated that new capacity in 2026 will be 440,000 tons. From the demand side, PA6 products have excellent comprehensive performance and broad future development prospects. In the field of civil fibers, demand for end products such as sun-protective clothing and outdoor sports equipment is growing steadily, providing stable demand support for upstream

PA6. In the field of engineering plastics, the application of PA6 in areas such as the lightweighting of new energy vehicles is growing rapidly, the quality of industry development continues to improve, and downstream application space continues to expand, with positive long-term development prospects. In 2025, PA6 exports reached 742,000 tons, a year-on-year increase of 28.6%. Considering the withdrawal of old overseas facilities, exports are expected to maintain strong growth in the future.

(II) The Company's Industry Position

1. Refining and Petrochemical (Refining) Segment

As the only private enterprise in China's large-scale refining sector to achieve the scaled operation of an overseas refinery, the company's Brunei Refinery Phase I project (with an 8 million tons/year refining capacity) is the largest single overseas investment project by a Chinese private enterprise. The Hengyi Brunei Refinery Phase I project introduced the world's largest single-train aromatics unit at the time and the world's sixth flexible coking unit. These units feature lower unit production costs, are cleaner and more environmentally friendly, and possess significant late-mover advantages. According to Platts data, as of December 31, 2025, the total refining capacity in Southeast Asia was approximately 276 million tons. The designed capacity of the Brunei Refinery Phase I project is 8 million tons, accounting for about 3% of the total refining capacity in Southeast Asia. Given the limited global new refining capacity additions in the future and the substantial product oil gap in Southeast Asia, the supply-demand balance is expected to remain tight, which is likely to significantly benefit the Brunei Refinery project.

In the future, upon completion of the Brunei Refinery Phase II project, the total capacity of the Brunei refinery will reach 20 million tons/year. This will create deep industrial synergy with the Phase I project, further highlighting the advantages of integrated refining-petrochemical operations under the overall trend of transformation and upgrading in the petrochemical industry. It will also facilitate capacity aggregation and resource optimization, further enhancing the sophistication of the

Brunei refinery project and strengthening the company's sustainable profitability and risk resistance capabilities. Moreover, it will help increase the company's overseas market share and reinforce its integrated industrial chain and scale advantages.

2. PTA Segment

According to CCF data, as of December 31, 2025, China's PTA capacity stood at 92.09 million tons. As a leading enterprise in the PTA industry, the company has strategically deployed three locations along the coastline from north to south: Dalian (Liaoning), Ningbo (Zhejiang), and Yangpu (Hainan). It operates four PTA bases with a total participating and controlling PTA capacity of 21.5 million tons.

Additionally, according to CCF data, as of December 31, 2025, the national PIA capacity was 550,000 tons, of which the company's PIA capacity accounts for 300,000 tons. PIA is primarily used in the production of polyester bottle-grade chips and alkyd resins, as well as in coatings, polyester fiber dyeing modifiers, and pharmaceuticals. The PIA products produced by the company are mainly used to support its own production of polyester bottle-grade chips.

3. PET Segment

According to CCF data, the majority of polyester production capacity is concentrated in the Asia-Pacific region, and China is the world's leading producer and exporter of textiles. As of December 31, 2025, the total national PET capacity was 89.72 million tons, including 44.86 million tons of direct-spun polyester filament yarn capacity, 10.04 million tons of polyester staple fiber capacity, and 21.47 million tons of polyester bottle-grade chip capacity.

The company has a total participating and controlling polymerization capacity of 14.68 million tons, including 5.3 million tons of polyester bottle-grade chip (including RPET) capacity and 9.38 million tons of polyester fiber capacity (including polyester filament yarn, polyester staple fiber, and polyester chips). Its production scale ranks

among the top in the industry. In recent years, the company has continuously optimized its product structure, focusing on promoting differentiated filament yarn products. In 2025, the proportion of differentiated fibers such as colored yarn, fully dull yarn, and cationic dyeable yarn has increased to 35%, with the differentiation rate reaching a leading level in the industry. The company is accelerating the layout of bio-degradable fibers and the large-scale application of high-value-added differentiated products like "Yitaikang". It has formed multiple core patented technologies in areas such as super-simulated cotton polyester fibers and transparent nylon materials. The company is also committed to the research and development of waste textile recycling technologies, driving the chemical fiber industry toward a low-carbon circular direction and continuously leading technological progress in the industry.

4. CPL and PA6 Segment

According to CCF data, as of December 31, 2025, China's CPL capacity was 8.23 million tons, and PA6 capacity was 6.318 million tons. The Guangxi Project Phase I has completed the entire process flow and entered the trial production stage. Upon its commissioning, the company's total participating and controlling CPL capacity will reach 1 million tons and PA6 capacity will reach 600,000 tons, making the company an important leading enterprise in the CPL and PA6 industries. Since the commencement of operations, the Guangxi Project Phase I has been running smoothly, with a 100% pass rate for the quality of its main products, and multiple indicators have reached industry-leading levels. The project effectively reduces production costs through measures such as thermal coupling integration and resource recycling, and its operational efficiency and cost control capabilities have been steadily improving.

III. Analysis of Core Competitiveness

(1) Deepening Core Business to Strengthen the Integrated Chain, Strategically Creating a New Landscape of "Oil, Coal, and Textile" Advancing Together

The company has been deeply engaged in the petrochemical field for many years and currently operates three core business segments: refining, PTA, and PET products. Relying on a "Headquarters + R&D + Base" trinity layout, the company's production bases span two countries (China and Brunei), eight provinces, and twelve cities, forming a market pattern "backed by the Yangtze River Delta, Pearl River Delta, and Bohai Rim, facing the South China Sea." This creates a highly integrated and deeply synergistic industrial cluster, supporting the company's stable operation and ability to navigate market cycles.

Currently, the company's Brunei Refining Phase II project is fully underway, the Hengyi Turpan 2.4 million tons/year high-quality coal-to-ethylene glycol (for fiber use) project is progressing steadily, and the Hubei Jingzhou 300,000 tons/year recycled new materials industrial demonstration project is being accelerated. Once these three major strategic projects under construction reach full production, the company will achieve diversification of raw material sources and integration of product raw materials, forming a unique industry landscape where "oil, coal, and textile" advance simultaneously. This will further enhance the company's profitability and risk resistance capabilities.

(2) Building a Full-Chain R&D Innovation System, Leading Industry Transformation and Upgrading with Green Technologies

Closely aligned with the strategic goal of enhancing the competitiveness of its main business, the company systematically constructs a "Technology Hengyi" innovation system. The company pioneered the independent development and application of polyester melt direct spinning technology, large-scale PTA technology, and green high-end caprolactam technology within the industry, leading industrial innovation and development. Multiple technologies have reached world-leading levels, injecting technological momentum into the company's high-quality development.

Hengyi Research Institute focuses on the fields of advanced materials and green chemicals, systematically building a full-chain innovation system of "basic research-technology development-engineering application." In recent years, the Institute has made the green recycling of the entire polyester lifecycle its core research direction, focusing on breaking through technical bottlenecks in the efficient recovery and high-value utilization of waste textiles. Through independent project establishment and R&D, the company manufactures safe, high-quality, and environmentally friendly green polyester products and their raw materials, reducing carbon emissions during textile production, promoting the utilization of waste resources, advancing green manufacturing, and contributing to the green lifecycle of textiles. To further strengthen innovation capabilities, the company concentrates on forward-looking and strategic frontier technology R&D. The company's industry-university-research cooperation with top domestic universities such as Zhejiang University and Donghua University continues to deepen. Leveraging jointly built platforms, it pools the multidisciplinary strengths of leading universities to support and serve Hengyi's industrial transformation, upgrading, and technological innovation. The operating mechanism of the "Hengyi Scholars Laboratory" is continuously optimized. Through expert guidance and collaborative R&D, the company achieves complementary R&D advantages and accelerates the transformation of results. Currently, the company has formed a complete "production, education, research, and application" integrated technological innovation mechanism. Relying on strong R&D capabilities and a complete innovation system, the company is driving the petrochemical and chemical fiber industry towards high-performance and high-value-added transformation and upgrading through key technological innovation, injecting continuous innovation momentum into the high-quality development of the entire industrial chain.

(3) Deepening Digital-Intelligent Integration to Empower Industrial Upgrading, Creating a Full-Process Highly Efficient Collaborative Operation System

The company has established a comprehensive information strategy, using digital and intelligent means to reshape traditional production methods and management models.

It continuously explores the application of frontier technologies such as artificial intelligence in core business scenarios, promoting the deep integration of new-generation information technology with the petrochemical and chemical fiber industry, achieving high-level collaboration across the entire industrial chain. As a pioneer in digital transformation within the industry, the company focuses on key areas such as production and manufacturing, marketing, logistics scheduling, cost control, safety production, and R&D collaboration, building a digital-intelligent operation system covering the entire industrial chain.

In the production management segment, the company implements centralized inventory management through the Warehouse 2.0 system, significantly improving on-site operational efficiency in finished product warehouses. By integrating procurement, logistics, and other resources, it achieves efficient linkage between various links, providing stable and reliable material support for production operations. In the production and manufacturing segment, the company has built the country's first full-process intelligent polyester factory and the first digital benchmark factory. The MES (Manufacturing Execution System) is widely applied, enhancing production flexibility, strengthening production collaboration, promoting standardized and traceable quality inspection, and achieving transparency in the production process. The company's self-developed single-spindle data flow system enables precise full-lifecycle traceability of every single spindle product, extending quality management down to the smallest production unit. In the marketing and sales segment, the company integrates systems such as the WeChat Mall, marketing closed-loop, shipping authorization, and shipping application, consolidating and upgrading them into a "Sales Management System." This realizes automation and intelligence in the sales process, providing customers with a more efficient and convenient service experience. The product full-lifecycle quality traceability system and the smart sales service system work in synergy, supported by the visualized "Hengyi Brain" decision-making platform, providing comprehensive support for the company's digital upgrade.

(4) Strengthening the Vertical Integration Advantage of the Full Industrial Chain, Leveraging Scale Layout to Build Comprehensive Competitive Barriers

As a leading enterprise in the chemical and chemical fiber industry, the company continues to deepen its vertical integration strategy for its two main businesses: the "Refining-PX-PTA-PET" chain and the "Refining-BZ-CPL- PA6" chain. Relying on its global industrial ecosystem layout and achieving efficient resource allocation through the synergy of all factors, the company significantly enhances the anti-cyclical capability and comprehensive profitability of the industrial chain. It builds a full-chain competitive barrier covering "raw material supply-production and manufacturing-market service," consolidating its benchmark position in the global chemical fiber industry.

The company's current production capacities across various segments are all among the top in the industry. At the same time, the company continues to consolidate and expand its scale advantages, optimize and upgrade its industrial model, and drive quantitative changes in the company's operating scale and qualitative changes in its business structure. By applying large-scale units and energy-saving and consumption-reducing technologies, the company ensures the operation of production units, maintains stable product quality, and improves production efficiency while significantly reducing unit investment costs and unit energy consumption. Scaled procurement and integrated centralized procurement for domestic and international projects significantly save procurement costs, comprehensively enhancing operational efficiency and providing strong support for the profitability of end products.

(5) Building an International and Professional Talent Pipeline, Driving the Company's Long-Term Development with Advanced Management Concepts

Adhering to a talent development strategy of "internationalization, specialization, professionalization, and rejuvenation," the company strives to build an open and

shared talent innovation ecosystem. With an open-minded approach, it attracts, gathers, and utilizes talents, ensuring that talents are brought in, used well, and retained. This has created a management and operations team with rich industry experience, solid professional skills, and a reasonable age structure, injecting continuous vitality into the company's sustained innovative development.

In terms of talent attraction, the company vigorously recruits high-level technical experts and composite management talents, continuously deepening strategic cooperation with domestic and foreign research institutions and universities. Collaborations with universities such as Zhejiang University and Donghua University supply professionally matched talents for the company's innovation and upgrading. Platforms like the "Hengyi Scholars Laboratory" achieve precise alignment between high-end talents and industrial needs. The company continuously improves its talent service guarantee mechanism, optimizes its compensation and benefits system, and creates a talent development environment that "attracts, retains, and effectively utilizes talents."

In terms of talent development, the company constructs an internal training model deeply integrating "production, education, research, and application." Through mentorship, job rotation, and professional training, it helps young employees grow quickly. The Brunei Refinery project steadily promotes the localization of the workforce, strongly supports the growth of local Bruneian youth, and achieves cross-cultural talent cooperation and win-win results.

In terms of talent incentives, the company adheres to the philosophy of "co-creation, sharing, and happy development." By implementing a restricted stock incentive plan and multiple phases of employee stock ownership plans, it builds a long-term mechanism where employees and the company share risks and benefits, effectively enhancing the sense of belonging and cohesion of employees. The company

continuously improves promotion channels, optimizes the working environment, and enriches corporate culture, allowing employees to achieve growth through hard work.

Through the continuous optimization of the full-chain talent work system encompassing "attraction, development, utilization, and retention," the company is steadily consolidating the intellectual foundation for high-quality development. It shapes new development momentum and new advantages with a high-level talent team, providing solid talent assurance for building a world-class petrochemical and chemical fiber enterprise.

IV. Main Business Analysis

1. Overview

In 2025, the company achieved a total operating revenue of RMB 113.527 billion, with a net profit attributable to shareholders of the listed company of RMB 258 million. After deducting non-recurring gains and losses, the net profit attributable to shareholders of the listed company was RMB 141 million.

2. Revenue and costs

(1) Components of operating revenue

Unit: RMB

	2025		2024		Year-on-year increase/decrease
	Amount	Percentage in operating income	Amount	Percentage in operating income	
Total operating income	113,527,493,619.63	100%	125,463,237,098.17	100%	-7.85%
By industry					
Petrochemical industry	45,396,428,786.77	39.99%	52,592,721,073.08	41.92%	-13.68%
Chemical fibre industry	61,564,508,122.42	54.23%	63,503,724,808.44	50.61%	-3.05%
Supply chain services	6,566,556,710.44	5.78%	9,366,791,216.65	7.47%	-29.90%
By product					
Refinery products	28,478,181,855.54	25.09%	31,507,862,049.06	25.11%	-9.62%
Chemical products	11,089,851,337.10	9.77%	12,121,856,023.16	9.66%	-8.51%
PTA	4,416,309,373.22	3.89%	7,198,172,823.33	5.74%	-38.65%
PIA	1,412,086,220.91	1.24%	1,764,830,177.53	1.41%	-19.99%
Polyester	59,744,402,372.21	52.63%	63,503,724,808.44	50.61%	-5.92%

products					
Nylon and by-products	1,820,105,750.21	1.60%	-	-	-
Supply chain services	6,566,556,710.44	5.78%	9,366,791,216.65	7.47%	-29.90%
By region					
Domestic	66,330,996,072.05	58.43%	74,844,287,538.29	59.65%	-11.37%
Overseas	47,196,497,547.58	41.57%	50,618,949,559.88	40.35%	-6.76%
By sales model					
Direct sales	109,816,987,070.78	96.73%	121,628,322,635.62	96.94%	-9.71%
Distribution	3,710,506,548.85	3.27%	3,834,914,462.55	3.06%	-3.24%

(2) Industries, products, regions, and sales models that account for more than 10% of the Company's operating income or profit

1) The Company shall comply with the disclosure requirements for petrochemical industry specified in *Guidelines No. 3 for Self-Regulation of Listed Companies of Shenzhen Stock Exchange - Industry Information Disclosure*

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YOY change in operating revenue (%)	YOY change in operating costs (%)	YOY change in gross profit margin (%)
By industry						
Petrochemical industry	45,396,428,786.77	43,086,773,809.38	5.09%	-13.68%	-15.08%	1.56%
Chemical fibre industry	61,564,508,122.42	59,005,975,083.32	4.16%	-3.05%	-3.32%	0.27%
Supply chain services	6,566,556,710.44	6,309,688,318.14	3.91%	-29.90%	-30.67%	1.07%
By product						
Refinery	28,478,181,855.54	27,095,318,618.01	4.86%	-9.62%	-14.07%	4.94%

products							
Chemical products	11,089,851,337.10	10,243,834,757.01	7.63%	-8.51%	-2.16%	-6.00%	
PTA	4,416,309,373.22	4,399,757,217.31	0.37%	-38.65%	-38.34%	-0.50%	
PIA	1,412,086,220.91	1,347,863,217.05	4.55%	-19.99%	-15.68%	-4.87%	
Polyester products	59,744,402,372.21	57,310,127,930.18	4.07%	-5.92%	-6.10%	0.18%	
Nylon and by-products	1,820,105,750.21	1,695,847,153.14	6.83%	-	-	-	
Supply chain services	6,566,556,710.44	6,309,688,318.14	3.91%	-29.90%	-30.67%	1.07%	
By region							
Domestic	66,330,996,072.05	63,588,355,559.50	4.13%	-11.37%	-11.71%	0.36%	
Overseas	47,196,497,547.58	44,814,081,651.34	5.05%	-6.76%	-8.26%	1.56%	
By sales model							
Direct sales	109,816,987,070.78	104,825,943,636.53	4.54%	-9.71%	-10.65%	1.00%	
Distribution	3,710,506,548.85	3,576,493,574.31	3.61%	-3.24%	0.84%	-3.90%	

2) In the event of an adjustment to the statistical caliber of the company's main business data during the reporting period, the company's main business data for the most recent year has been adjusted according to the caliber at the end of the reporting period.

Unit: RMB

	Operating revenue	Operating cost	Gross profit margin	YOY change in operating revenue (%)	YOY change in operating costs (%)	YOY change in gross profit margin (%)
By industry						
Petrochemical industry	52,592,721,073.08	50,737,364,413.98	3.53%	-6.89%	-6.08%	-0.83%
Chemical fibre industry	63,503,724,808.44	61,033,717,764.36	3.89%	3.97%	3.71%	0.25%

Supply chain services	9,366,791,216.65	9,101,058,205.17	2.84%	-49.61%	-49.88%	0.53%
By product						
Refinery products	31,507,862,049.06	31,533,465,378.69	-0.08%	-1.05%	2.53%	-3.49%
Chemical products	12,121,856,023.16	10,469,974,757.29	13.63%	-0.20%	-2.41%	1.96%
PTA	7,198,172,823.33	7,135,350,602.50	0.87%	-37.80%	-38.86%	1.72%
PIA	1,764,830,177.53	1,598,573,675.50	9.42%	90.85%	84.68%	3.03%
Polyester products	63,503,724,808.44	61,033,717,764.36	3.89%	3.97%	3.71%	0.25%
Nylon and by-products	0.00	0.00	-	-	-	-
Supply chain services	9,366,791,216.65	9,101,058,205.17	2.84%	-49.61%	-49.88%	0.53%
By region						
Domestic	74,844,287,538.29	72,021,729,983.50	3.77%	-11.89%	-12.47%	0.64%
Overseas	50,618,949,559.88	48,850,410,400.01	3.49%	-1.14%	0.22%	-1.31%
By sales model						
Direct sales	121,628,322,635.62	117,325,378,452.10	3.54%	-8.15%	-7.99%	-0.16%
Distribution	3,834,914,462.55	3,546,761,931.41	7.51%	2.69%	0.73%	1.80%

Since both polyester yarn and chips fall under the category of polyester products, the revenue from the two types of products has been consolidated into the polyester product category.

3)The operating income or net profit generated by overseas business accounts for more than 10% of the audited operating income or net profit of the Company in the latest fiscal year

Name of overseas business	Operation status	Impact of tax policies on overseas business during the reporting period	Company's response

Brunei Project	Stable operation under high load	The overall tax burden during the reporting period was low, because Brunei does not levy personal income tax, business tax, salary tax, production tax and export tax. A local pioneer enterprise certificate and an export enterprise certificate have been issued for the project, so it can enjoy a long-term corporate income tax exemption.	Both China and Brunei provided powerful support. The project enjoyed long-term tax incentives and other favorable policies.
----------------	----------------------------------	--	---

(3) Whether the Company's income from product sales is greater than its income from labor services

Industry	Item	Units	2025	2024	YOY change (%)
Refinery products	Sales volume	10,000 tons	606.95	617.82	-1.76%
	Production volume	10,000 tons	603.64	618.61	-2.42%
	Inventory	10,000 tons	9.95	13.26	-24.96%
Chemical products	Sales volume	10,000 tons	217.96	200.64	8.63%
	Production volume	10,000 tons	219.27	200.56	9.33%
	Inventory	10,000 tons	9.10	7.79	16.82%
PTA	Sales volume	10,000 tons	222.94	260.31	-14.36%
	Production volume	10,000 tons	220.91	260.96	-15.35%
	Inventory	10,000 tons	1.06	3.09	-65.70%
PIA	Sales volume	10,000 tons	21.38	23.39	-8.59%
	production volume	10,000 tons	20.81	22.18	-6.18%
	Inventory	10,000 tons	0.55	1.12	-50.89%
Polyester Products	Sales volume	10,000 tons	868.93	810.40	7.22%
	Production	10,000 tons	867.97	810.89	7.04%

	volume				
	Inventory	10,000 tons	50.76	51.72	-1.86%
Nylon Chips	Sales volume	10,000 tons	4.67	-	-
	Production volume	10,000 tons	8.89	-	-
	Inventory	10,000 tons	4.22	-	-

Note: The PTA sales, production, and inventory data mentioned above only include the company's holding subsidiary, Zhejiang Yisheng, and do not include other equity-accounted companies.

Description of the reasons for the year-on-year change of more than 30% in relevant data

Compared to the same period last year, the company's supply and demand for PTA and PIA improved, and production and sales turned positive, leading to a decrease in inventory levels compared to the beginning of the period.

(4) Performance of the major sales contracts and major purchase contracts entered into by the Company as of the Reporting Date

Applicable Not applicable

(5) Components of operating cost--- category of industry and products

Unit: RMB

Industry	Item	2025		2024		YOY change (%)
		Amount	Percentage in operating cost	Amount	Percentage in operating cost	
Refinery products	Raw materials	26,065,696,510.52	96.20%	30,455,020,862.74	96.58%	-14.41%
	Energy	146,314,720.54	0.54%	198,660,831.89	0.63%	-26.35%
	Depreciation and others	883,307,386.95	3.26%	879,783,684.06	2.79%	0.40%
	Total	27,095,318,618.01	100.00%	31,533,465,378.69	100.00%	-14.07%
Chemical	Raw	9,316,767,711.50	90.95%	9,441,823,236.12	90.18%	-1.32%

I products	materials					
	Energy	538,825,708.22	5.26%	597,835,558.64	5.71%	-9.87%
	Depreciation and others	388,241,337.29	3.79%	430,315,962.53	4.11%	-9.78%
	Total	10,243,834,757.01	100.00%	10,469,974,757.29	100.00%	-2.16%
PIA products	Raw materials	1,151,749,118.97	85.45%	1,317,864,138.08	82.44%	-12.60%
	Energy	114,837,946.09	8.52%	148,827,209.19	9.31%	-22.84%
	Depreciation and others	81,276,151.99	6.03%	131,882,328.23	8.25%	-38.37%
	Total	1,347,863,217.05	100.00%	1,598,573,675.50	100.00%	-15.68%
PTA products	Raw materials	3,998,939,334.81	90.89%	6,507,439,749.48	91.20%	-38.55%
	Energy	89,315,071.51	2.03%	140,566,406.87	1.97%	-36.46%
	Depreciation and others	311,502,810.99	7.08%	487,344,446.15	6.83%	-36.08%
	Total	4,399,757,217.31	100.00%	7,135,350,602.50	100.00%	-38.34%
Polyester products	Raw materials	47,235,007,440.06	82.42%	50,957,050,961.46	83.49%	-7.30%
	Energy	3,134,863,997.78	5.47%	3,350,751,105.26	5.49%	-6.44%
	Depreciation and others	6,940,256,492.34	12.11%	6,725,915,697.64	11.02%	3.19%
	Total	57,310,127,930.18	100.00%	61,033,717,764.36	100.00%	-6.10%

Nylon Produ cts and others	Raw materials	1,229,150,016.60	72.48%	-	-	-
	Energy	257,599,182.56	15.19%	-	-	-
	Depreciati on and others	209,097,953.98	12.33%	-	-	-
	Total	1,695,847,153.14	100.00%	-	-	-

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

The total number of subsidiaries included in the scope of consolidation in fiscal year 2025 was 56, an increase of 2 subsidiaries and a decrease of 0 subsidiaries compared with the previous year. For details, please refer to "VII. Interests in Other Entities" in "Section VIII. Financial Reporting".

(7) Significant changes or adjustments in the Company's business, products or services during the reporting period

Applicable Not applicable

(8) Major customers and suppliers

1) Major customer of the company

Total sales amount of the top five customers (RMB)	26,341,195,181.11
Percentage of the total sales amount of the top five customers in total annual sales amount	23.20%
Percentage of sales amount of related parties among the top five customers in total annual sales amount	0.00%

2) Top 5 customers

No.	Customer name	Sales amount (RMB)	Percentage in total annual sales amount
1	Customer 1	9,420,242,950.70	8.30%

2	Customer 2	5,591,037,235.05	4.92%
3	Customer 3	4,298,109,755.14	3.79%
4	Customer 4	3,544,511,649.29	3.12%
5	Customer 5	3,487,293,590.93	3.07%
Total	--	26,341,195,181.11	23.20%

3) Other information about major customers

Applicable Not applicable

4) Major suppliers of the company

Total purchase amount of top five suppliers (RMB)	42,460,223,120.85
Percentage of the total purchase amount of the top five suppliers in the total annual purchase amount	39.17%
Percentage of purchase amount of related parties among the top five suppliers in total annual sales amount	29.50%

5) Top 5 Suppliers

No.	Supplier name	Purchase amount (RMB)	Percentage in total annual purchase amount
1	Supplier 1	12,440,189,758.90	11.48%
2	Supplier 2	11,816,458,382.20	10.90%
3	Supplier 3	9,050,686,205.11	8.35%
4	Supplier 4	5,333,394,605.82	4.92%
5	Supplier 5	3,819,494,168.82	3.52%
Total	--	42,460,223,120.85	39.17%

6) Other information about major suppliers

Applicable Not applicable

7) During the reporting period, the company's trade business revenue accounted for more than 10% of its total operating revenue

Applicable Not applicable

3.Expense

Unit: RMB

	2025	2024	YOY change (%)
Selling expenses	241,563,121.93	243,762,401.38	-0.90%
Administration expenses	1,096,559,555.95	1,102,851,622.36	-0.57%
Financial expenses	2,811,487,910.09	2,883,845,156.01	-2.51%
R&D expenses	817,491,594.75	723,365,790.03	13.01%

4.R&D investment

1)Main R&D Projects

Name of major R&D projects	Project purpose	Project progress	Objectives	Expected effect on the future development of the Company
R&D of preparation technology of polyester titanium-based polycondensation catalyst	To improve and optimize the preparation process of titanium-based polyester catalyst to produce titanium-based PET flakes with excellent performance and good hue, and then conduct spinning and post-processing as needed to produce heavy metal-free titanium- based polyester products.	Completed and industrialized	The self-developed titanium catalysts are used in the production of large lines, and the resulting products meet the indicators of superior polyester chips and fibres for large line production.	By further optimizing the catalyst preparation process and polymerization process to improve product quality, the project has high eco-friendliness value and social significance.
Green manufacturing of TiO ₂ matting agent for nylon and complete set of technology	TiO ₂ matting agent is an important auxiliary for nylon production, used to improve the performance of fibre, due to the technical difficulty and European and American technology blockade, the supply has long been subject to European and American constraints,	Completed and industrialized	We have designed and built a 10,000-ton green production demonstration plant for nylon titanium dioxide matting agent paste, and combined with the characteristics of the matting agent	Breaking the monopoly of foreign technology, successfully solving the "necklace" problem of matting agent in nylon industry, improving the relationship between supply and demand, improving production

Name of major R&D projects	Project purpose	Project progress	Objectives	Expected effect on the future development of the Company
for industrial application of full matting nylon	the domestic does not yet have a high-quality matting agent mature production technology. In recent years, China's nylon fibre into high-quality development stage, the demand for high-quality matting agent is urgent, breakthrough technology blockade, is of great significance.		paste, we have carried out engineering system modification to form a set of complete set of industrialised application technology for nylon titanium dioxide matting agent paste.	efficiency, reducing the production cost of domestic nylon manufacturers, promoting the healthy and rapid development of nylon chemical fibre industry, and guaranteeing the security of supply of important fibre materials.
Research and development of zinc oxide antimicrobial polyester fibres	Nano-zinc oxide antimicrobial polyester fibre has green, safe, healthy and other characteristics, with people's consumer attitudes and changes in the concept of health and the enhancement of the concept of health, which will be favoured by more and more consumers in the field of home, medical and health care, military apparel, and so on, and zinc antimicrobial textiles will be more	Completed and industrialized	Study the effect of zinc oxide particle size and content on the mechanical properties and antimicrobial properties of fibres, develop antimicrobial masterbatch or antimicrobial polyester chips to meet the production needs, melt spinning into antimicrobial polyester fibres.	Open up the market of functional fibre products, increase market competitiveness and enhance the added value of products.

Name of major R&D projects	Project purpose	Project progress	Objectives	Expected effect on the future development of the Company
	and more in demand.			
Research and Development Project on Flame Retardant Cationic Polyester Fibre	Starting from the future development direction of flame-retardant polyester fibre and market demand, based on the R&D and production of flame-retardant polyester fibre, high shrinkage fibre and cationic dyeable fibre, the feasibility of preparing flame-retardant high shrinkage, flame-retardant cationic dyeable and other composite functional polyester fibre is investigated, aiming at launching high-quality and functionalized composite flame-retardant polyester fibre products.	Pilot conversion to industrialisation for stable mass production and wider use	Determine the technical solutions of flame-retardant cation polyester and flame-retardant high shrinkage polyester, and prepare flame-retardant cation and flame-retardant high shrinkage polyester chips. The spinning process is also researched and confirmed, and flame-retardant cation and flame-retardant high shrinkage fibres are prepared to meet customers' requirements. The technology of this project is the enterprise's own technology, and makes full use of	Enrich the company's differentiated products, increase market competitiveness, enhance the added value of products and achieve better economic benefits.

Name of major R&D projects	Project purpose	Project progress	Objectives	Expected effect on the future development of the Company
			our existing equipment, technology and relevant supporting conditions.	

2)R&D personnel

	2025	2024	YOY change (%)
Number of R&D staff (person)	1,421	1,089	30.49%
Percentage of R&D personnel	8.11%	6.80%	1.31%
Educational background of R&D personnel			
PhD	120	90	33.33%
Master	185	146	26.71%
Bachelor	696	552	26.09%
Junior college degree and below	420	301	39.53%
Age of R&D personnel			
Under 30	818	445	83.82%
30~40	402	419	-4.06%
40~50	160	189	-15.34%
50~60	37	31	19.35%
60 and above	4	5	-20.00%

3)R&D investment

	2025	2024	YOY change (%)
R&D investment amount (RMB)	889,354,060.75	763,738,214.64	16.45%
R&D investment as a percentage of operating income	0.78%	0.61%	0.17%
Capitalized R&D investment (RMB)	71,862,466.00	43,809,842.25	64.03%
Capitalized R&D investment as a percentage of R&D investment	8.08%	5.74%	2.34%

Note: R&D investment= R&D expenses + Capitalized R&D investment during the period

4)Reasons for and effects of significant changes in the composition of R&D personnel

Applicable Not applicable

5) Reasons for the significant changes in the percentage of total R&D investment in operating income compared with the previous year

Applicable Not applicable

6) Reasons for the substantial changes in the capitalization rate of R&D investment and Description of their reasonableness

Applicable Not applicable

5.Cash flows

Unit: RMB

Item	2025	2024	YOY change (%)
Subtotal of cash inflows from operating activities	118,516,263,301.63	135,557,724,622.94	-12.57%
Subtotal of cash outflows from operating activities	113,890,827,843.02	129,560,713,067.18	-12.09%
Net cash flow from operating activities	4,625,435,458.61	5,997,011,555.76	-22.87%
Subtotal of cash inflows from investing activities	453,921,549.93	1,521,502,305.08	-70.17%
Subtotal of cash outflows from investing activities	6,099,786,845.61	4,609,621,351.14	32.33%
Net cash flows from investing activities	-5,645,865,295.68	-3,088,119,046.06	-82.83%
Subtotal of cash inflows from financing activities	61,188,228,022.78	71,990,258,760.86	-15.00%
Subtotal of cash outflows from financing activities	63,484,076,745.08	73,433,347,282.35	-13.55%
Net cash flows from financing activities	-2,295,848,722.30	-1,443,088,521.49	-59.09%

Net increase in cash and cash equivalents	-3,368,935,731.19	1,542,770,498.19	-318.37%
---	-------------------	------------------	----------

(1)Description of the main factors influencing significant year-on-year changes in relevant data

1)The net cash flow from operating activities decreased, primarily due to a year-on-year increase in inventories of raw materials and finished goods during the reporting period.

2)The net cash flow from investing activities decreased, mainly because of increased payments for project engineering equipment during the reporting period.

3)The net cash flow from financing activities decreased, largely as a result of reduced borrowings during the reporting period.

4)The net decrease in cash and cash equivalents was primarily attributable to the combined impact of changes in cash flows from operating, investing, and financing activities during the reporting period.

(2)Description of the reasons for the significant difference between the net cash flows generated by the Company's operating activities and the net profit of the year during the reporting period

For details, please refer to the supplementary information in the cash flow statement in the Company's annual audit report.

V. Analysis of non-main business

Unit: RMB

	Amount	Percentage of total profit	Reasons	Sustainable or not
Investment income	93,786,187.41	20.75%	This is primarily due to the recognition of investment income from equity-accounted companies.	Yes
Profits and losses from changes in fair value	-37,410,497.31	-8.28%	This is mainly due to the changes in the fair value of hedging instruments during the reporting period.	No
Impairment loss on assets	-49,192,152.70	-10.89%	This is mainly due to the provision for inventory write-downs during the reporting period.	No
Non-operating income	23,161,245.31	5.13%	This is mainly due to government subsidies and other income unrelated to daily operating activities.	No
Non-operating expenses	17,685,839.61	3.91%	This is mainly due to losses from the damage and scrapping of fixed assets and other items during the reporting period.	No

VI. Analysis of assets and liabilities**1. Significant changes in asset composition**

Unit: RMB

	End of 2025	Early 2025	Proportion
--	-------------	------------	------------

	Amount	Percentage in total assets	Amount	Percentage in total assets	Increase or decrease
Monetary funds	10,748,383,196.19	9.80%	13,093,174,547.46	12.18%	-2.38%
Accounts receivable	6,961,405,554.09	6.35%	5,944,293,285.48	5.53%	0.82%
Inventory	13,312,904,001.72	12.14%	12,407,437,115.10	11.54%	0.60%
Long-term equity investments	13,631,219,310.67	12.43%	13,911,759,800.05	12.94%	-0.51%
Fixed assets	41,957,579,782.33	38.27%	43,686,606,928.39	40.63%	-2.36%
Construction in progress	14,957,076,256.96	13.64%	8,712,891,498.77	8.10%	5.54%
Right-of-use assets	623,270,812.68	0.57%	411,420,429.59	0.38%	0.19%
Short-term loans	39,696,240,930.55	36.21%	38,031,193,372.03	35.37%	0.84%
Contract liabilities	718,849,810.10	0.66%	1,253,402,884.38	1.17%	-0.51%
Long-term loans	13,082,771,721.55	11.93%	15,504,087,484.02	14.42%	-2.49%
Lease liabilities	840,428,601.49	0.77%	456,139,594.54	0.42%	0.35%

2.High proportion of foreign assets

Specific content of assets	Reason	Asset size	Location	Operation mode	Controls to ensure asset security	Income status	Proportion of overseas assets in the Company's net assets	Whether there is significant risk of impairment
Subsidiaries controlled by the Company	Overseas investment	USD 5,855,108,700	Hong Kong/Brunei/Singapore	Built by the Company	Strengthen the parent Company's Management control over overseas subsidiaries	Good	168.76%	No
Other Explanatory Notes			Not applicable					

3.Assets and liabilities measured at fair value

Unit: RMB

Item	Beginning balance	Ending balance
------	-------------------	----------------

1. Held-for-trading financial assets (excluding derivative financial assets)	153,091,745.24	351,705,848.79
2. Derivative financial assets	4,783,678.80	75,274,098.58
3. Investment in other equity instruments	5,600,000.00	5,600,000.00
Subtotal of financial assets	163,475,424.04	432,579,947.37
Financial liabilities	2,546,598.89	1,201,062.71

4. Other changes

During the reporting period, there were no significant changes in the measurement attributes of the company's major assets.

5. Restricted asset rights as of the end of the reporting period

Unit: RMB

Item	Ending book value of the year	Reason for restriction
Monetary funds	4,056,430,307.07	Margin
Long-term equity investments	4,841,113,384.11	Mortgage, Mortgage loan
Fixed assets	21,349,836,106.67	Sale and Leaseback Financing Lease, Mortgage loan
Intangible assets	658,347,888.67	Mortgage loan
Total	30,905,727,686.52	-

VII. Analysis of investment status

1. General situation

Investment amount during the reporting period (RMB)	Investment amount in the same period of previous year (RMB)	YOY change (%)
13,631,219,310.67	13,911,759,800.05	-2.02%

2. Significant equity investments acquired during the reporting period

Applicable Not applicable

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

Unit: RMB

Project name	Investment method	Whether it is fixed asset investment	Industry involved in the project	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Sources of funds	Project progress	Disclosure date (if any)	Disclosure index (if any)
Phase II of Brunei refinery Project	Built by the Company	Yes	Petrochemical industry	176,268,583.79	2,887,353,777.60	Other Sources	3.17%	September 16, 2020	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000703&stockCode=000703&announcementId=1208444483&announcementTime=2020-09-16
Suqian Yida New Environment-friendly Differentiated	Built by the Company	Yes	Chemical fibre industry	490,806,533.91	1,583,315,805.55	Fund raising and Other Sources	46.38%	June 1, 2021	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000703&stockCode=000703&announcementId=1210132115&an

Project name	Investment method	Whether it is fixed asset investment	Industry involved in the project	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Sources of funds	Project progress	Disclosure date (if any)	Disclosure index (if any)
Fibre Project									nouncementTime=2021-06-01
1.2 Million Tons Per Year Caprolactam-Polyamide Integrated Industrial and Supporting Project	Built by the Company	Yes	Petrochemical fibre industry	5,433,288,312.91	10,080,540,026.09	Loans from Financial Institutions and Other Sources	60.00%	January 22, 2022	http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&orgId=gssz0000703&stockCode=000703&announcementId=1212243026&announcementTime=2022-01-22
Total	--	--	--	6,100,363,430.61	14,551,209,609.24	--	--	--	--

4. Investment in financial assets

(1) Investment in securities

The Company did not make no investment in securities in the reporting period.

(2) Investment in derivatives

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

Unit: RMB 10,000

Type of Hedging Investment	Initial investment amount	Beginning amount	Fair value change gains and losses for the current period	Cumulative fair value changes recognized in equity	Amount purchased during the reporting period	Amount sold during the reporting period	Closing balance	The proportion of the ending investment amount to the company's reported net assets at the end of the period
Foreign exchange hedging	0	0	-28	-51	40,119	40,198	-79	0.00%
Commodity hedging	15,533	15,533	-3,713	2,017	547,249	520,125	42,657	1.75%
Total	15,533	15,533	-3,741	1,966	587,368	560,323	42,578	1.75%

<p>Explanation on whether there is any significant change in the accounting policy and specific principles of accounting for hedging business of the Company in the reporting period compared with that in the previous reporting period</p>	<p>No. The Company accounted for the hedging investment carried out in accordance with the relevant provisions of the Ministry of Finance's <i>Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments</i>, <i>Accounting Standards for Business Enterprises No. 24 - Hedging</i>, <i>Accounting Standards for Business Enterprises No. 23 - Transfer of Financial Assets</i>, <i>Accounting Standards for Business Enterprises No. 37 - Presentation of Financial Instruments</i> and relevant guidelines to reflect the relevant items of the balance sheet and profit and loss statement.</p>
<p>Explanation on actual</p>	<p>During the reporting period, the actual profit and loss amounted to RMB 23.1349 million, which included an unrealized loss on holdings of RMB -37.4105million and realized gains from closing positions of RMB 60.5454 million.</p>

profit or loss in the reporting period	
Explanation on hedging effects	The profits and losses generated from the Company's hedging tools can offset the value changes of the hedged items, and the hedging business has a good hedging effect.
Source of funding for investments in derivatives	Self-owned funds
Risk analysis and description of control measures for derivatives positions during the reporting period (including but not limited to	<p>1. Market risks When the market changes drastically, the Company may not be able to fully lock in the price of raw materials or products, thereby resulting in losses.</p> <p>2. Liquidity risks Commodity hedging transactions are ordered within the authority specified in the Company's Management System for Commodity Derivatives Transactions. If the market fluctuates drastically, losses may be caused by forced liquidation of positions due to lack of time for margin replenishment.</p> <p>3. Operational risks as futures and forward transactions are highly specialized and complex, unexpected losses may be caused due to defects in information systems or internal controls.</p> <p>4. Credit risks When the price fluctuates greatly to the disadvantage of the counterparty, the counterparty may violate the relevant provisions of the contract and cancel the contract, resulting in losses to the Company.</p> <p>5. Legal risks Due to changes in relevant legal systems or violations of relevant legal systems by the counterparty, the contract may not be executed normally, resulting in losses to the Company.</p> <p>Risk control measures taken by the Company: The BOD of the Company has reviewed and approved the Management System for Foreign Exchange</p>

<p>market risk, liquidity risk, credit risk, operational risk, and legal risk)</p>	<p>Derivatives Transactions and the Management System for Commodity Derivatives Transactions, which stipulate that the Company engages in hedging investment business with the main purpose of hedging, and speculation and arbitrage transactions are prohibited. The systems clearly stipulate the principles of the Company's business operations, approval authority, internal audit process, responsible departments and responsible persons, information isolation measures, internal risk reporting system and risk handling procedures, which are in line with the relevant requirements of regulatory authorities and meet the needs of actual operations. The specified risk control measures are practical and effective.</p>
<p>Changes in market price or fair value of products involved in invested derivatives during the reporting period; the analysis of the fair value of derivatives shall disclose the specific methods used and the setting</p>	<p>During this reporting period, the impact of the company's hedging investments on the current profit and loss amounted to 23.1349 million yuan. The company measures hedging investments at fair value. Forward foreign exchange is primarily determined based on prices provided or obtained from pricing service institutions such as banks and the Reuters system. The company conducts fair value measurement and confirmation on a monthly basis. The trading price of futures is considered the fair value.</p>

of relevant assumptions and parameters	
Involvement in lawsuits (if applicable)	None
Date of disclosure of announcement of the BOD for approval of derivatives investment (if any)	December 24, 2024
Date of disclosure of announcement of shareholders meeting for approval of derivatives	January 9, 2025

investment (if any)	
---------------------	--

2)The Company shall comply with the disclosure requirements for petrochemical industry specified in *Guidelines No. 3 for Self-Regulation of Listed Companies of Shenzhen Stock Exchange - Industry Information Disclosure*

During the reporting period, the company carried out hedging investment for the purpose of reasonably avoiding the risk of price and exchange rate fluctuations of raw materials and finished products, reducing the impact of price and exchange rate fluctuations of raw materials and finished products on the normal operation of the company, and ensuring the stable operation and sustainable profitability of the company. The commodities involved in the hedging transactions included raw materials, finished products, and foreign exchange related to the company's production and operation.

3)Investments in derivatives for speculative purposes during the reporting period

There were no investments in derivatives for speculative purposes during the reporting period.

VIII.Sales of major assets and equity

1.Sales of major assets

The company did not sell any significant assets during the reporting period.

2.Sales of major equity

Applicable Not applicable

IX. Analysis of major subsidiaries and JV companies

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

Unit: RMB

Company name	Type of company	Main business	Registered capital	Total assets	Net assets	Operating income	Operating profit	Net profit
Hengyi Brunei (Single unit)	Subsidiary	Refining and petrochemical	USD 1.0548 billion	36,379,451,756.97	9,376,599,190.73	40,474,081,739.23	216,796,639.38	214,528,318.51
Zhejiang Yisheng	Subsidiary	PTA、PIA	USD 514,447,095.46	20,181,114,472.76	9,198,342,095.70	12,110,772,105.57	-15,673,412.31	3,896,891.82
Hainan Yisheng	JV company	PTA、PET Bottle Chip	4,580,000,000.00	20,398,413,567.18	6,829,428,711.45	25,474,396,151.16	-85,293,486.64	-59,290,648.85
Yisheng Investment	JV company	PTA、PET Bottle Chip	2,018,000,000.00	15,125,909,556.86	7,329,499,929.43	22,100,890,559.26	-288,614,448.49	-193,628,737.06
Yisheng New Materials	JV company	PTA	3,000,000,000.00	10,476,556,210.41	1,448,660,602.15	28,239,886,546.10	-427,385,850.50	-331,595,708.16
Hengyi Limited	Subsidiary	DTY	3,000,000,000.00	45,159,169,150.24	7,524,998,142.82	40,379,947,653.51	-149,795,445.67	-148,027,168.12

Hengyi High-Tech	Subsidiary	CHIPS、POY, etc.	2,757,250,000.00	13,080,540,579.00	5,725,663,032.16	9,183,908,532.17	445,214,924.46	426,955,187.57
Shuangtu New Materials	Subsidiary	POY、FDY、CHIPS	600,000,000.00	6,551,114,147.96	2,008,956,362.52	6,539,751,813.76	128,517,530.46	114,476,541.25
Hong Kong Tianyi	JV company	Investment, etc	USD 1.50950 billion	16,695,151,150.16	11,849,103,474.58	1,880,311,939.91	165,352,790.77	165,352,790.77
China Zheshang Bank	JV company	Finance	27,464,635,963.00	3,481,092,000,000.00	207,335,000,000.00	62,514,000,000.00	16,529,000,000.00	13,561,000,000.00
Suqian Yida	Subsidiary	PSF、CHIPS	2,150,000,000.00	4,342,405,444.34	2,227,220,937.93	4,994,073,385.20	262,782,141.91	227,516,295.50

2.Acquisition and disposal of subsidiaries during the reporting period

Company name	Methods of acquiring and disposing of subsidiaries during the reporting period
Hangzhou Xiaoneng Thermal Power Co., Ltd.	Establishment
Hubei Hengyi Green New Materials Co., Ltd.	Establishment

3. Description of major subsidiaries and JV companies

(1) Hengyi Brunei

The Company holds 70% of the shares of Hengyi Industries Sdn. Bhd. through Hong Kong Tianyi International Holding Co., Ltd. Hengyi Brunei has a registered capital of USD 1.0548 billion, and the scope of business covers: Petroleum refining and petrochemical.

(2) Zhejiang Yisheng

The company, through Zhejiang Hengyi Petrochemical Co., Ltd., holds a total of 70% of the shares in Zhejiang Yisheng Petrochemical Co., Ltd. Zhejiang Yisheng's registered capital is USD 514.4471 million. The company's business scope includes: General Projects :Production of chemical products (excluding licensed chemical products), manufacture of basic chemical raw materials (excluding the manufacture of hazardous chemicals and other licensed chemicals); manufacture of synthetic materials (excluding hazardous chemicals); manufacture of synthetic fibers; sale of chemical products (excluding licensed chemical products); sale of synthetic materials, sale of synthetic fibers; sale of new membrane materials; sale of petroleum products (excluding hazardous chemicals); general cargo warehousing services (excluding hazardous chemicals and other projects requiring license approval), technical services, technical development, technical consultation, technical exchange, technical transfer, technical promotion; technology import and export goods import and export, import and export agency services (except for projects that require approval according to law; business activities are conducted independently with a business license). Licensed Projects: operation of hazardous chemicals (for projects that require approval according to law, business activities can only be conducted after approval by relevant departments, with specific business projects subject to approval results).

(3) Hainan Yisheng

Through its subsidiary Ningbo Hengyi, the company indirectly holds 50% of the shares in Hainan Yisheng Petrochemical Co., Ltd. Hainan Yisheng has a registered

capital of RMB 4.58 billion. The company's business scope includes: General Business Projects: Manufacture of basic chemical raw materials (excluding the manufacture of hazardous chemicals and other licensed chemicals); manufacture of engineering plastics and synthetic resins; sale of engineering plastics and synthetic resins; manufacture of synthetic materials (excluding hazardous chemicals); sale of synthetic materials; housing rental; manufacture of cellulose fiber raw materials and fibers; general cargo warehousing services (excluding hazardous chemicals and other projects requiring license approval)(Note: General business projects within the business scope are legally allowed to operate independently, and are disclosed to the public through the National Enterprise Credit Information Publicity System (Hainan).), Licensed Business Projects: Hazardous chemicals trading; Port operations; Technology import and export; Goods import and export (Licensed business activities shall be operated with valid permits).

(4)Yisheng investment

The Company holds 30% of the shares of Dalian Yisheng Investment Co., Ltd. through Zhejiang Hengyi Petrochemical Co., Ltd. The company's business scope includes: project investment, domestic general trade, import and export of goods, import and export of technologies, and trade intermediary services. (Excludes projects prohibited by laws and administrative regulations; for projects restricted by laws and administrative regulations, operations may only commence after obtaining the necessary permits.)The legal representative is Li Shuirong, and the registered capital is RMB 2.018 billion.

(5)Yisheng New Materials

The Company holds 49% of the shares of Zhejiang Yisheng New Materials Co., Ltd. through Zhejiang Hengyi Petrochemical Co., Ltd. The scope of business: import and export of technologies; import and export of goods; import and export of agency (Business activities subject to approval according to laws can be carried out only after approved by relevant departments. Specific business activities are subject to the

approval results). General business: Sales of new membrane materials; sales of synthetic materials; sales of chemical products (excluding chemical products subject to license); sales of petroleum products (excluding hazardous chemicals); production of chemical products (excluding chemical products subject to license); manufacturing of synthetic materials (excluding hazardous chemicals); technical services, technical development, technical consultation, technical exchange, technology transfer, and technology promotion (except for business subject to approval according to laws, business activities shall be carried out independently and legally with the business license). The legal representative is Xu Baoyue, and the registered capital is RMB 3 billion.

(6)Hengyi Limited

The Company directly holds 100% of the shares (actually enjoys 100% of the rights) of Zhejiang Hengyi Petrochemical Co., Ltd. Hengyi Limited has a registered capital of RMB 3 billion. The scope of business: production, processing and sales of chemical fibres and chemical raw materials (excluding hazardous chemicals); import and export.

(7)Hengyi High-Tech

The Company holds 100% of the shares of Zhejiang Hengyi High-Tech Materials Co., Ltd. through Zhejiang Hengyi Petrochemical Co., Ltd. Hengyi High-Tech has a registered capital of RMB 2.75725 billion, and the scope of business covers: production, processing and sales of PET flakes, POY yarns, FDY yarns, and chemical fibre raw materials; export of the company's own products and technologies and import of self-use products and technologies (except for those that are prohibited or restricted according to national laws and regulations); all other legal business not subject to approval.

(8)Shuangtu New Materials

The company holds 100% equity in Zhejiang Shuangtu New Materials Co., Ltd., which has a registered capital of RMB 600 million. Business Scope: general Items: production of chemical products (excluding chemical products requiring special permits); sales of chemical products (excluding chemical products requiring special permits); sales of synthetic fibers; manufacturing of synthetic fibers; sales of synthetic materials; manufacturing of synthetic materials (excluding hazardous chemicals). (Except for projects that require approval by law, the company may independently conduct business activities with its business license.). Permitted Items: Import and export of goods; import and export of technologies (Projects requiring approval by law may only be conducted after approval by relevant authorities, and specific business activities shall be subject to the approval results).

(9) Hong Kong Tianyi

The company indirectly holds 100% equity interest in Hong Kong Tianyi International Holdings Co., Ltd. through Zhejiang Hengyi Petrochemical Co., Ltd. Hong Kong Tianyi has a registered capital of USD 1.5095 billion, and its main business includes trade and investment.

(10) China Zheshang Bank

The Company holds a total of 972,490,068 shares of China Zheshang Bank Co., Ltd. through its subsidiary Zhejiang Hengyi Petrochemical Co., Ltd. and its indirect subsidiary Zhejiang Hengyi High-Tech Materials Co., Ltd., accounting for 3.54% of the total share capital of China Zheshang Bank. Scope of Business: financial business (For details, please refer to the approval of the China Banking and Insurance Regulatory Commission). Established in 2004, the company is one of the 12 national joint-stock commercial banks approved by the China Banking and Insurance Regulatory Commission. China Zheshang Bank was listed on the main board of the Hong Kong Stock Exchange on March 30, 2016 (stock code: 02016.HK) and on the Shanghai Stock Exchange on November 26, 2019 (stock code: 601916.SH).

(10) Suqian Yida

The company indirectly holds 100% equity interest in Suqian Yida New Materials Co., Ltd. through Zhejiang Hengyi Petrochemical Co., Ltd. Suqian Yida has a registered capital of RMB 2.15 billion. Its business scope includes: R&D of nano-materials; production, processing, and sales of polyester chips, polyester staple fiber, and polyester filament; sales of chemical fiber raw materials; warehouse management; as well as the export of the enterprise's self-produced products and technologies and the import of products and technologies for its own use (except for items prohibited or restricted by national laws and regulations). (Projects subject to approval according to law can only be carried out after approval by the relevant authorities).

X. Information on structured entities controlled by the company

Applicable Not applicable

XI. Prospects for the future development of the Company

(1) Strategic prospects for the development of the Company

The year 2026 marks a critical period for Hengyi Petrochemical to drive high-quality development through strategic resilience. The company will focus on cultivating new drivers of endogenous growth, advancing major strategic projects such as coal chemical projects and high-end green circular new materials projects in an orderly manner, building new raw materials, new production capacity, and new industrial chains, achieving diversification of raw material sources, and striving to write a new chapter of high-quality leapfrog development. The company will continue to deepen its core business, fully leverage the advantages of its global industrial layout and integrated operation of domestic and overseas assets, and further strengthen its unique dual "fiber" strategy of polyester + nylon. The company will thoroughly implement the circular development strategy, empower traditional industries to improve quality and efficiency through green and low-carbon technologies as well as digital and intelligent means, explore more sustainable circular development paths, and fully

promote the strategic transformation from a manufacturing enterprise to a technology innovation-oriented enterprise. It will strive to build itself into a private multinational industrial group characterized by "technological leadership, cost advantages, and ecological synergy," advancing confidently toward the new development vision of "advancing both on land and sea, integrating oil and coal."

(II) Prospects for the industrial development of the Company

For details, please refer to this section (I) Overview of the Chemical and Chemical Fiber Business under the heading "I. Major business activities of the company during the reporting period".

(III) Business strategy of the company for 2026

1. Accelerate the Implementation of Major Strategic Projects to Create a New Landscape of Advancing "Oil," "Coal," and "Textiles" Simultaneously

(1) Fully Advance the Construction of the Brunei Refining and Chemical Phase II Project to Further Enhance Project Profitability

Based on comprehensive analysis and prudent evaluation, the company has optimized and adjusted the designed capacity of the Brunei Refinery Project Phase II Project to 12 million tons per year. The project primarily processes heavy oil, mainly producing Diesel, PX, BZ, and other refined oil and chemical products with higher added value. The feedstock structure and product slate have been significantly optimized, and product yields have notably improved compared to Phase I.

The company has obtained the relevant certificate approval for corporate tax incentives from the Government of Brunei Darussalam, a financing loan intent letter from Bank Islam Brunei Darussalam, and a shareholder loan commitment letter from Damai Holdings Limited, a shareholder of Hengyi Industries Sdn Bhd. The loan funds will be used for the investment and construction of the Brunei Refinery Project Phase II, and the required project construction funds have been secured.

Upon completion, the total capacity of the Brunei refinery will reach 20 million tons per year. It will form deep industrial synergy with the Phase I project. Through

economies of scale in capacity and intensive resource allocation, the refinement and integration level of the Brunei refining and chemical project will be further enhanced, effectively driving the improvement of the project's overall profitability. This will further increase the company's market share overseas, boost company profits, strengthen the advantages of industrial chain integration and scale, reduce product production costs, ensure the stability of raw material supply, and enhance the company's sustainable profitability and risk resilience.

(2) Actively Respond to the Energy Security Strategy; Coal-Chemical Integration Enhances Profitability Resilience Across the Entire Industrial Chain

With increasing uncertainty in global energy supply, the completeness and self-sufficiency of the industrial chain have become crucial cornerstones of national strategic security. Secure and reliable raw material supply has become a primary objective for enterprises. Consequently, the strategic advantages of coal chemical projects based on coal resource endowments are increasingly evident. Aligning closely with national energy security strategy and industrial transformation and upgrading plans, the company has established coal-based new materials as a core strategic development direction, using coal to replace oil for producing high-end chemical products. The company is vigorously advancing the 2.4 million tons per year high-quality fiber-grade coal-to-ethylene glycol project in Turpan, Xinjiang, which is expected to commence operation in the first half of 2028.

This project adopts internationally advanced coal gasification and syngas-to-ethylene glycol technology. It primarily produces 2.4 million tons per year of high-quality polyester-grade ethylene glycol, with by-products including DMC, coal-based ethanol, and other high-value-added products. It is simultaneously equipped with low-carbon technologies such as CCS carbon capture and storage, green power coupling, and circular economy. This achieves the chain transformation of coal from a traditional fuel to a high-end chemical raw material and further to new chemical fiber materials,

striving to build a high-end, green, and integrated industrial chain "from a lump of coal to two strands of fiber."

Ethylene glycol is a key raw material for downstream polyester products. This move by the company is both a crucial step to extend upstream in the polyester industrial chain and achieve raw material self-sufficiency, and a strategic choice to diversify raw material sources, break free from the constraints of crude oil price fluctuations, and enhance profitability resilience across the entire industrial chain. Upon completion, the company will establish a vertical integration advantage of "coal resources - ethylene glycol - polyester manufacturing," facilitating the transition from "sole reliance on crude oil" to "complementary multi-feedstocks of oil, coal, and textiles." This will help enhance the stability and predictability of profits across the entire industrial chain and significantly improve the company's profitability and risk resilience.

(3) Build a New Green and Low-Carbon Industry, Leading Industry Technological Transformation

In March 2022, the National Development and Reform Commission, the Ministry of Commerce, and the Ministry of Industry and Information Technology jointly issued the "Implementation Opinions on Accelerating the Recycling of Waste Textiles." In July 2024, the State Council issued the "Opinions on Accelerating the Comprehensive Green Transformation of Economic and Social Development." The documents state that recycling waste textiles is of great significance for resource conservation, pollution reduction, and carbon emission reduction. It is an important measure to effectively supplement the raw material supply for China's textile industry and alleviate resource and environmental constraints, and a key component of establishing and improving a green, low-carbon, and circular economic system. Main targets were set: by 2030, a relatively complete waste textile recycling system will be established; awareness of recycling among producers and consumers will be significantly improved; high-value utilization pathways will be continuously expanded; the

industry development level will be significantly enhanced; the recycling rate of waste textiles will reach 30%; and the output of recycled fiber from waste textiles will reach 3 million tons.

As a firm practitioner of the circular economy, the company is committed to steering the textile industry towards a future of resource circulation and low-carbon sustainable development. The company is investing in the construction of a 300,000 tons per year circular new materials industrial demonstration project in Jingzhou, Hubei. Aiming to reshape the textile lifecycle, it innovatively uses waste textiles as the primary industrial raw material, revitalizing resources through circulation. The company has established a nationwide dual-track recycling system combining "online digital platforms and offline physical collection." Using self-developed proprietary technology, it decomposes recycled waste textiles like used clothing and reprocesses them into key intermediates for recycled polyester, used in high-end products such as high-performance new polyester materials and functional specialty fibers. This achieves the substitution of waste textile raw materials for petroleum-based raw materials, building a closed-loop industrial chain from "waste textiles" to new materials. The products can be widely used in clothing, footwear, hats, home furnishings, transportation vehicles, and various other fields, achieving a win-win situation for economic and social benefits.

(4) Enhance the Competitiveness of the Caprolactam-Polyamide (CPL-PA6) Industry, Creating a New Engine for High-Quality Development

The company will continue to increase the application of CPL-PA6 technology, focus on enhancing market share and industrial competitiveness, promote the technological upgrade of the "1.2 million tons per year Caprolactam-Polyamide Industry Integration and Supporting Project," strengthen the integrated, large-scale, and high-end caprolactam-polyamide production system, facilitate leapfrog growth in the company's caprolactam and PA6 capacity, form a complete integrated industrial chain

layout of "BZ-CPL-PA6," and make it a new engine driving the company's high-quality development.

2. Seize Market Improvement Opportunities to Enhance the Contribution of Existing Capacity to Profits

In 2026, refinery profitability in Southeast Asia has significantly improved, with product spreads and supply-demand dynamics in the refined oil and chemical products markets continuing to improve. The domestic economy is steadily recovering and improving, with demand for PTA, PET, and PA6 products continuing to grow. Furthermore, influenced by the "Carbon Peak and Carbon Neutrality" policies, future new capacity additions for various products are severely constrained, and supply-demand dynamics have improved, driving a recovery and improvement in industrial chain profitability in the coming years.

Against this backdrop, guided by the principle of "optimizing operations by closely following the market, ensuring safety by consolidating foundations, promoting development by balancing priorities, and creating profits through meticulous management," the company will, while ensuring safe production, continuously benchmark against advanced operational management systems, deepen the construction of lean production, stably and efficiently operate facilities such as refining and chemical, PTA, PET, and CPL plants, and strive to tap the potential of existing capacity. Simultaneously, it will strengthen cost reduction and efficiency enhancement awareness across all levels from top to bottom, implement more refined control over key areas such as production costs, operational costs, and financing costs, improve production organization efficiency and operational management effectiveness, elevate the overall operational level to a new stage, and provide solid support for high-quality development. Key measures are as follows:

(1) While ensuring product quality meets market demand, comprehensively utilize management and technical means to promote cost reduction and efficiency enhancement, continuously optimize the product mix, and increase the output of

high-value-added products; reduce product waste fiber rate, improve the rate of premium-grade products, optimize energy consumption levels, and achieve steady profit improvement.

(2) Continuously deepen the optimization of the organizational structure, strengthen the development of the talent pipeline, further enhance per capita efficiency, and drive steady improvement in labor productivity.

(3) Strictly coordinate all capital expenditures, continuously optimize the debt maturity structure, seize the window period of moderately accommodative macro policies, meticulously manage the capital structure, and further reduce financing costs.

(4) Establish a cross-departmental collaborative cost reduction mechanism, strengthen cost linkage management across R&D, procurement, production, sales, and other links, explore cost reduction potential across the entire value chain, and achieve systematic and sustainable cost optimization.

3. Technology Empowerment: Elevating Technological Content through R&D Investment, Leading Industry Transformation through Innovation

In 2026, the company will comprehensively deepen the implementation of the "Technology-driven Hengyi" strategy, driven by the dual engines of "advanced manufacturing" and "circular economy." It will continue to increase investment in technological R&D, closely align with industrial layouts, target cutting-edge technologies, integrate innovation resources, and accelerate the cultivation of high-end innovative achievements.

Focusing on building an innovation system, the company will achieve key breakthroughs in areas such as green processes, bio-based materials, new polyester and polyamide materials, functional fibers, specialty and fine chemicals, and smart manufacturing, striving to establish an R&D hub aimed at industrialization. At the same time, the company will continue to advance the R&D and industrialization of

green chemicals and advanced materials, steadily moving toward becoming a technology leader across the industry. Key initiatives are as follows:

(1) Continue to promote the internal application and external promotion of self-developed chemical "three types of agents," such as titanium-based catalysts, oils, masterbatches, and matting agents, to expand product benefits.

(2) Align with the company's industrial layout in refining, coal chemical, and waste textiles, and accelerate R&D projects with the goal of "supplementing, strengthening, and extending the industrial chain."

(3) Optimize and enhance the technical level and market promotion of fiber materials with properties such as flame retardancy, easy care, antibacterial, and biodegradability, accelerate the progress of R&D projects in functional materials and green materials, and plan and launch new projects based on market demand.

(4) Strengthen independent R&D capabilities while deepening collaboration with universities and research institutes to accelerate the development and application of new technologies.

4. Digital-Intelligence Drive: Promoting Deep Integration of "AI+," Building an Efficient and Collaborative Smart Operation System

In 2026, the company will actively align with the wave of technological advancement, deeply integrate artificial intelligence into marketing scenarios, and launch a series of innovative and targeted vertical applications. By driving broader adoption through focused initiatives, AI agents will progressively permeate the company's daily production, operation, and management activities, comprehensively empowering key areas such as manufacturing, sales, operational control, and management decision-making, thereby building an efficient and collaborative intelligent decision-making system. The company will further optimize and enhance its chemical fiber industrial internet platform to create an interconnected, collaborative, and intelligent industrial middle platform, providing management with end-to-end scientific decision support from production to sales. At the same time, the company will continue to promote its self-developed park logistics management system,

strengthen the efficiency of internal and external resource scheduling, effectively reduce operational costs, and improve supply chain collaboration. By leveraging digital and intelligent technologies to empower its core business for quality and efficiency gains, the company will solidify its core competitive advantages for high-quality development.

(IV) Risks and countermeasures faced by the Company

1. Macroeconomic risk

The company's main business involves the production and sales of petroleum products and chemical fiber products. The chemical fiber industry is highly correlated with the development of both domestic and international macroeconomics and is closely tied to the national economy and people's livelihood. Factors such as macroeconomic fluctuations and changes in supply and demand impact the pricing and sales of the company's products. The company will closely monitor macroeconomic trends and supply-demand dynamics within the industry, proactively formulate targeted response strategies based on specific circumstances, and strive to mitigate the adverse effects of the external environment on the company.

2. Safety and Production Risks

In recent years, regulatory requirements for safety and environmental protection have become increasingly stringent. The company strictly implements and adheres to relevant laws and regulations such as the *Workplace Safety Law of the People's Republic of China* and the *Environmental Protection Law of the People's Republic of China*, while also paying close attention to the updated requirements of the *Ecological Environment Code* in March 2026. The company is committed to continuously improving its compliance management system and has long been dedicated to safe and environmentally friendly production, earnestly fulfilling its social responsibilities. Since the commencement of its production operations, no major safety or environmental incidents with significant impact have occurred. As the company expands its production scale and extends its industrial chain, preventing safety and environmental accidents remains a key focus of its operational management. In

accordance with the national requirements for Grade I, II, and III safety standardization, the company will actively carry out safety standardization compliance assessments, focusing on building a safety standardization management system. It will implement a dual preventive mechanism for safety risk classification control and hidden hazard investigation and management, strengthen safety training, increase safety investments, adopt technology-driven safety strategies, promptly eliminate safety and environmental hazards, and eliminate all possibilities of major accidents.

3. Raw Material Price Volatility Risks

Over 80% of the company's production costs depend on upstream raw materials, particularly crude oil. Price fluctuations in crude oil significantly impact operations and may affect product prices across the supply chain, leading to profit volatility. The company will optimize sales and inventory strategies and utilize hedging instruments to mitigate adverse effects from raw material price fluctuations.

4. Environmental Protection Risks

The company's production and operation activities must comply with numerous environmental laws and regulations concerning air, water quality, waste disposal, public health and safety, obtain relevant environmental permits, and undergo inspections by relevant national environmental authorities. As the company continues to expand, the implementation of stricter environmental standards domestically or in Brunei may increase environmental compliance costs and management complexity. The company will continue to invest in personnel, capital, and technological resources to promote the upgrading of environmental protection equipment and the transformation of production processes, actively adapting to more stringent environmental standards

5. Exchange Rate and Interest Rate Volatility Risks

Hengyi Brunei, a key subsidiary, operates overseas and conducts transactions primarily in USD. Exchange rate and interest rate fluctuations between USD and RMB, influenced by global political and economic conditions, pose uncertainties. The company will manage foreign currency assets and liabilities prudently, using hedging

tools to reduce exchange rate risks. For interest rate risks linked to bank loans, the company maintains strong banking relationships, designs diversified credit facilities (e.g., credit lines, terms, and products), and ensures sufficient financing to stabilize borrowing costs.

XII. Reception of research, communication, interview and other activities during the reporting period

Time	Location	Reception method	Visitor type	Visitor	Main content of communication and information provided	Index of basic facts of research
24/04/2025	Teleconference	Telephone communication	Institution	CITIC Securities, Shenwan Hongyuan Securities, and 73 other institutions	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (24/05/2025) disclosed on cninfo.com.cn (1223302208..PDF)
29/04/2025	Teleconference	Telephone communication	Institution	Shenwan Hongyuan Securities, Guosen Securities, and 9 other institutions	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (29/04/2025) disclosed on cninfo.com.cn (1223440768.PDF)
14/05/2025	p5w.net "Investor Relations Interactive Platform"	Others	Institution and individuals	Investors participating in the company's 2024 annual online performance briefing	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (14/05/2025) disclosed on cninfo.com.cn (1223553532.PDF)
19/08/2025	Teleconference	Telephone communication	Institution	Shenwan Hongyuan Securities, Guohai Securities, and 40 other institutions	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (19/08/2025) disclosed on cninfo.com.cn (1224524088.PDF)
30/10/2025	The Company's	Field research	Institutions	Shenwan Hongyuan Securities,	Company operation and	Refer to Hengyi Petrochemicals' Investor

	meeting room		and individuals	China Universal Asset Management, and 13 other institutions	industry development trend	Relation Activities (30/10/2025) disclosed on cninfo.com.cn (1224769860.PDF)
14/11/2025	The Company's meeting room	Field research	Institution and individuals	Shenwan Hongyuan Securities, China Universal Asset Management, and 16 other institutions	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (14/11/2025) disclosed on cninfo.com.cn (1224805314.PDF)
24/11/2025	The Company's meeting room	Field research	Institution	CICC, China Merchants Fund, and 9 other institutions	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (24/11/2025) disclosed on cninfo.com.cn (1224822449.PDF)
30/12/2025	The Company's meeting room	Field research	Institution and individuals	Shenwan Hongyuan Securities, ICBC Credit Suisse Asset Management, and 25 other institutions	Company operation and industry development trend	Refer to Hengyi Petrochemicals' Investor Relation Activities (30/12/2025) disclosed on cninfo.com.cn (1224908388.PDF)

XIII. Implementation status of the market value management regulations and the valuation enhancement plan

1. Whether the company has developed market value management regulations.

Yes No

2. Whether the company has disclosed its valuation enhancement plan.

Yes No

XIV. Implementation Status of the "Dual Enhancement of Quality and Returns" Action Plan

For details, please refer to the Announcement on the "Dual Enhancement of Quality and Returns" Action Plan disclosed by the company on the Cninfo website (<http://www.cninfo.com.cn>) on April 14, 2026.

Section IV Corporate governance

I. Overview of corporate governance

During the reporting period, the Company strictly complied with the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies in China*, *Rules Governing the Listing of Shares on Shenzhen Stock Exchange*, *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1 - Standardized Operation of Listed Companies on the Main Board* and other relevant laws and regulations. Based on the actual situation of the Company, we continuously improved and enhanced the standardized operation of corporate governance, and established a sound internal management and control system to regulate the operation of the Company. The Company's internal control system has been increasingly improved, and the standardization level of governance has been continuously increased.

1. Shareholders and shareholders' general meetings

During the reporting period, the Company strictly complied with laws and regulations, and convened and held shareholders' general meetings in a standardized manner. The convening and holding procedures of the shareholders' general meetings, the qualifications of the persons attending the shareholders' general meetings, the voting procedures and voting results of the shareholders' general meetings all complied with the *Company Law*, *Rules for the Shareholders' Meetings of Listed Companies* and other laws and regulations and the *Company's Rules of Procedure for the General Meeting of Shareholders*, which ensured that all shareholders, especially minority shareholders, could fully exercise their rights. The Company's shareholders' general meetings during the reporting period were convened by the BOD, and lawyers were engaged to witness the meetings on site, ensuring the legality of the meeting convening, holding and voting procedures, and safeguarding the legitimate rights and interests of the Company and shareholders.

2. The Company and the controlling shareholder

The Company is completely independent from the controlling shareholder and its subsidiaries in terms of business, personnel, assets, organization, and finance. The Company has independent and complete business and the ability to operate independently. The Company's BOD, BOS and internal organizations operate independently. The controlling shareholder of the Company can strictly regulate its behavior. Major decisions of the Company were made by the shareholders' general meetings in accordance with the law. The controlling shareholder exercised its shareholder rights in accordance with the law, and did not directly or indirectly interfere with the decision-making and operating activities of the Company beyond the shareholders' general meetings of the Company.

3. Directors and the BOD

The Company elected directors in strict accordance with the selection and appointment procedures stipulated in the *Company Law* and the *Articles of Association of the Company*. The number and composition of the BOD of the Company met the requirements of laws and regulations. All directors of the Company could carry out their work in accordance with the *Rules of Procedure of the BOD*, attend the board meetings and shareholders' general meetings on time with a conscientious and responsible attitude, faithfully perform their duties in the interests of the Company and all shareholders, actively participate in training on relevant knowledge, study relevant laws and regulations, and promote the standardized operation and scientific decision-making of the BOD. The independent directors of the Company could perform their duties independently in accordance with the corresponding rules and regulations, without being influenced by the actual controller of the Company or other units or persons that have an interest in the Company.

During the reporting period, the procedures of the meetings of the BOD of the Company were in compliance with relevant regulations, the minutes of the meeting were complete and true, and the disclosure of relevant information at the meetings was timely, accurate and adequate. The BOD of the Company set up four special

committees, namely the Remuneration Assessment and Nomination Committee, the Risk Control Committee, the Audit Committee and the Strategy and Investment Committee, which have played an important role in promoting the standardized operation and healthy development of the Company.

4. Stakeholders

The Company fully respected and safeguarded the legitimate rights and interests of relevant stakeholders to achieve a win-win situation for customers, suppliers, employees, shareholders and other stakeholders and jointly promote the Company's sustainable and steady development.

5. Information disclosure and transparency

The Company strictly followed the requirements of relevant laws and regulations as well as the *Information Disclosure Management System* and the *Investor Relations Management System* to conscientiously fulfill our information disclosure obligations, disclose the Company's operation and management and matters that have significant impact on the Company in a true, accurate, complete and timely manner, coordinate the relationship between the Company and investors, receive investors' visits, and answer investors' inquiries. The Company's designated newspapers and websites such as STCN, China Securities Journal, Shanghai Securities News, Securities Daily and CNINFO (<http://www.cninfo.com.cn>) for the Company's information disclosure.

6. Performance evaluation and incentive and restraint mechanisms

The Company is gradually improving and establishing fair and transparent performance evaluation standards and incentive and restraint mechanisms for directors, supervisors and senior executives. The appointment of senior executives of the Company was open and transparent, in line with laws and regulations.

7. Whether there is any material difference between the actual situation of corporate governance of the Company and the laws, administrative regulations

and the rules on the governance of listed companies issued by the China Securities Regulatory Commission

There is no material difference between the actual situation of corporate governance of the Company and laws, administrative regulations and the rules on the governance of listed companies issued by the China Securities Regulatory Commission.

II. Independence of the Company in guaranteeing the Company's assets, personnel, finance, organization, and business relative to the controlling shareholder and actual controller

The Company carried out operations in strict accordance with the *Company Law*, *Articles of Association* and other laws, regulations and rules, established a sound corporate governance structure of the Company, and maintained independent from the controlling shareholder in terms of business, personnel, assets, organization, and finance. The Company has an independent and complete business system and the ability to operate independently.

1. Business: The Company has an independent and complete supply, R&D, production and sales system, has the ability to operate independently in the market, conduct business, accounting and decision-making, assume responsibilities and risks independently, and does not rely on the controlling shareholder or any other related parties.
2. Personnel: The Company has formed a complete system for labor, personnel and salary management, and an independent human resources management department to manage labor, personnel and salary independently of the controlling shareholder. The Company has an independent workforce. The Company's directors, supervisors and senior executives are legally elected in accordance with the *Company Law*, *Articles of Association* and other relevant laws, regulations and rules. The Company's senior executives all work in the Company and receive remuneration, and do not hold any

positions other than directors and supervisors in the controlling shareholder and its subsidiaries.

3. Assets: The Company has a clear property relationship with the controlling shareholder, and independently owns complete legal person assets, production and supporting facilities, land, plant, machinery and equipment related to production and operation, as well as ownership and right to use of trademarks, patents and non-patented technologies. The Company has full control over all assets, and its assets and funds are not occupied by the controlling shareholder to the detriment of the interests of the Company.

4. Organization: The Company established a sound organizational system to meets its own production and operation needs. The functional departments operate independently and smoothly, and there is no subordination relationship between the controlling shareholder and the functional departments.

5. Finance: The Company has an independent financial and accounting department equipped with full-time financial personnel. The Company established an independent accounting system and a standardized financial management system, and financial decisions were made independently. The Company opened an independent bank account to independently make tax declarations and perform tax obligations in accordance with the law. There is no shared bank account or mixed tax payment with the controlling shareholder.

III. Competition in the same industry

Applicable Not applicable

IV. Directors, supervisors and senior executives

1. Basic information

Name	Gender	Age	Title	Employment status	start date of term	End date of term	Number of shares held at the beginning of the period (shares)	Closing balance of share held (shares)
Qiu Yibo	Male	39	President	Current	May 15, 2015	September 27, 2026	1,365,000	1,365,000
			CEO	Current	September 15, 2020	September 27, 2026		
Fang Xianshui	Male	62	Vice President	Current	May 16, 2011	September 27, 2026	4,777,500	4,777,500
Ni Defeng	Male	48	Director	Current	August 25, 2017	September 27, 2026	6,051,500	6,051,500
Wu Zhong	Male	37	Vice President	Current	January 15, 2020	September 27, 2026	109,200	109,200
			Director	Current	September 15, 2021	September 27, 2026		
Zhao Donghua	Male	41	Vice President	Current	January 16, 2020	September 27, 2026	327,600	327,600
			Director	Current	September 28, 2023	September 27, 2026		
Luo Dan	Female	43	Director	Current	December 22, 2022	September 28, 2026	0	0

Chen Linrong	Male	55	Independent Director	Current	September 28, 2023	September 27, 2026	0	0
Hou Jiangtao	Male	52	Independent Director	Current	September 28, 2023	September 27, 2026	0	0
Hong Xin	Male	42	Independent Director	Current	September 28, 2023	September 27, 2026	0	0
Wang Songlin	Male	56	Executive Vice President	Current	May 15, 2011	September 27, 2026	5,778,500	5,778,500
Chen Liancai	Male	59	Vice President	Current	August 25, 2017	September 27, 2026	3,640,000	3,640,000
Zheng Xingang	Male	47	Secretary of the BOD	Current	October 21, 2016	September 27, 2026	2,912,000	2,912,000
			Vice President	Current	December 7, 2023	September 27, 2026		
			CFO	Current	December 7, 2023	September 27, 2026		
Ni Jinmei	Female	50	Vice President	Current	October 29, 2025	September 27, 2026	273,000	273,000
Total	--	--	--	--	--	--	25,234,300	25,234,300

(1) Whether there was any departure of directors and supervisors and dismissal of senior management during the term of office during the reporting period

Yes No

(2) Changes in directors, supervisors and senior executives of the Company

Name	Positions held	Type	Date	Reason
Ni Jinmei	Vice President	Appointment	October 29, 2025	Job Transfer
Luo Dan	Employee Director	Election	September 3, 2025	Job Transfer

2. Employment status**(1) Professional background, main work experience and main responsibilities of the current directors, supervisors and senior executives of the Company****1) Directors**

Qiu Yibo, male, born in December 1987, Chinese nationality, holds an EMBA from CEIBS (China Europe International Business School). Previously worked at Sinopec Chemical Sales Co., Ltd. East China Branch and as the Investment Development Department Manager of Zhejiang Hengyi Group Co., Ltd. Currently, he serves as the Chairman and President of Hengyi Petrochemical Co., Ltd., while also holding the positions of Executive Director of Zhejiang Hengyi Group Co., Ltd., Executive Director of Suqian Yida New Materials Co., Ltd., Vice Chairman of Zhejiang Hengyi Nylon Co., Ltd., Director of Zhejiang Baling Hengyi Caprolactam Co., Ltd., Director of Dongzhan Shipping Co., Ltd., Executive Director and Manager of Ningbo Jin Hou Industrial Investment Co., Ltd., Director of Zhejiang Xianfeng Data Technology Co., Ltd., Executive Director and General Manager of Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd., Executive Director of Hangzhou Yibo Investment Management Co., Ltd., Director of Zhejiang Hengyi Polymer Co., Ltd., General Manager of Hangzhou Yixian Energy Technology Co., Ltd., and Director of Zhejiang Hengyi Resource Recycling Technology Co., Ltd. Additionally,

he is a significant shareholder of Zhejiang Hengyi Group Co., Ltd., the controlling shareholder of Hengyi Petrochemical Co., Ltd.

Fang xianshui, male, born in March 1964, Chinese nationality, holds a bachelor's degree, and is a Senior Economist with over 30 years of production and management experience in the chemical fiber industry. He previously served as General Manager of Hangzhou Hengyi Industrial Corporation, General Manager of Hangzhou Hengyi Chemical Fiber Co., Ltd., General Manager of Zhejiang Hengyi Group Co., Ltd., and Chief Financial Officer of Hengyi Petrochemical Co., Ltd. Currently, he serves as Vice Chairman of Hengyi Petrochemical Co., Ltd., while also holding the positions of Director of Zhejiang Hengyi Group Co., Ltd., Executive Director and Manager of Hangzhou Hengyi Investment Co., Ltd., Executive Director and General Manager of Zhejiang Hengyi Petrochemical Co., Ltd., Chairman of Zhejiang Hengyi Polymer Co., Ltd., Chairman of Zhejiang Yisheng Petrochemical Co., Ltd., Executive Director and General Manager of Zhejiang Hengyi Advanced Materials Co., Ltd., Director of Zhejiang Baling Hengyi Caprolactam Co., Ltd., Director of Jia Bai International Investment Co., Ltd., Director of Yisheng Dahua Petrochemical Co., Ltd., Executive Director of Zhejiang Yixin Chemical Fiber Co., Ltd., Executive Director and General Manager of Ningbo Hengyi Engineering Management Co., Ltd., Chairman of Hainan Yisheng Petrochemical Co., Ltd., Executive Director and Manager of Zhejiang Hengyi Petrochemical Sales Co., Ltd., Director of Hong Kong Yisheng Co., Ltd., Executive Director of Shanghai Hengyi Polyester Fiber Co., Ltd., Director of Zhejiang Yisheng New Materials Co., Ltd., Director of Zhejiang Hengyi Nylon Co., Ltd., Executive Director of Zhejiang Hengkai Energy Co., Ltd., Executive Director and General Manager of Zhejiang Hengyi Energy Co., Ltd., Executive Director and General Manager of Zhejiang Xiaoyi Supply Chain Management Co., Ltd., and Director of Dalian Yisheng Investment Co., Ltd. Additionally, he is a significant shareholder of Zhejiang Hengyi Group Co., Ltd., the controlling shareholder of the company.

Ni Defeng, male, born in January 1978, Chinese nationality, holds a Ph.D. degree, and is a Senior Economist (Professor-level) with nearly 20 years of experience in finance and investment. He has previously served as an auditor at Zhejiang Tianjian Certified Public Accountants, Manager of the Finance Department, Manager of the Investment Development Department, Assistant to the President at Zhejiang Hengyi Group Co., Ltd., and Investment Director at Hengyi Petrochemical Co., Ltd. Currently serves as Director of Hengyi Petrochemical Co., Ltd., while also holding the positions of Director and President of Zhejiang Hengyi Group Co., Ltd., Director of Zhejiang Xianfeng Data Technology Co., Ltd., Director of Zhejiang Hengyi Nylon Co., Ltd., Manager of Ningbo Jingren Investment Co., Ltd., Director of Hainan Hengshengyuan International Tourism Development Co., Ltd., Executive Director and General Manager of Hangzhou Jinglin Self-owned Capital Investment Co., Ltd., Director of Dalian Yishengyuan Property Co., Ltd., Chairman and General Manager of Hangzhou Jinyi Industrial Co., Ltd., Chairman of Xinjiang Aiding Coal Industry Co., Ltd., and Director and General Manager of Xinjiang Hengyi Chemical Products Sales Co., Ltd.

Wu Zhong, male, born in July 1989, Chinese nationality, holds a Bachelor's degree from Zhejiang Gongshang University and a Master's degree from Shanghai Jiao Tong University. He previously served as Deputy General Manager at Zhejiang Hengyi Petrochemical Sales Co., Ltd. Currently, he is a Director and Vice President of Hengyi Petrochemical Co., Ltd. Additionally, he holds the following positions: Director of Fujian Yijin Chemical Fiber Co., Ltd. Director of Hong Kong Tianyi International Holdings Co., Ltd. Manager of Zhejiang Hengyi Resource Recycling Technology Co., Ltd. Director and Manager of Jingzhou Hengyi Resource Recycling Co., Ltd. Director and Manager of Wenzhou Hengyi Resource Regeneration Co., Ltd. Director of Good Park International Investment Co., Ltd. Director of Ningbo Qingzhi Chemical Terminal Co., Ltd. Director of Hong Kong Yitian Co., Ltd.

Zhao Donghua, male, born in February 1985, Chinese nationality, holds a Master's degree in Law from Zhejiang University and an EMBA from China Europe

International Business School (CEIBS). He is a Certified Intermediate Economist. He previously served as Securities Affairs Representative, Deputy Manager of the Legal Affairs Department, and Assistant to the General Manager of the Marketing Center at Hengyi Petrochemical Co., Ltd. Currently, he is the Vice President of Hengyi Petrochemical Co., Ltd. and the General Manager of Zhejiang Hengyi Petrochemical Sales Co., Ltd.

Luo Dan, female, born in September 1983, Chinese nationality, holds a Bachelor's degree from Zhejiang A&F University and a Master's degree from Wuhan University of Technology. She previously served as Manager of the General Affairs Department in the Comprehensive Management Center at Hengyi Petrochemical Co., Ltd. Currently, she is the General Manager of the Investment Management Department at Hengyi Petrochemical Co., Ltd.

Chen Linrong, male, born in November 1971, member of CPC, PhD, postdoctoral fellow, associate professor, master's supervisor, certified public accountant of China, independent director of listed companies, graduated from Jiangxi University of Finance and Economics with master's degree, graduated from Central South University with doctorate degree, completed postdoctoral research at Fudan University, and was a senior visiting scholar at Tokyo Keizai University (Japan) and Tsinghua University. He is now an associate professor and master's supervisor at the School of Accounting of Zhejiang Gongshang University, the director of the doctoral programme in accounting, independent director of Shenzhen Transsion Holdings Co., Ltd..

Hou Jiangtao, male, born in October 1974, of Chinese nationality, holds a Master's degree in Professional Accounting from The Chinese University of Hong Kong and a Bachelor's degree in Economics from Shanghai University of Finance and Economics. He currently serves as the General Manager of Hoshine Silicon Industry (Wanning) Co., Ltd., Vice President of Shanghai Taimi Robotics Co., Ltd., and Independent

Director of Zhongyuan Home Furnishing Co., Ltd. He has previously worked at Tianan Insurance Co., Ltd., Far East Credit Rating Co., Ltd., and CCB Engineering Consulting Co., Ltd. In addition, he is a Director of Shanghai Shantai Health Technology Co., Ltd., and serves as an expert advisor for multiple companies. He holds the Independent Director qualification from the Shanghai Stock Exchange and has extensive experience in corporate management and financial market investment and financing.

Hong Xin, male, born in March 1984, holds a Ph.D. in Finance, is an Associate Professor, Doctoral Supervisor, and a Qiushi Distinguished Scholar at Zhejiang University. He obtained a Bachelor's degree in Finance from Peking University and a Ph.D. in Finance from the University of Kentucky, USA. He currently serves as the Deputy Director of the Asset Management Research Center at Zhejiang University, Associate Professor at the School of Economics at Zhejiang University, Research Fellow at the Institute of Finance at Zhejiang University, and a Member of the Academic Committee of the Zhejiang Private Equity Investment Association. He has also served as the Deputy Director of the Development and Reform Bureau of Xiaoshan District, Hangzhou, in a temporary post.

2)Senior Management Personnel

Wang Songlin, male, born in April 1970, Chinese nationality, holds a Ph.D. in Materials and Chemical Engineering from Zhejiang University, is a Senior Engineer, an Outstanding Engineer of Zhejiang Province, and receives a subsidy from the Hangzhou Municipal Government. He has over 30 years of experience in the petrochemical and fiber industry. He has previously held positions such as Deputy Director at China Textile Construction Planning Institute, Office Director at China Chemical Fiber Corporation, General Manager of China Chemical Fiber Economic Information Network, General Manager of Beijing Cotton Outlook Company, and General Manager of Zhejiang Baling Hengyi Caprolactam Co., Ltd. He is currently the Executive Vice President of Hengyi Petrochemical Co., Ltd., and also serves as

the Dean of Hengyi Petrochemical Research Institute and Chairman of the Technical Committee. Additionally, he holds various social positions such as Supervisor of the Supervisory Board of China Chemical Fiber Industry Association and Deputy Director of the Chemical Fiber Professional Committee of the China Textile Engineering Society.

Chen Liancai, male, born in June 1967, Chinese nationality, holds a postgraduate degree, is a Senior Engineer with over 30 years of experience in the petrochemical industry. He previously served as Deputy General Manager at Sinopec Zhenhai Refining and Chemical Company, Deputy General Manager (General Manager of the Chemical Division) at Guodian Sinopec Ningxia Energy and Chemical Co., Ltd., and General Manager of Sinopec Great Wall Energy and Chemical (Ningxia) Co., Ltd. He is currently the Chief Executive Officer (CEO) of Hengyi Brunei and Vice President of Hengyi Petrochemical Co., Ltd.

Zheng Xingang, male, born in December 1979, Chinese nationality, holds a Bachelor's degree from Huazhong University of Science and Technology, a Master's degree from Wuhan University, and an EMBA from Fudan University. He is a Senior Economist with nearly 20 years of experience in investment and financing, capital market operations, and financial work. Previously served as Deputy Manager of the Capital Operation Department, Deputy Manager of the Investment Development Department, and Director of the Board Office at Hengyi Petrochemical Co., Ltd. Currently serves as Director of Zhejiang Baling Hengyi Caprolactam Co., Ltd., Director of China Zheshang Bank Co., Ltd., and Vice President, Board Secretary, and CFO of Hengyi Petrochemical Co., Ltd.

Ni Jinmei, female, born in March 1976, Chinese nationality, is a Senior Economist. Previously served as Manager of the General Affairs Department at Zhejiang Hengyi Polymer Co., Ltd., General Manager of the Integrated Management Center at Zhejiang Hengyi Petrochemical Co., Ltd., and Executive Director and General

Manager of Hangzhou Yijing Chemical Fiber Co., Ltd. Currently serves as General Manager of Zhejiang Hengyi International Trade Co., Ltd. and Vice President of Hengyi Petrochemical Co., Ltd.

(2) The situation where the controlling shareholder and actual controller concurrently serve as the chairman and general manager of a listed company

Applicable Not applicable

(3) Posts held in corporate shareholders

Name of incumbent	Name of corporate shareholder	Post held	Start date of term	Whether to receive remuneration allowance in shareholder units
Qiu Yibo	Zhejiang Hengyi Group Co., Ltd.	Director	September 26, 2017	No
Fang Xianshui	Zhejiang Hengyi Group Co., Ltd.	Director	October 18, 1994	No
Fang Xianshui	Hangzhou Hengyi Investment Co., Ltd.	President	October 8, 2022	No
Ni Defeng	Zhejiang Hengyi Group Co., Ltd.	Director & President	September 26, 2017	Yes
Description of the position in the shareholder unit				None

(4) Posts held in other entities

Name of incumbent	Name of other entities	Posts held in other entities	Start date of term	Is remuneration paid by other entities?
Qiu Yibo	Hangzhou Yibo Investment Management Co., Ltd.	Executive Director	March 17, 2016	No
Qiu Yibo	Ningbo Jinhou Industry Investment Co., Ltd.	Manager & Executive Director	May 3, 2016	No
Qiu Yibo	Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd.	Executive Director & GM	August 20, 2021	No

Qiu Yibo	Zhejiang Hengyi Polyamide Co., Ltd.	Vice President	January 14, 2022	No
Qiu Yibo	Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Director	June 9, 2022	No
Qiu Yibo	Suqian Yida New Materials Co., Ltd.	Executive Director	January 19, 2018	No
Qiu Yibo	Dongzhan Shipping Co., Ltd.	Director	November 30, 2017	No
Qiu Yibo	Zhejiang Xianfeng Data Technology Co., Ltd.	Director	June 7, 2016	No
Qiu Yibo	Zhejiang Hengyi Polymer Co., Ltd.	Director	November 29, 2022	No
Qiu Yibo	Hangzhou Yixian Energy Technology Co., Ltd.	General manager	October 25, 2023	No
Qiu Yibo	Zhejiang Hengyi Resource Recycling Technology Co., Ltd.	Director	November 5, 2024	No
Fang Xianshui	Zhejiang Yixin Chemical Fibre Co., Ltd.	Executive Director	July 26, 2017	No
Fang Xianshui	Zhejiang Hengkai Energy Co., Ltd.	Executive Director	December 18, 2017	No
Fang Xianshui	Ningbo Hengyi Engineering Management Co., Ltd.	GM & Executive Director	November 27, 2014	No
Fang Xianshui	Zhejiang Hengyi Energy Co., Ltd.	Executive Director & GM	September 24, 2022	No

Fang Xianshui	Zhejiang Xiaoyi Supply Chain Management Co., Ltd.	Executive Director & GM	April 19, 2022	No
Fang Xianshui	Zhejiang Hengyi Petrochemical Co., Ltd.	Executive Director & GM	July 26, 2004	No
Fang Xianshui	Zhejiang Hengyi High-Tech Materials Co., Ltd.	Executive Director & GM	October 15, 2007	No
Fang Xianshui	Zhejiang Hengyi Polymer Co., Ltd.	President	September 5, 2000	No
Fang Xianshui	Zhejiang Yisheng Petrochemical Co., Ltd.	President	May 12, 2015	No
Fang Xianshui	Zhejiang Hengyi Petrochemical Sales Co., Ltd.	Manager & Executive Director	July 24, 2017	No
Fang Xianshui	Hainan Yisheng Petrochemical Co., Ltd.	President	June 23, 2014	No
Fang Xianshui	Shanghai Hengyi Polyester Fibre Co., Ltd.	Executive Director	May 14, 2015	No
Fang Xianshui	Yisheng Dahua Petrochemical Co., Ltd.	Director	April 29, 2006	No
Fang Xianshui	Zhejiang Hengyi Polyamide Co., Ltd.	Director	August 12, 2013	No
Fang Xianshui	Dalian Yisheng Investment Co., Ltd.	Director	September 29, 2007	No
Fang Xianshui	Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Director	January 10, 2008	No

Fang Xianshui	Zhejiang Yisheng New Materials Co., Ltd.	Director	November 27, 2017	No
Fang Xianshui	Good Park International Investment Co., Ltd.	Director	September 17, 2009	No
Fang Xianshui	Hong Kong Yisheng Co., Ltd.	Director	June 27, 2014	No
Ni Defeng	Hangzhou Jinyi Industrial Co., Ltd.	Executive Director & GM	September 30, 2019	No
Ni Defeng	Hangzhou Jinglin Self-owned Capital Investment Co., Ltd.	Executive Director & GM	March 12, 2018	No
Ni Defeng	Zhejiang Hengyi Jinlun Co., Ltd.	Director	January 27, 2015	No
Ni Defeng	Hainan Hengshengyuan International Tourism Development Co., Ltd.	Director	February 26, 2018	No
Ni Defeng	Dalian Yishengyuan Real Estate Co., Ltd.	Director	March 29, 2018	No
Ni Defeng	Zhejiang Xianfeng Data Technology Co., Ltd.	Director	June 7, 2016	No
Ni Defeng	Ningbo Jingren Investment Co., Ltd.	General manager	October 11, 2023	No
Ni Defeng	Xinjiang Hengyi Chemical Products Sales Co., Ltd.	Executive Director & GM	May 9, 2025	No
Ni Defeng	Xinjiang Aiding Coal Industry Co., Ltd.	President	September 10, 2025	No

Wu Zhong	Ningbo Qingchi Chemical Terminal Co.	Director	September 1, 2023	No
Wu Zhong	Fujian Yijin Chemical Fibre Co., Ltd.	Director	October 22, 2021	No
Wu Zhong	Good Park International Investment Co., Ltd.	Director	October 12, 2024	No
Wu Zhong	Hong Kong Yitan Co., Ltd.	Director	October 12, 2020	No
Wu Zhong	Zhejiang Hengyi Resource Recycling Technology Co., Ltd.	GM	November 05, 2024	No
Wu Zhong	Wenzhou Hengyi Resource Regeneration Co., Ltd.	Director&GM	November 19, 2024	No
Wu Zhong	Jingzhou Hengyi Resource Recycling Co., Ltd.	Director&GM	November 27, 2024	No
Wang Songlin	Zhejiang Hengyi Petrochemical Research Institute Co., Ltd.	Executive Director & GM	August 4, 2021	No
Wang Songlin	Jiangsu New Horizon Advanced Functional Fibre Innovation Center Co., Ltd.	Supervisor	July 19, 2018	No
Zheng Xingang	Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Director	June 21, 2024	No
Zheng Xingang	China Zheshang Bank Co., Ltd.	Director	September 25, 2025	No
Posts held in other entities				None

(5) Punishments of the Company's current and outgoing directors, supervisors and senior management by securities regulators during the reporting period in the previous three years

The current and former directors and senior management personnel of the company have not been subject to any penalties imposed by securities regulatory authorities in the past three years.

3. Remuneration of directors, supervisors and senior management

(1) Decision-making procedures, basis for determination, and actual payment of remuneration of directors, supervisors, and senior management

The company conducts performance evaluations and disburses remuneration to its directors, supervisors, and senior management personnel in accordance with the Management System for Senior Executive Compensation and Performance Appraisal (adopted at the 26th meeting of the 12th Board of Directors). The annual remuneration for directors, supervisors, and senior management personnel who received compensation from the company in 2025 (including base salary, bonuses, allowances, subsidies, employee welfare benefits, various insurance premiums, housing provident fund contributions, and the total pre-tax remuneration received from the company in other forms) was determined and disbursed based on the company's relevant regulations. The Board of Directors formulated the disbursement plan according to the company's operating conditions and the respective positions and work performance evaluations of the relevant personnel. During this reporting period, the remuneration for the company's directors, supervisors, and senior management personnel has been paid monthly.

As resolved at the first meeting of the 11th Board of Directors on September 15, 2020, and the 2020 Fifth Extraordinary General Meeting of Shareholders on October 12, 2020, the standard for independent directors' allowances was adjusted to RMB 150,000 per person per year (tax inclusive). These allowances are disbursed in equal monthly installments.

(2) Remuneration of directors, supervisors and senior management during the reporting period of the Company

Unit: 10,000

Name	Gender	Age	Title	Employment status	Total pre-tax remuneration received from the Company	Whether to get remuneration from related parties of the Company
Qiu Yibo	Male	39	President and CEO	Current	97.61	No
Fang Xianshui	Male	62	Vice President	Current	99.08	No
Ni Defeng	Male	49	Director	Current	-	Yes
Wu Zhong	Male	37	Director, Vice President	Current	67.52	No
Zhao Donghua	Male	41	Director, Vice President	Current	67.30	No
Luo Dan	Female	43	Director	Current	29.83	No
Chen Linrong	Male	55	Independent Director	Current	15	No
Hou Jiangtao	Male	52	Independent Director	Current	15	No
Hong Xin	Male	42	Independent Director	Current	15	No
Wang Songlin	Male	56	Executive Vice President	Current	91.67	No
Chen Liancai	Male	59	Vice President	Current	90.08	No
Zheng Xingang	Male	47	Vice President, Secretary of BOD, Financial Director	Current	70.75	No
Ni Jinmei	Female	50	Vice President	Current	12.10	No
Total					670.94	--

Note: On October 29, 2025, the company convened the 28th meeting of the 12th Board of Directors, which reviewed and approved the Proposal on the Appointment of the Company's Vice President. The Board of Directors unanimously agreed to appoint Ms. Ni Jinmei as the company's Vice President. During the reporting period, as Ms. Ni Jinmei served for less than one year, the amounts in the table above were calculated based on her actual tenure.

Assessment basis for the actual remuneration received by all directors and senior management as of the end of the reporting	Remuneration Management Rules
---	-------------------------------

period	
Status of performance assessment completion for the actual remuneration received by all directors and senior management as of the end of the reporting period	Completed
Deferred payment arrangements for the actual remuneration received by all directors and senior management as of the end of the reporting period	Not applicable
Stop-payment and clawback situations regarding the actual remuneration received by all directors and senior management as of the end of the reporting period	Not applicable

(3) Other information notes

Applicable Not applicable

V. Performance of Duties by the Directors during the reporting period**1. Attendance of Directors in the Board Meeting and the General Meeting of Shareholders**

Attendance of Directors in the Board Meeting and the General Meeting of Shareholders							
Name of director	Number of board meetings to attend during the reporting period	Number of on-site attendances of board meetings	Number of attendances of board meetings by means of telecommunications	Number of attendances of board meetings by trustees	Number of absences at board meetings	Whether absent from board meetings in person for two consecutive times	Number of attendances of General Shareholders Meetings
Qiu Yibo	8	6	2	0	0	No	4
Fang Xianshui	8	6	2	0	0	No	4

Ni Defeng	8	6	2	0	0	No	4
Wu Zhong	8	6	2	0	0	No	4
Zhao Donghua	8	6	2	0	0	No	4
Luo Dan	8	6	2	0	0	No	4
Chen Linrong	8	6	2	0	0	No	4
Hou Jiangtao	8	6	2	0	0	No	4
Hong Xin	8	6	2	0	0	No	4

The situation where a company director fails to attend two consecutive board meetings in person has not occurred.

2.Situation where a director raises objections to matters related to the company

During the reporting period, no director raised any objections to matters related to the company.

3.Additional Notes on Directors' Performance of Duties

(1)Whether directors' suggestions to the Company are accepted

Yes No

(2)Description of the directors' recommendations that were adopted or refused

During the reporting period, all directors of the Company strictly adhered to the *Company Law*, *Securities Law*, *Code of Corporate Governance for Listed Companies*, *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No.1 - Standardized Operation of Main Board Listed Companies*, along with the *Articles of Association* and *Rules of Procedure for the Board of Directors* in performing their duties. With due diligence and professional dedication, they proactively monitored the Company's operational management information, financial status, and material matters, provided substantive input on major corporate governance and operational decisions, conducted in-depth deliberations on all proposals submitted to the Board, and reached unanimous resolutions through robust discussions. Decision-making

processes rigorously incorporated the interests and demands of minority shareholders, thereby enhancing the scientific rigor of Board resolutions. They resolutely supervised and advanced the implementation of Board decisions to ensure scientific, timely, and efficient governance, effectively safeguarding the legitimate rights and interests of the Company and all shareholders.

VI. Performance of duties by the specialized committees under the BOD during the reporting period

Committee	Members	Number of meetings held	Date of meeting	Contents	Important opinions and recommendations made	Other performance of duties	Details of objections (if any)
Audit Committee	Chen Linrong, Hong Xin, Hou Jiangtao, Ni Defeng, Luo Dan	4	April 7, 2025	<p>1. Reviewed <i>Internal Audit Performance Report 2024</i>;</p> <p>2. Reviewed <i>Report on the Financial Accounts for the year 2024 (preliminary draft)</i>;</p> <p>3. Reviewed <i>Annual Report 2024 and its summary (preliminary draft)</i>;</p> <p>4. Reviewed <i>Annual Internal Control Report 2024</i>;</p>	The Audit Committee carried out its work in strict accordance with the <i>Company Law</i> , the regulatory rules of the CSRC and the <i>Articles of Association</i> of the Company, the Rules of Procedure of the Board of Directors and other laws and regulations, with diligence and due diligence, and made relevant comments in accordance with the actual situation of the Company, and unanimously passed all the motions after full communication and discussion.	Not applicable	Not applicable

				<p>5. Reviewed <i>Motion on the Annual Deposit and Use of Proceeds in FY2024</i>;</p> <p>6. Reviewed <i>Special Audit Report on Funds Utilisation by Related Parties for the Year 2024 (Preliminary Draft)</i>;</p> <p>7. Reviewed <i>Proposal Regarding the Renewal of the Accounting Firm's Engagement</i>.</p>			
			April 25, 2025	<p>1. Reviewed <i>Half Yearly Report of the Company 2025 (preliminary draft)</i>;</p> <p>2. Reviewed <i>Report on the Semi-Annual Internal Audit</i></p>			

				<i>Exercise 2025 (preliminary draft)</i>			
			August 5, 2025	<p>1. Reviewed <i>Half Yearly Report of the Company 2025 and its summary (preliminary draft)</i>;</p> <p>2. Reviewed <i>Motion on the Special Report on the Deposit and Use of Proceeds for the Semi-Annual Period of 2025</i>;</p> <p>3. Reviewed <i>Report on the Semi-Annual Internal Audit Exercise 2025 (preliminary draft)</i>;</p> <p>5. Review the <i>Proposal on</i></p>			

				<p><i>Revising the Rules of Procedure of the Board Audit Committee;</i></p> <p><i>6. Review the Proposal on Revising the Internal Audit System.</i></p>			
--	--	--	--	---	--	--	--

			October 25, 2025	<p>1.Reviewed <i>Third Quarterly Report 2025 (preliminary draft)</i>;</p> <p>2.Reviewed <i>Report on the Work of Internal Audit for the Third Quarter of 2025</i>.</p>			
Remuneration, Evaluation and Nomination	Hong Xin, Qiu Yibo, Wu Zhong,	3	April 7, 2025	1.Reviewed the <i>Proposal on Extending the Duration of the Phase IV Employee</i>	The Remuneration, Evaluation and Nomination Committee worked strictly in accordance with the <i>Company Law</i> , the regulatory rules of the CSRC	Not applicable	Not applicable

Committee	Chen Linrong, Hou Jiangtao			<i>Stock Ownership Plan</i>	and the <i>Articles of Association</i> of the Company and		
			August 5, 2025	<p>1. Review the <i>Proposal on Revising the Working Rules of the Board Remuneration, Appraisal and Nomination Committee</i>;</p> <p>2. Review the <i>Proposal on Revising the Remuneration and Performance Appraisal Management System for Senior Management</i>;</p> <p>3. Review the <i>Proposal on Formulating the Departure Management System for Directors and Senior Management</i>;</p> <p>4. Review the <i>Proposal on</i></p>	the Rules of Procedure of the Board of Directors, diligently and responsibly, and put forward relevant opinions in accordance with the actual situation of the Company, and unanimously passed all the motions after full communication and discussion.		

				<p><i>Adjusting the Hengyi Petrochemical Co., Ltd. Phase IV Employee Stock Ownership Plan (Draft), Its Summary, and Management Measures;</i></p> <p><i>5.Review the Proposal on Adjusting the Hengyi Petrochemical Co., Ltd. Phase V Employee Stock Ownership Plan (Draft), Its Summary, and Management Measures</i></p>			
			October 25, 2025	<p><i>1.Reviewed the Proposal on Appointing the Company's Vice President</i></p>			
Strategy,	Qiu Yibo,	2	April 7, 2025	<p><i>1.Reviewed the Proposal on</i></p>	The Strategy, Investment and ESG Committee	Not applicable	Not applicable

Investment and ESG Committee	Fang Xianshui, Ni Defeng, Hou Jiangtao			<p><i>Adjusting the Board Strategy and Investment Committee to the Board Strategy, Investment and ESG Committee and Revising the Relevant Working Rules;</i></p> <p>2.Reviewed the <i>Proposal on Concluding the Haining Funded Project and Permanently Using the Surplus Raised Funds from This Project to Supplement Working Capital;</i></p> <p>3.Reviewed the <i>Proposal on Revising the Commodity Derivatives Trading</i></p>	<p>worked strictly in accordance with the <i>Company Law</i>, the regulatory rules of the CSRC and the <i>Articles of Association</i> of the Company and the Rules of Procedure of the Board of Directors, diligently and responsibly, and put forward relevant opinions in accordance with the actual situation of the Company, and unanimously passed all the motions after full communication and discussion.</p>		
---------------------------------	---	--	--	---	--	--	--

				<p><i>Business Management System;</i></p> <p>4.Reviewed the <i>Proposal on Revising the Foreign Exchange Derivatives Trading Business Management System;</i></p> <p>5.Reviewed the <i>Proposal on Revising the Futures Hedging Business Management System</i></p>		
			August 5, 2025	<p>1.Reviewed the Proposal on Revising the Working Rules of the Board Strategy, Investment and ESG Committee</p> <p>2.Reviewed the Proposal on</p>		

				Abolishing the Forward Foreign Exchange Trading Business Management System			
Risk Control Committee	Hou Jiangtao, Chen Linrong, Zhao Donghua	2	April 7, 2025	1.Reviewed <i>2024 Financial Final Accounts Report (Draft)</i>	The Risk Control Committee worked strictly in accordance with the <i>Company Law</i> , the regulatory rules of the CSRC and the <i>Articles of Association</i> of the Company and the Rules of Procedure of the Board of Directors, diligently and responsibly, and put forward relevant opinions in accordance with the actual situation of the Company, and unanimously passed all the motions after full communication and discussion.	Not applicable	Not applicable
			August 5, 2025	1.Reviewed <i>Proposal on Revising the Working Rules of the Board Risk Control Committee;</i> 2.Reviewed the <i>Proposal on Revising the Commodity Derivatives Trading Business Management System;</i> 3.Reviewed the <i>Proposal on</i>			

				<p><i>Revising the Foreign Exchange Derivatives Trading Business Management System;</i></p> <p>4. Reviewed the <i>Proposal on Revising the Futures Hedging Business Management System</i></p>			
--	--	--	--	---	--	--	--

VII. Performance of Duties by the Audit Committee**Whether there are any risks found by the Audit Committee in its supervisory activities during the reporting period**

The Audit Committee had no objections to the matters under supervision during the reporting period

VIII. Employees of the Company**1. Number of employees, professional composition and education level**

Number of employees in the parent company at the end of the reporting period (person)	0
Number of employees of service in major subsidiaries at the end of the reporting period (person)	17,511
Total number of employees in service at the end of the reporting period (person)	17,511
Total number of employees receiving salaries in current period (person)	17,511
Number of retired employees whose expense is borne by the parent company and major subsidiaries (person)	245
Composition	
Professional composition category	Number of professional composition (person)
Production personnel	13,896
Sales staff	341
Technical staff	2,560
Finance staff	154
Administrative staff	560
Total	17,511

Education level	
Education level category	Quantity (person)
Master degree or above	448
Bachelor degree	2,781
College degree or below	14,282
Total	17,511

2.Compensation policies

The Company implements a labor contract system, sign labor contracts with every employee in accordance with the *Labor Law of the PRC*, the *Labor Contract Law of the PRC* and relevant labor laws and regulations. The Company strictly implements the national employment system, labor protection system, and social security system, pays social insurance for employees in accordance with national regulations, sets up corresponding safety protection measures, and creates a good and safe production environment for employees. Through innovative management mechanisms, the Company guides the functional system to continuously improve quality and efficiency, and to create a streamlined and efficient functional team of headquarters. The Company develops an effective salary incentive system for the Company's financial personnel, administrative personnel, technical personnel, production personnel and sales personnel, and gives corresponding performance rewards based on the performance evaluation of the Company, department and individual.

3.Training plans

The Company established Hengyi Enterprise University according to the needs of production and operation and talent training, aiming to build a competitive enterprise university and support Hengyi's global development. It serves as the power center and load bearing platform for Hengyi's organizational development, talent training, technology accumulation, and corporate transformation. The "Blue" series of talent projects are implemented in Hengyi University, to establish talent echelons at different levels; meanwhile, it attaches importance to continuous improvement, job

skill assessment, and on-the-job education promotion to enhance professional skills and effectiveness. The Company develops training plans for different types of employees, organizes internal and outbound trainings according to the plan, pays special attention to job skills training, and provides certification for special positions and hazardous chemical operators to ensure safe production and normal operation. The Company also trains technical and business backbones through targeted training to improve their business capabilities.

4.The situation of labor outsourcing

Total number of working hours of labor outsourced (hours)	14,404,415
Total remuneration paid for labor outsourced (RMB)	390,612,890.00

IX.The Company's common stock profit distribution and capitalization of capital reserves

1.The formulation, implementation, or adjustment of the profit distribution policy, especially the cash dividend policy, during the reporting period

The company, in accordance with the provisions and requirements outlined in documents such as the *"Guidelines for the Supervision of Listed Companies No. 3 — Cash Dividends for Listed Companies (2025 Revision)"* and the *"Self-Regulatory Guidelines for Listed Companies No. 1 — Standard Operations for Main Board Listed Companies (December 2025 Revision)"* issued by the Shenzhen Stock Exchange, has made specific provisions in the *Articles of Association* regarding the decision-making procedures for profit distribution and the profit distribution policy, based on the company's actual situation. Additionally, the company formulated the *"Shareholder Dividend Return Plan for the Next Three Years (2023–2025)"* to better ensure reasonable returns for all shareholders, further refine the *Articles of Association's* clauses related to the profit distribution policy, increase transparency and operability in dividend distribution decisions, and establish a sustainable, stable,

and scientific return plan and mechanism for investors, ensuring the continuity and stability of the profit distribution policy. During the reporting period, the company strictly adhered to the aforementioned profit distribution policy.

According to the Proposal on the 2024 Profit Distribution Plan reviewed and approved at the 2024 Annual General Meeting of Shareholders held on May 15, 2025, the profit distribution plan for 2024 is as follows: based on the total share capital on the equity record date for the distribution, excluding shares held in the company's special securities account for repurchases, a cash dividend of RMB 0.50 per 10 shares (tax inclusive) will be distributed to all shareholders. No bonus shares will be issued, and no capital reserve will be converted into share capital. The company published the Announcement on the Implementation of 2024 Annual Equity Distribution of Hengyi Petrochemical Co., Ltd., and the distribution was completed on June 20, 2025.

Special description of cash dividend policy	
Whether it meets the requirements of the Company's <i>Articles of Association</i> or the resolutions of the General Meeting of Shareholders:	Yes
Whether the dividend standard and proportion are clear and definite:	Yes
Were the relevant decision-making procedures and mechanisms are complete:	Yes
Whether independent directors have performed their due diligence and played their due role:	Yes
If the company has not made cash dividends, it should disclose the specific reasons and the next steps it intends to take to enhance the level of investor returns:	Not applicable
Whether small and medium shareholders have sufficient opportunities to express their opinions and demands, and whether their legitimate equities are fully protected:	Yes
If the cash dividend policy is adjusted or changed, whether the conditions and procedures are compliant and transparent:	Yes

2.The Company was profitable during the reporting period and the parent

company's profit available for distribution to ordinary shareholders was positive, but no distribution plan for cash dividend for ordinary shares was proposed

Applicable Not applicable

3.Distribution of profit and capitalisation of capital reserve for the reporting period

Number of bonus shares per 10 shares (shares)	0
Dividend per 10 shares (RMB) (inclusive of tax)	0.50
Number of shares transferred per 10 shares (shares)	3,441,967,243
Equity base for the proposed distribution (shares)	172,098,362.15
Cash dividend amount (RMB) (including tax)	623,597,540.23
Amount of cash dividends in other ways (e.g. share buybacks) (RMB)	795,695,902.38
Total cash dividends (including other means) (RMB)	489,941,806.34
Distributable profit (RMB)	100%
Total cash dividends (including other methods)	0
Percentage of total profit distribution	
The current cash dividend	
If the company's development stage is in the growth period and there are arrangements for major capital expenditure, when profit distribution is made, the proportion of cash dividends in the profit distribution should be at least 20%.	
Detailed description of the proposed distribution of profits or capitalisation of capital reserves	
On April 14, 2026, the company's 32nd meeting of the 12th Board of Directors and the 2025 Annual Board Meeting reviewed and approved the Proposal on the 2025 Profit Distribution Plan and the 2026 Interim Dividend Arrangement.	
(1) 2025 Profit Distribution Plan	

The company plans to distribute a cash dividend of RMB 0.50 per 10 shares (tax inclusive) to all shareholders, based on the total share capital on the equity record date for the distribution, excluding shares held in the company's special securities account for repurchases. No bonus shares will be issued, and no capital reserve will be converted into share capital. If changes such as additional share issuances, share repurchase adjustments, or conversion of convertible bonds into share capital occur before the equity record date for the distribution, resulting in a change in the total share capital on the dividend distribution record date, the company will use the total share capital on the equity record date for the distribution as the basis, maintain the distribution amount per share unchanged, and adjust the total share capital base accordingly. If this plan is approved by the general meeting of shareholders, based on a preliminary calculation using the total share capital as of March 31, 2026, excluding shares held in the company's special securities account for repurchases, the total cash dividend for 2025 is estimated to be RMB 172,098,362.15. The amount for share repurchase and cancellation implemented through centralized bidding using the company's own funds is RMB 623,597,540.23. The total cash dividend and share repurchase cancellation for 2025 is estimated to be RMB 795,695,902.38, representing 308.01% of the net profit attributable to shareholders of the listed company in 2025.

(2)2026 Interim Cash Dividend Plan

To implement a regular cash dividend mechanism for listed companies and enhance returns for investors, in accordance with the CSRC Guidelines No. 3-Cash Dividends of Listed Companies and the Shenzhen Stock Exchange Self-Regulatory Guidelines No. 1-Standard Operations of Main Board Listed Companies, the board of directors is requested to be authorized by the general meeting of shareholders to formulate and implement the 2026 interim cash dividend plan under the following conditions, including but not limited to whether to implement the dividend, formulate the dividend plan, and determine the specific amount and timing of the dividend distribution.

The above proposals are subject to approval by the company's 2025 Annual General Meeting

of Shareholders.

X.Implementation of the Company's SIPs, ESOPs or other employee incentives

1. Equity incentive

Not applicable

2.Implementation of the Employee Share Ownership Plan

Employee Share Ownership Schemes in force during the reporting period

Name	Scope of employees	Number of employees	Total number of shares held (shares)	Status of changes	Percentage of total share capital of listed companies	Implementation plan Sources of funding for the implementation of the plan
Fourth Employee Share Ownership Plan	Directors, Supervisors, senior management of the Company, regular employees of the Company and its subsidiaries, and other persons as determined by the Board of Directors	No more than 4,011	113,754,600	/	3.16%	Legal remuneration of employees, self-financing and other means permitted by laws and regulations
Fifth Employee Share Ownership Plan	Directors, Supervisors, senior management of the Company, regular employees of the Company and its subsidiaries, and other persons as determined by the Board of Directors	No more than 6,000	87,167,750	/	2.42%	Legal remuneration of employees, self-financing and other means permitted by laws and regulations
Sixth Employee	Directors, Supervisors, senior management of the	No more	114,090,297	/	3.17%	Legal remuneration of employees,

Share Ownership Plan	Company, regular employees of the Company and its subsidiaries, and other persons as determined by the Board of Directors	than 2,500				self-financing and other means permitted by laws and regulations
-------------------------	---	------------	--	--	--	--

3.Shareholdings of directors, supervisors and senior management in the Employee Share Ownership Plan during the reporting period

Name	Title	Number of shares held at the beginning of the reporting period (shares)	Number of shares held at the end of the reporting period (shares)	Percentage of total share capital of listed companies
Fang Xianshui	Vice president	2,411,732	2,411,732	0.07%
Ni Defeng	Director	2,819,895	2,411,732	0.07%
Wu Zhong	Director, Vice president	1,642,745	1,234,582	0.03%
Zhao Donghua	Director, Vice president	1,642,745	1,234,582	0.03%
Luo Dan	Director	571,693	473,734	0.01%
Wang Songlin	Vice president	1,125,949	717,786	0.02%
Chen Liancai	Vice president	1,642,745	1,234,582	0.03%
Zheng Xingang	Vice president, Secretary of BOD, Financial Director	1,479,480	1,234,582	0.03%
Ni Jinmei	Vice president	862,189	617,291	0.02%

4.Changes in asset management organisations during the reporting period

Applicable Not applicable

5.Changes in equity during the reporting period arising from holders' disposals of shares, etc.

Applicable Not applicable

6.Exercise of shareholders' rights during the reporting period

Applicable Not applicable

7. Other relevant circumstances and description of the Employee Share Ownership Plan during the reporting period

Applicable Not applicable

8. Changes in the membership of the Management Committee of the Employee Share Ownership Plan

Applicable Not applicable

9. Financial impact of the Employee Share Ownership Plan on listed companies during the reporting period and related accounting treatment

Applicable Not applicable

10. Termination of the Employee Share Ownership Plan during the reporting period

On December 15, 2025, all 113,754,600 shares of the company held under the fourth employee stock ownership plan were sold out through block trades, accounting for 3.16% of the company's total share capital at that time. The transferee of the block trades was the company's controlling shareholder, Zhejiang Hengyi Group Co., Ltd. For details, please refer to the Announcement on the Completion of Share Sales and Termination of the Company's Fourth Employee Stock Ownership Plan (2025-113) disclosed by the company on December 16, 2025

11. Other employee incentives

Applicable Not applicable

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

1. Establishment and implementation

During the reporting period, the Company continuously updated and optimized its internal control system in accordance with the Basic Standard for Enterprise Internal Control and other relevant regulations to adapt to the changing external environment and internal management requirements. The Company's internal control system is sound and reasonable and covers the main aspects of its operation and management. It works well and there is no significant omission.

(1) Internal environment. The Company has an organizational structure that is suitable for its business, which has a clear division of labor and sound and complete functional departments, and the Company implements the principle of separation of incompatible duties to make these departments restrain with each other.

(2) Risk assessment. The Company collects relevant information in a comprehensive and systematic manner according to its strategic objectives, development thoughts and the industry characteristics to conduct risk assessment timely and weigh risks and benefits, then determines risk response strategies to keep the risks under control.

(3) Control activities. The Company continuously sorts out and improves the system according to the current state of its management and development needs, without comprising the legality, normality, feasibility and operability.

(4) Information and communication. The Company has established an information and communication system to define the procedures for the collection, processing and transmission of information related to internal control, in order to build a smooth communication line and promote effective conduct of internal control.

(5) Supervision. The Company has established a corporate governance mechanism, so that the independent directors and the BOS are able to independently perform their supervisory duties and independently conduct evaluation and provide recommendations on the Company's management. A special internal audit body is set up under the Audit Committee of the BOD to carry out internal audit work independently according to law in order to realize the effective supervision of the management and effective operation of the internal control system.

2.Details of significant internal control deficiency identified during the reporting period

Yes No

XII.The Company ' s management and control over subsidiaries during the reporting period

During the reporting period, in order to strengthen management and control over its subsidiaries, standardize their internal operations, and promote their healthy

development, the company, following the operational standards for listed companies, formulated and improved the *"Comprehensive Management System for Subsidiaries."* This system provides specific regulations for subsidiaries in terms of establishing sound governance structures, operational and business decision-making, financial management, information management, investment decision-making, inspection, and performance evaluation. Subsidiaries are also required to uniformly implement the *"Major Information Internal Reporting System,"* which clearly defines procedures for reporting and reviewing major matters. The company closely monitors significant issues regarding subsidiary governance, financial status, production and operations, project construction, safety, and environmental protection, while promptly fulfilling information disclosure obligations. To enhance the standardized operation levels of its subsidiaries, the company's Audit and Legal Department provides guidance, supervision, and evaluation of the establishment and implementation of internal control systems in all subsidiaries. This ensures the continuous improvement and effective implementation of the company's various internal control systems.

XIII. Internal control self-evaluation report or internal control audit report

1. Internal control self-evaluation report

Disclosure date of full text of Internal Control Evaluation Report	April 15, 2026	
Disclosure index of full text of Internal Control Evaluation Report	http://www.cninfo.com.cn	
Proportion of total assets included in the evaluation scope to that of the Company's consolidated financial statements	100.00%	
Proportion of operating income included in the evaluation to that of the Company's consolidated financial statements	100.00%	
Defect Identification Standard		
Category	Financial reports	Financial reports Non-financial reports
	(1) Material Weaknesses ① Directors and senior management of the company engaged in material fraud such as abuse of power, corruption and bribery, or embezzlement of public	(1) Material Weaknesses ① Impact on Personnel Health and Safety: Resulting in more than 10 fatalities, or more than 50 serious injuries.

Qualitative criteria	<p>funds;② A material misstatement in the current financial statements was found by external auditors, and internal controls failed to detect such misstatement during operation;③ The supervision of internal controls by the company's audit committee and internal audit function was ineffective;④ Other weaknesses that may affect the correct judgment of financial statement users.</p> <p>(2) Significant Deficiencies① Failure to select and apply accounting policies in accordance with generally accepted accounting principles, or failure to establish anti-fraud procedures and controls;② Lack of established control mechanisms or failure to implement controls for unusual or non-routine transactions, without corresponding compensating controls;③ One or more deficiencies exist in the controls over the period-end financial reporting process, such that reasonable assurance cannot be obtained that the financial statements are prepared truthfully and accurately.</p> <p>(3) General DeficienciesOther control weaknesses besides the material weaknesses and significant deficiencies described above.</p>	<p>② Potential Negative Impact:Negative information concerning the enterprise's safety, environmental protection, social responsibility, professional ethics, or operational status spreads nationwide, leading to special investigations by government or regulatory authorities, continuous in-depth coverage by public media, and adverse events such as difficulties in obtaining or recovering loans, suspension or revocation of administrative permits, pledging of assets, or a large number of claims (occurrence of a Level I mass incident).</p> <p>(2) Significant Deficiencies① Impact on Personnel Health and Safety:Resulting in 3 to 10 fatalities, or 10 to 50 serious injuries.</p> <p>② Potential Negative Impact:Negative information concerning the enterprise's safety, environmental protection, social responsibility, professional ethics, or operational status is reported continuously by public media on three occasions, draws attention and investigation from industry or regulatory authorities, and causes adverse effects within the industry (occurrence of a Level II mass incident).</p> <p>(3) General Deficiencies① Impact on Personnel Health and Safety:Resulting in fewer than 3 fatalities, or fewer than 10 serious injuries.</p> <p>② Potential Negative Impact:Negative information</p>
----------------------	--	--

		concerning the enterprise's safety, environmental protection, social responsibility, professional ethics, or operational status is reported continuously by public media on three occasions, draws attention and investigation from industry or regulatory authorities, and causes adverse effects within the industry (occurrence of a Level III or IV mass incident).
Quantitative standard	<p>(1) Quantitative Criteria for Material WeaknessesA deficiency that could potentially result in a misstatement or omission in the financial statements involving an amount exceeding 0.5% of the total operating revenue in the current year's consolidated financial statements.</p> <p>(2) Quantitative Criteria for Significant DeficienciesA deficiency that could potentially result in a misstatement or omission in the financial statements involving an amount between 0.1% and 0.5% of the total operating revenue in the current year's consolidated financial statements.</p> <p>(3) Quantitative Criteria for General DeficienciesA deficiency that could potentially result in a misstatement or omission in the financial statements involving an amount below 0.1% of the total operating revenue in the current year's consolidated financial statements.</p>	<p>(1) Quantitative Criteria for Material WeaknessDirect financial loss of RMB 50 million or above.</p> <p>(2) Quantitative Criteria for Significant DeficiencyDirect financial loss between RMB 10 million and RMB 50 million.</p> <p>(3) Quantitative Criteria for General DeficiencyDirect financial loss below RMB 10 million.</p>
Number of major defects in financial report		0

Number of major defects in non- financial report	0
Number of significant defects in financial report	0
Number of significant defects in non-financial report	0

2. Internal control audit report

Reviewed parts in the internal control audit report	
In our opinion, Hengyi Petrochemical Co., Ltd. maintained effective internal control, in all material respects, in accordance with the Basic Norms for Enterprise Internal Control and relevant regulations at December 31, 2025.	
Disclosure of internal control audit report	Disclosure
Date of full-text disclosure for Internal Control Audit Report	April 15, 2026
Full-text disclosure index for the Internal Control Audit Report	CNINFO (http://www.cninfo.com.cn)
Category of opinions	Standard unqualified opinion
Whether there are major defects in the non-financial report	No

3. Whether the accounting firm has issued an internal control audit report with modified and qualified opinions

Yes No

4. Whether the opinions in the internal control assurance report issued by the accounting firm are consistent with those in the self-evaluation report issued by the BOD

Yes No

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

Yes No

XIV. Self-examination and rectifications through the special campaign on corporate governance of listed companies

Not applicable

XV. Environmental Information Disclosure Status**1. Whether the listed company and its principal subsidiaries are included in the list of enterprises required to disclose environmental information in accordance with the law**

Number of enterprises included in the list of enterprises required to disclose environmental information in accordance with the law		10
No.	Company	Searchable index for environmental information disclosure reports in accordance with the law.
1	Hengyi Limited	Zhejiang Enterprise Environmental Information Disclosure System in Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
2	Hengyi Polymer	Zhejiang Enterprise Environmental Information Disclosure System in Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
3	Shuangtu New Materials	Zhejiang Enterprise Environmental Information Disclosure System in Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
4	Hengyi High-Tech	Zhejiang Enterprise Environmental Information Disclosure System in Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
5	Jiaxing Yipeng	Zhejiang Enterprise Environmental Information Disclosure System in Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
6	Haining New Materials	Zhejiang Enterprise Environmental Information Disclosure System in Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
7	Haining	Zhejiang Enterprise Environmental Information Disclosure System in

	Thermal Power	Accordance with the Law, website: https://mlzj.sthjt.zj.gov.cn/eps/index/enterprise-search
8	Taicang Yifeng	Jiangsu Enterprise "Eco-Face" Information Disclosure, website: http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
9	Suqian Yida	Jiangsu Enterprise "Eco-Face" Information Disclosure, website: http://ywxt.sthjt.jiangsu.gov.cn:18181/shencai-envfacial-web/web/view/facialDetail/facialDetail.html
10	Fujian Yijin	Enterprise Environmental Information Disclosure System in Accordance with the Law (FujianBeta Version), website: http://220.160.52.213:10053/idp-province/#/multiple-query

2.Relevant information on the occurrence of environmental accidents by listed companies

Not applicable

XVI. Social Responsibility

Please see the Social, Environmental, Governance(ESG) report of 2025.

The Company shall comply with the disclosure requirements for petrochemical industry specified in *Guidelines No. 3 for Self-Regulation of Listed Companies of Shenzhen Stock Exchange - Industry Information Disclosure*

In 2025, the company maintained a stable safety production situation, with no major safety incidents occurring and zero new cases of occupational diseases reported. The company consistently prioritizes safety as the foremost element of development, fully fulfills its primary responsibility for safety management, and rigorously implements safety measures across all operational aspects.

Firstly, the company actively implemented safety responsibilities. At the beginning of the year, it signed the Safety and Environmental Protection Production Target Responsibility Agreement with each subsidiary and relevant department, clarifying

safety production responsibilities, strengthening safety awareness, and fostering a structured approach where each level drives the next, ensuring accountability at every tier.

Secondly, the company actively promoted the establishment of safety standardization systems and dual-prevention mechanisms across its subsidiaries. In the road transportation sector, the company maintained Grade-1 safety production standardization; in hazardous chemical production, it upheld Grade-2 safety production standardization; and in chemical fiber manufacturing, 80% of enterprises achieved Grade-3 safety production standardization. Other subsidiaries are progressively improving their systems.

Third, comprehensive safety inspections and rectifications were carried out, along with specialized checks on the implementation of the full-staff safety production responsibility system. The depth and professionalism of safety supervision were enhanced through integrated inspections, specialized evaluations by external experts, and on-site monitoring, achieving a 100% annual completion rate for rectifying identified hazards.

Fourth, investment in safety production was increased by actively adopting new technologies, processes, and equipment to continuously improve safety conditions and elevate the enterprise's inherent safety level.

Fifth, emphasis was placed on safety education and training to raise awareness among all employees. The safety training system covers key personnel, including senior management, safety production managers, special operations and equipment operators, other employees, as well as contractors and laborers. Both the training completion rate and qualification rate reached 100%, ensuring comprehensive coverage with a focus on critical areas.

Sixth, a dual-prevention mechanism for safety production was established to strengthen the safety defense line. Throughout the year, subsidiaries underwent 39 routine safety inspections by regulatory authorities, with no violations, penalties, or major safety hazards identified.

XVII. Consolidating and Expanding Achievements in Poverty Alleviation and Rural Revitalization

The company has always regarded "serving the nation through industry" as its foundation, internalizing the fulfillment of social responsibility as an inherent driving force for its development. We adhere to interpreting our commitment through benevolent actions, integrating a philanthropic spirit into the pulse of our growth. By focusing on multiple dimensions such as educational support, industry collaboration, community integration, and care for special groups, we continuously convey the warmth of the enterprise. While creating economic value, we strive to contribute positive strength to social progress, jointly painting a humanistic picture of harmonious development with partners from all sectors. In 2025, the company and its controlling shareholder, Hengyi Group, actively engaged in public welfare, with cumulative donations reaching 25.07 million RMB, focusing on the following key initiatives:

(1) Education as the Foundation for Shaping the Future: The company has continuously increased its investment in educational philanthropy. During the reporting period, Hengyi Group signed a donation agreement with Zhejiang University, contributing an additional 20 million RMB. The full amount was placed under the unified management of the "Zhejiang University Education Foundation Hengyi Excellence Development Fund," specifically designated to support talent recruitment and the development of "Double First-Class" disciplines. A donation of 1 million RMB was made to the "Hengyi Education Incentive Fund" under the Xiaoshan District People's Education Foundation, specifically for incentivizing the cultivation of top innovative talents and the development of outstanding teachers. A targeted donation of 1 million RMB was provided to Hangzhou Xiaoshan District No.

3 Senior High School to support improvements in school facilities, updating of teaching equipment, and student/teacher awards and grants. Additionally, 600,000 RMB was donated to Gaochang District, Turpan City, for the "Cherishing Education, Spreading Love in the Land of Fire" public welfare fund to honor teachers and value education.

(2) Community Integration and Shared Development: The company's development is inseparable from the nourishment and support of its local regions. We are always committed to resonating and building a shared future with our communities. Hengyi Group contributed 5.625 million RMB to the "Hengyi Charity Fund," an endowment-named fund established within the Xiaoshan District Charity Federation. Through the Zhejiang Provincial Charity Union, a donation of 50,000 RMB was made to the Xiuzhou District Charity Federation in Jiaxing City to support community charity development. The company actively participated in the Qinzhou City Joint Charity Donation Activity, contributing 20,000 RMB for local public welfare causes. A donation of 150,000 RMB was made to support local school development and activities (e.g., Children's Day, Seniors' Day) in Yinglin Town, Jinjiang City. In Beilun District, Ningbo, the company has long been invested in environmental protection and charity. Since establishing a special fund in 2016, cumulative donations have reached 2.2 million RMB. During the reporting period, an additional 300,000 RMB was donated to support local environmental and charitable projects. These practical actions demonstrate our commitment to giving back and writing the warmth of the enterprise into reality.

(3) Hengyi Brunei's Community Initiatives: To support the growth and development of local Bruneian talent, create positive interactions, strengthen ties between Hengyi Brunei and the community, and protect local biodiversity and the natural environment, Hengyi Brunei has continuously launched multiple projects such as "Hengyi Future," "Hengyi Cares," and "Hengyi One Earth," contributing to the realization of Brunei's "Wawasan 2035" vision.

1) "Hengyi Future" Project: Focuses on supporting the cultivation and development of local talent and promoting youth entrepreneurship. In 2025, the company sponsored

several educational support activities including the Hengyi Outstanding Student Award, Universiti Brunei Darussalam Bookworm Award (Chemical & Process Engineering), and Universiti Teknologi Brunei Excellence Student Award, presenting awards to outstanding students from various primary and secondary schools. Multiple educational promotion roadshows were also held, donating computers to local schools. Actual expenditure in 2025 was approximately 1.0878 million USD.

2) "Hengyi Cares" Project: Primarily sponsors community and national events, and organizes donation drives to help underprivileged families and orphans, striving to promote unity, care, progress, and inclusivity within the community. In 2025, Hengyi Brunei conducted donations for underprivileged families and orphans, and sponsored events such as the Teachers' Day Walkathon, Business Growth Exchange, and the 7th Blood Donation Drive. Actual expenditure in 2025 was approximately 157,400 USD.

3)"Hengyi One Earth" Project: Primarily aims to protect and preserve Brunei's biodiversity and natural environment, such as providing clean energy to local communities, sponsoring, and participating in events themed on environmental protection, sustainable development, and the green economy. Actual expenditure in 2025 was approximately 7,600 USD. Furthermore, Hengyi Brunei actively explores green production pathways by constructing photovoltaic power generation projects within the plant premises and deploying advanced environmental protection treatment facilities, continuously reducing energy consumption and environmental impact, contributing to sustainable development goals.

(4) Promoting Industry Development: Hengyi Group donated 900,000 RMB to the China Chemical Fibers Association · Hengyi Fund, continuously supporting innovation and collaborative development within the chemical fiber industry.

(5) Care for Vulnerable Groups: The company cares for and supports disadvantaged groups, providing free health check-ups and facilitating employee mutual medical aid applications for all disabled employees, while also driving more employment and prosperity opportunities for people with disabilities. The company designates May each year as the "Disability Service Month," organizing a series of support activities. It also regularly holds various healthy cultural and sports activities, opening channels

for emotional exchange and expression of needs, enriching the spiritual and cultural lives of disabled employees.

The company firmly believes that the vitality of an enterprise lies not only in its operational performance but also in its creation and commitment to social value. In the future, we will continue to uphold our original aspirations, fulfilling our commitment to "acting with benevolence" through concrete actions, allowing the stream of public welfare to merge into the vast river of era development.

Section V Important Matters

I.Fulfillment of commitments

1.Commitments that the Company' s actual controllers, shareholders, related parties, acquirers, and the Company and other relevant parties have fulfilled during the reporting period and that have not been fulfilled as of the end of the reporting period

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made in the acquisition report equity change report	Qiu Jianlin, the actual controller of Hengyi Group and the Company	Commitment on independent operation	He ensures the independence of Hengyi Group and its actual controller's affiliates and the Company in terms of personnel, assets, finance, organization and business in the commitment	April 29, 2010	Long-term effective	Up to now, Hengyi Group and the actual controller Qiu Jianlin have not violated this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made in the acquisition report equity change report	Qiu Jianlin, the actual controller of Hengyi Group and the Company	Commitment Regarding Competition Within the Same Industry	Promise not to compete with the Company in the same industry.	April 29, 2010	Long-term effective	Up to now, Hengyi Group and the actual controller Qiu Jianlin have not violated this commitment.
Commitments made in the acquisition report equity change report	Qiu Jianlin, the actual controller of Hengyi Group and the Company	Commitment on related-party transactions	Commit to regulate related-party transactions with the Company.	April 29, 2010	Long-term effective	Up to now, Hengyi Group and the actual controller Qiu Jianlin have not violated this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made in the acquisition report equity change report	Qiu Jianlin, the actual controller of Hengyi Group and the Company	Commitment on the use of funds	It is promised that not to take yo the Company's funds	April 29, 2010	Long-term effective	Up to now, Hengyi Group and the actual controller Qiu Jianlin have not violated this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments made in the acquisition report equity change report	Hengyi Group and other parties	Other commitments	It is promised that the equity adjustment of Zhejiang Yisheng and Yisheng Investment will not increase the actual or potential tax burden of Hengyi Petrochemical or related subsidiaries. On the premise of the completion of this major asset reorganization, if Hengyi Petrochemical or its subsidiaries are required to pay taxes or be demanded by tax authorities for the above-mentioned equity adjustment due to the adjustment of national tax policy or other reasons, the reorganization party promised to compensate the Company for any losses incurred by it in cash and full amount timely.	April 29, 2010	Long-term effective	The commitment remains valid and is still in the process of fulfillment. Up to now, Hengyi Group did not go against this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments Made During Initial Public Offerings or Refinancing	Qiu Jianlin, the actual controller of Hengyi Group and the Company	Commitment on Measures to Compensate for the Dilution of Immediate Returns Regarding the Public Issuance of Convertible Corporate Bonds	It is promised that will not overreach in intervening in the company's operational management activities and will not encroach on the company's interests. From the date of this commitment until the completion of the public issuance of A-share convertible corporate bonds by the company, if the China Securities Regulatory Commission (CSRC) issues new regulatory requirements regarding measures to compensate returns and their commitments, and if the above commitments do not meet such requirements, [we/I] hereby commit to issue supplementary commitments in accordance with the latest regulations of the CSRC at that time. As one of the responsible parties for the measures to compensate returns, if [we/I] violate the above commitments or refuse to fulfill them, [we/I] agree that the China Securities Regulatory Commission and the Shenzhen Stock Exchange, among other securities regulatory bodies, may impose penalties or take relevant regulatory measures	April 25, 2019	The duration of "Hengyi Convertible Bonds"	Up to now, Hengyi Group and the actual controller Qiu Jianlin have not violated this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments Made During Initial Public Offerings or Refinancing	Directors, senior managers	Commitment on Measures to Compensate for the Dilution of Immediate Returns Regarding the Public Issuance of Convertible Corporate Bonds	Translation:I hereby commit not to transfer benefits to other entities or individuals without compensation or under unfair conditions, nor to adopt other methods that harm the interests of the company.I hereby commit to restraining my official consumption behavior.I hereby commit not to use the company's assets for investment or consumption activities unrelated to the performance of my duties.I hereby commit to fully supporting the Board of Directors or the Remuneration and Assessment Committee in formulating the remuneration system, ensuring that it is linked to the implementation of the company's return-filing measures, and to voting in favor of relevant proposals during deliberations (if I have voting rights).I hereby commit that, when promoting the company's equity incentives (if any), the conditions for exercising equity incentives will be linked to the implementation of the company's return-filing measures.From the date this commitment is issued	April 25, 2019	The duration of "Hengyi Convertible Bonds"	As of now, the directors and senior management have not violated the matters stipulated in this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments Made During Initial Public Offerings or Refinancing	Qiu Jianlin, the actual controller of Hengyi Group and the Company	Commitment on Measures to Compensate for the Dilution of Immediate Returns Regarding the Public Issuance of Convertible Corporate Bonds	Not to overstep authority to interfere with the company's operational and management activities, nor to encroach upon the company's interests;To earnestly fulfill the company's formulated measures for compensating returns and this commitment. In the event of any violation of this commitment or refusal to fulfill it, resulting in losses to the company or its shareholders, to agree to bear corresponding legal responsibilities in accordance with laws, regulations, and relevant provisions of securities regulatory authorities;From the date this commitment letter is issued until the completion of the company's public issuance of convertible corporate bonds, if the China Securities Regulatory Commission (CSRC) introduces new regulatory requirements regarding measures for compensating returns and related commitments, and the above commitments fail to meet such requirements, the company/I hereby undertake to issue a supplementary commitment	May 31, 2021	The duration of "Hengyi Convertible Bonds 2"	As of now, Hengyi Group and its actual controller, Qiu Jianlin, have not breached any commitments.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Commitments Made During Initial Public Offerings or Refinancing	Directors, senior management	Commitment on Measures to Compensate for the Dilution of Immediate Returns Regarding the Public Issuance of Convertible Corporate Bonds	I pledge not to transfer benefits to other units or individuals gratuitously or under unfair conditions, nor will I employ other methods to harm the company's interests. I pledge to restrain my official consumption behavior. I pledge not to use company assets for investments or consumption activities unrelated to the performance of my duties. I pledge that the remuneration system formulated by the Board of Directors or the Compensation and Assessment Committee will be linked to the execution of the company's measures for compensating returns. If the company subsequently introduces an equity incentive policy, I pledge that the exercise conditions for equity incentives will be linked to the execution of the company's measures for compensating returns. I will earnestly fulfill the company's formulated measures for compensating returns and this commitment. In the event of any violation of this commitment or refusal to fulfill it, resulting in	May 31, 2021	The duration of "Hengyi Convertible Bonds 2"	As of now, Hengyi Group and its actual controller, Qiu Jianlin, have not breached any commitments.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Other commitments made to the Company's minority shareholders	Hainan Hengshengyuan International Tourism Development Co., Ltd.	Commitment on horizontal competition	It promises that it will not compete in the same industry with the production and sales of polyester fiber products, which is one of the main businesses of listed companies. Supplementary commitment: Shanghai Hengyi Polyester Fiber Co., Ltd. will permanently shut down its existing production facilities, no longer participate in or add any areas that may compete with the Company's industry in the same industry since the 100% equity transfer transaction of Shanghai Hengyi Polyester Fiber Co., Ltd. is approved at the Company's 2016 fourth extraordinary general meeting of shareholders; Besides, Shanghai Hengyi Polyester Fiber Co., Ltd. split and disposes of its existing assets to completely solve this potential horizontal competition problem	March 21, 2016	Long-term effective	Up to now, Hainan Hengshengyuan International Tourism Development Co., Ltd. has not violated this commitment.

Commitment item	Promising party	Commitment type	Commitment content	Commitment time	Commitment period	Performance
Other commitments	Hengyi Group and its concerted actor Hengyi Investment	Letter of Commitment Regarding the Share Increase Plan	The Company commits not to reduce its holdings of the Company's shares during the share acquisition period and the statutory period, and guarantees to complete the share acquisition plan within the specified implementation period. After the completion of this share acquisition plan, the acquired shares will be locked in accordance with relevant laws and regulations.	December 25, 2024, December 2, 2025	The shareholding increase period and the plan are valid for six months after completion	As of now, Hengyi Group and Hengyi Investment have not breached this commitment.
Whether the promise is fulfilled on time						Yes
If the commitment is not fulfilled within the time limit, the specific reasons for the unfulfilled commitment and the next work plan shall be explained in detail						None

2. There is a profit forecast for the Company's assets or projects, and it is still in the profit forecast period at the reporting period, the Company provides an explanation of the reason for the assets or projects reaching the original profit forecast

Applicable Not applicable

3. The company is subject to performance commitments

Applicable Not applicable

II. The non-operating capital occupation of the listed company by the controlling shareholder and its related parties

During the reporting period of the Company, there was no non-operating capital occupation of the listed company by the controlling shareholder and its related parties.

III. External Guarantees Against the Rules and Regulations

There was no external guarantee provided by the Company which was against rules and regulations during the reporting period.

IV. Explanation of the BOD on the latest "Non-standard Audit Report"

Applicable Not applicable

V. Description of the BOD and the independent directors (if any) on the "Non-standard Audit Report" for the current reporting period issued by the accounting firm

Applicable Not applicable

VI. Description of changes in accounting policies, accounting estimates or corrections of material accounting errors compared to the financial report of the previous year

During the reporting period, there were no changes in accounting policies, accounting estimates, or corrections of significant accounting errors.

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

The total number of subsidiaries included in the scope of consolidation in fiscal year 2025 was 56, an increase of 2 subsidiaries and a decrease of 0 subsidiaries compared with the previous year. For details, please refer to "VII. Interests in Other Entities" in "Section VIII. Financial Reporting".

VIII.Appointment and dismissal of the accounting firms

1.Currently employed accounting firm

Name of the domestic accounting firm	Zhongxinghua Certified Public Accountants LLP
Remuneration of domestic accounting firms (RMB 10,000)	325
Consecutive years of audit services of domestic accounting firms	7
Name of CPA in domestic accounting firms	Zhang Liming, Yin Yanning
Consecutive years of audit services provided by the domestic accounting firm's CPAs	2

2.Whether to reappoint an accounting firm in current period

Yes No

3.Employment of internal control auditing accounting firms, financial consultants or sponsors

During the reporting period, the Company hired Zhongxinghua Certified Public Accountants LLP as the internal control audit agency, with an internal control audit fee of RMB 550,000.

IX.Delisting after the disclosure of annual report

Applicable Not applicable

X.Matters Related to bankruptcy and reorganization

During the reporting period, the Company did not have any bankruptcy and reorganization related matters.

XI.Major litigations and arbitrations

The Company had no major litigation or arbitration matters during the reporting period.

XII.Penalties and rectifications

There were no penalties and rectifications during the reporting period of the Company.

XIII.Integrity of the Company and its controlling shareholders and the actual controller

Applicable Not applicable

XIV. Significant related-party transactions

1. Related-party transactions related to daily operations

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportion s in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
Yisheng Dahua	Associated enterprises	Procurement of goods	PTA	Market price	Market price	23,484.53	0.91%	45,000	No	Bill/Cash	Market price
Yisheng Dahua	Associated enterprises	Sales of goods	PIA	Market price	Market price	26,436.31	18.72%	30,000	No	Bill/Cash	Market price
Yisheng Dahua	Associated enterprises	Sales of goods	PX	Market price	Market price	18,686.18	2.24%	220,000	No	Bill/Cash	Market price
Hainan Yisheng	JV	Procurement of goods	PTA	Market price	Market price	213,967.81	8.33%	420,000	No	Bill/Cash	Market price
Hainan	JV	Sales of	PX	Market	Market	21,403.24	2.57%	220,000	No	Bill/Cash	Market

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
Yisheng		goods		price	price						price
Hainan Yisheng	JV	Sales of goods	PIA	Market price	Market price	43,643.23	30.91%	57,000	No	Bill/Cash	Market price
Yisheng New materials	Associated enterprises	Procurement of goods	PTA	Market price	Market price	1,310,318.81	51.00%	1,500,000	No	Bill/Cash	Market price
Yisheng New materials	Associated enterprises	Sales of goods	PX	Market price	Market price	43,211.85	5.19%	220,000	No	Bill/Cash	Market price
Yisheng New materials	Associated enterprises	Provision of labor	Transportation of goods	Market price	Market price	3,968	5.09%	8,000	No	Bill/Cash	Market price
Hengyi Caprolactam	JV	Procurement of goods	Power and energy-related	Market price	Market price	40,829.1	100.00%	50,000	No	Bill/Cash	Market price

Related party	Related party relations	Type of related-party transactions	Contents of related-party transactions	Pricing principle for related-party transactions	Price of related-party transactions	Amount of related-party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related-party transactions	Available market prices for similar transactions
			products								
Hengyi Caprolactam	JV	Procurement of goods	Auxiliary materials	Market price	Market price	3,385.31	43.74%	7,500	No	Bill/Cash	Market price
Hengyi Caprolactam	JV	Sales of goods	Power and energy-related products	Market price	Market price	8,103.49	16.62%	120,000	No	Bill/Cash	Market price
Hengyi Caprolactam	JV	Sales of goods	Auxiliary materials	Market price	Market price	5,373.62	79.33%	40,000	No	Bill/Cash	Market price
Hengyi Caprolactam	JV	Sales of goods	BZ	Market price	Market price	6,734.29	10.90%	50,000	No	Bill/Cash	Market price
Hengyi	JV	Provision of	Transportation	Market	Market	455.23	0.58%	600	No	Bill/Cash	Market

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
Caprolactam		labor	of goods	price	price						price
Hengyi Caprolactam	JV	Provision of labor	Engineering management	Market price	Market price	2,535.26	61.49%	3,600	No	Bill/Cash	Market price
Hengyi Polyamide	A holding subsidiary of the ultimate parent company	Provision of labor	Transportation of goods	Market price	Market price	1,454.66	1.87%	1,200	Yes	Bill/Cash	Market price
Hengyi Polyamide	A holding subsidiary of the ultimate	Sales of goods	Auxiliary materials	Market price	Market price	804.59	40.75%	5,200	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
	parent company										
Hengyi Polyamide	A holding subsidiary of the ultimate parent company	Procurement of goods	Nylon chips	Market price	Market price	66,571.50	39.45%	90,000	No	Bill/Cash	Market price
Shaoxing Hengming	Associated enterprises of the ultimate parent	Procurement of goods	Polyester Products	Market price	Market price	901,278.21	15.73%	1,100,000	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportion s in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
	company										
Shaoxing Hengming	Associated enterprises of the ultimate parent company	Procurement of goods	Packing materials	Market price	Market price	3,011.72	14.74%	3,800	No	Bill/Cash	Market price
Shaoxing Hengming	Associated enterprises of the ultimate parent company	Procurement of goods	Auxiliary materials	Market price	Market price	529.52	6.84%	1,000	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
Shaoxing Hengming	Associated enterprises of the ultimate parent company	Sales of goods	Packing materials	Market price	Market price	3,649.63	16.31%	3,700	No	Bill/Cash	Market price
Shaoxing Hengming	Associated enterprises of the ultimate parent company	Sales of goods	Auxiliary materials	Market price	Market price	6,139.03	3.35%	5,000	Yes	Bill/Cash	Market price
Shaoxing	Associated	Sales of	Power and	Market	Market	28,753.77	58.96%	40,000	No	Bill/Cash	Market

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
Hengming	enterprises of the ultimate parent company	goods	energy products	price	price						price
Shaoxing Hengming	Associated enterprises of the ultimate parent company	Sales of goods	Polyester Products	Market price	Market price	2,926.46	0.05%	3,000	No	Bill/Cash	Market price
Shaoxing Hengming	Associated enterprises of	Provision of labor	Trademark Licensing Fee	Market price	Market price	1,400.43	100.00%	1,500	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportion s in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
	the ultimate parent company										
Shaoxing Hengming	Associated enterprises of the ultimate parent company	Provision of labor	Transportation of goods	Market price	Market price	11,941.55	15.32%	13,000	No	Bill/Cash	Market price
Shaoxing Hengming	Associated enterprises of the ultimate	Provision of labor	Engineering management	Market price	Market price	439.58	10.66%	650	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
	parent company										
Hangzhou Yichen	A holding subsidiary of the ultimate parent company	Procurement of goods	Nylon chips	Market price	Market price	102,184.77	60.55%	145,000	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
Hangzhou Yichen	A holding subsidiary of the ultimate parent company	Provision of labor	Transportation of goods	Market price	Market price	2,155.87	2.77%	2,500	No	Bill/Cash	Market price
Hangzhou Yichen	A holding subsidiary of the ultimate parent company	Sales of goods	Auxiliary materials	Market price	Market price	1,169.83	59.25%	3,300	No	Bill/Cash	Market price
Hengqi	JV of the	Sales of	Power and	Market	Market	2,877.24	5.90%	3,300	No	Bill/Cash	Market

Related party	Related party relations	Type of related-party transactions	Contents of related-party transactions	Pricing principle for related-party transactions	Price of related-party transactions	Amount of related-party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related-party transactions	Available market prices for similar transactions
Environmental Protection	ultimate parent company	goods	energy-related products	price	price						price
Qingzhi Matou	Related Legal Entity in which a Director of the Listed Company	Procurement of Labor Services	Loading and unloading of goods	Market price	Market price	3,181.05	4.45%	3,200	No	Bill/Cash	Market price
Qingzhi Matou	Related Legal Entity in	Sales of goods	Power and energy-related	Market price	Market price	550.37	1.13%	1,200	No	Bill/Cash	Market price

Related party	Related party relations	Type of related- party transactions	Contents of related- party transactions	Pricing principle for related- party transactions	Price of related- party transactions	Amount of related- party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related- party transactions	Available market prices for similar transactions
	which a Director of the Listed Company		products								
Hangzhou Yijing	A holding subsidiary of the ultimate parent company	Procurement of goods	Equipment	Market price	Market price	3,452.91	2.91%	2,500	Yes	Bill/Cash	Market price
Hong Kong Yitian	A holding subsidiary of	Procurement of goods	Crude oil	Market price	Market price	1,244,018.98	44.05%	1,300,000	No	Bill/Cash	Market price

Related party	Related party relations	Type of related-party transactions	Contents of related-party transactions	Pricing principle for related-party transactions	Price of related-party transactions	Amount of related-party transactions (RMB 10,000)	Proportions in the amount of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related-party transactions	Available market prices for similar transactions
	the ultimate parent company										
Total				--	--	4,161,027.93	--	5,720,750	--	--	--
Details of returns of large sales				None							
The actual implementation (if any) during the reporting period of the total amount of daily related-party transactions expected to occur in the current period, categorized by type.				The aforesaid related transactions are conducive to fully utilizing the advantageous resources of the company and its significant related parties, ensuring the stable supply of key raw materials and the stable and continuous transmission of electricity, guaranteeing the sales of the company's downstream products, enabling the company's attempt to operate upstream products, and helping to consolidate the advantages of industrial chain integration.							
Reasons for the large difference between the transaction price and the market reference price (if applicable)				All related transactions between the company and the aforesaid related parties are related to the company's daily operations. The pricing of the related transactions is based on market prices or the electricity prices determined by the power authorities, and follows the principles of fairness, justice, and transparency. Such transactions will not harm the interests of the company or its							

Related party	Related party relations	Type of related-party transactions	Contents of related-party transactions	Pricing principle for related-party transactions	Price of related-party transactions	Amount of related-party transactions (RMB 10,000)	Proportion of similar transactions (%)	Approved transaction limit (RMB 10,000)	Whether it exceeds the approved quota	Settlement method of related-party transactions	Available market prices for similar transactions
											minority shareholders. The company's principal business will not become materially dependent on the related parties as a result of the aforesaid related transactions, nor will the company's independence be affected. These transactions have a positive impact on the company's current and future financial condition and operating results.
											For details, please refer to the <i>Announcement on Estimated Amounts of Daily Related Transactions for 2025</i> (Announcement No. 2024-140) disclosed by the company on December 24, 2024, and the <i>Announcements on Additional Estimated Amounts of Daily Related Transactions for 2025</i> (Announcement Nos. 2025-086 and 2025-104) disclosed on August 19, 2025 and October 30, 2025.

2.Related Party Transactions Arising from Asset or Equity Acquisition and Sale

During the reporting period, the company had no related-party transactions involving the acquisition or sale of assets or equity.

3.Related-party transactions involving joint external investments

During the reporting period, the company did not engage in any related-party transactions involving joint external investments.

4.Related creditor-debtor transactions

Payable to Related Parties Debt

Related party	Related Party Relationship	Formation cause	Is there any non-operating fund occupation	Beginning balance(RMB 10,000)	Amount added this period(RMB 10,000)	This Period's Recovered Amount (RMB 10,000)	Interest rate	Interest this period(RMB 10,000)
Hengyi Group	Controlling Shareholder	Interfund Borrowing	0	374,928	374,928	3.10%	0	0
The Impact of Related Party Debt on the Company's Operating Results and Financial Position				Not applicable				

5.Transactions with Affiliated Financial Companies

There were no deposits, loans, credit facilities, or other financial transactions between the company and affiliated financial companies.

6.Transactions between Company-controlled Financial Companies and Affiliates

There were no deposits, loans, credit facilities, or other financial transactions between company-controlled financial companies and affiliates.

7.Other Significant Related Party Transactions

There were no other significant related party transactions during the reporting period.

XV.Major contracts and their performance

1.Custody, contracting and leasing matters

(1)Custody situation

There was no custody in the Company during the reporting period.

(2)Contracting situation

There was no contracting situation during the reporting period of the Company.

(3)Leasing situation

During the reporting period, there was no leasing situation.

2. Major guarantees

Unit: RMB 10,000

The Company and its subsidiaries' external guarantees (excluding guarantees to subsidiaries)								
Name of the guaranteed object	Date of disclosure of announcement on guaranteed quota	Guaranteed limit	Actual date	Actual guarantee amount	Type of guarantee	Guarantee period	Whether it has been fulfilled	Whether it is a related party guarantee
Hainan Yisheng	December 24, 2024	120,000	July 24, 2025	59,912.18	General guaranty	July 24, 2025 to December 9, 2026	No	Yes
Total amount of external guarantees approved during the reporting period (A1)		0		Total amount of external guarantees actually incurred during the reporting period (A2)		59,912.18		
Total amount of external guarantees approved at the end of the reporting period (A3)		120,000		Total balance of actual external guarantees at the end of the reporting period (A4)		59,912.18		
The Company's guarantees for subsidiaries								
Name of the	Date of disclosure of	Guaranteed limit	Actual date	Actual guarantee	Type of	Guarantee period	Whether it	Whether it is

guaranteed object	announcement on guaranteed quota			amount	guarantee		has been fulfilled	a related party guarantee
Hengyi Limited	February 1, 2024	109,405.76	May 10, 2024	109,405.76	General guaranty	2024-5-10 to 2025-11-13	Yes	Yes
Hengyi Limited	February 1, 2024	32,000	August 1, 2024	32,000	General guaranty	2024-8-1 to 2025-2-1	Yes	Yes
Hengyi Limited	December 24, 2024	23,950	January 1, 2025	23,950	General guaranty	2025-1-1 to 2025-12-30	Yes	Yes
Hengyi Limited	April 24, 2025	8,500	May 6, 2025	8,500	General guaranty	2025-5-6 to 2025-12-30	Yes	Yes
Hengyi Limited	February 1, 2024	23,000	August 1, 2024	23,000	General guaranty	2024-8-1 to 2025-3-24	Yes	Yes
Hengyi Limited	December 24, 2024	77,000	February 5, 2025	77,000	General guaranty	2025-2-5 to 2025-10-22	Yes	Yes
Hengyi Limited	April 24, 2025	3,900	June 10, 2025	3,900	General guaranty	2025-6-10 to 2025-12-10	Yes	Yes
Hengyi Limited	December 7, 2022	20,000	January 9, 2024	20,000	General guaranty	2024-1-9 to 2025-2-5	Yes	Yes
Hengyi Limited	February 1, 2024	27,500	July 10, 2024	27,500	General guaranty	2024-7-10 to 2025-11-26	Yes	Yes
Hengyi Limited	December 24, 2024	40,000	January 15, 2025	40,000	General guaranty	2025-1-15 to 2025-10-11	Yes	Yes
Hengyi	April 24, 2025	15,000	June 5, 2025	15,000	General	2025-6-5 to 2025-12-11	Yes	Yes

Limited					guaranty			
Hengyi High-Tech	December 7, 2022	5,000	January 31, 2024	5,000	General guaranty	2024-1-31 to 2025-1-25	Yes	Yes
Hengyi High-Tech	December 7, 2022	15,000	January 18, 2024	15,000	General guaranty	2024-1-18 to 2025-1-17	Yes	Yes
Hengyi High-Tech	February 1, 2024	118,080	February 4, 2024	118,080	General guaranty	2024-2-4 to 2025-11-13	Yes	Yes
Hengyi High-Tech	February 1, 2024	84,156	July 17, 2024	84,156	General guaranty	2024-7-17 to 2025-11-13	Yes	Yes
Hengyi High-Tech	December 24, 2024	15,000	January 23, 2025	15,000	General guaranty	2025-1-23 to 2025-8-15	Yes	Yes
Hengyi High-Tech	December 24, 2024	29,500	February 11, 2025	29,500	General guaranty	2025-2-11 to 2025-10-23	Yes	Yes
Hengyi Polymer	December 7, 2022	6,000	January 1, 2024	3,600	General guaranty	2024-1-4 to 2025-1-17	Yes	Yes
Hengyi Polymer	February 1, 2024	3,000	March 8, 2024	1,800	General guaranty	2024-3-8 to 2025-3-14	Yes	Yes
Hengyi Polymer	February 1, 2024	15,000	May 30, 2024	9,000	General guaranty	2024-5-30 to 2025-11-12	Yes	Yes
Hengyi Polymer	February 1, 2024	20,000	December 4, 2024	12,000	General guaranty	2024-12-4 to 2025-12-3	Yes	Yes
Hengyi Polymer	December 24, 2024	18,000	January 1, 2025	10,800	General guaranty	2025-1-1 to 2025-12-30	Yes	Yes
Shuangtu New Materials	December 7, 2022	8,000	January 18, 2024	8,000	General guaranty	2024-1-18 to 2025-1-17	Yes	Yes

Shuangtu New Materials	February 1, 2024	19,500	August 9, 2024	19,500	General guaranty	2024-8-9 to 2025-12-1	Yes	Yes
Shuangtu New Materials	December 7, 2022	8,000	January 10, 2024	8,000	General guaranty	2024-1-10 to 2025-1-17	Yes	Yes
Shuangtu New Materials	February 1, 2024	78,800	May 7, 2024	78,800	General guaranty	2024-5-7 to 2025-10-29	Yes	Yes
Shuangtu New Materials	December 24, 2024	9,600	January 1, 2025	9,600	General guaranty	2025-1-1 to 2025-12-29	Yes	Yes
Shuangtu New Materials	December 24, 2024	21,750	April 2, 2025	21,750	General guaranty	2025-4-2 to 2025-10-17	Yes	Yes
Shuangtu New Materials	April 24, 2025	9,999.75	May 9, 2025	9,999.75	General guaranty	2025-5-9 to 2025-11-10	Yes	Yes
Shuangtu New Materials	February 1, 2024	13,000	November 21, 2024	13,000	General guaranty	2024-11-21 to 2025-11-21	Yes	Yes
Zhejiang Yisheng	December 7, 2022	2,240	November 13, 2023	1,568	General guaranty	2023-11-13 to 2025-11-12	Yes	Yes
Zhejiang Yisheng	December 7, 2022	15,000	January 2, 2024	10,500	General guaranty	2024-1-2 to 2025-5-2	Yes	Yes
Zhejiang Yisheng	February 1, 2024	110,355	February 20, 2024	77,248.5	General guaranty	2024-2-20 to 2025-12-17	Yes	Yes
Zhejiang Yisheng	December 24, 2024	22,100	January 9, 2025	15,470	General guaranty	2025-1-9 to 2025-12-31	Yes	Yes
Zhejiang Yisheng	February 1, 2024	21,816.72	July 3, 2024	15,271.7	General guaranty	2024-7-3 to 2025-4-16	Yes	Yes
Zhejiang Yisheng	December 24, 2024	5,055.98	January 24, 2025	3,539.19	General guaranty	2025-1-24 to 2025-9-14	Yes	Yes

Zhejiang Yisheng	February 1, 2024	25,610	November 6, 2024	17,927	General guaranty	2024-11-6 to 2025-12-9	Yes	Yes
Taicang Yifeng	February 1, 2024	6,950	February 29, 2024	6,950	General guaranty	2024-2-29 to 2025-3-28	Yes	Yes
Taicang Yifeng	February 1, 2024	3,000	March 26, 2024	3,000	General guaranty	2024-3-26 to 2025-3-25	Yes	Yes
Taicang Yifeng	December 24, 2024	10,000	January 8, 2025	10,000	General guaranty	2025-1-8 to 2025-12-24	Yes	Yes
Taicang Yifeng	April 24, 2025	80	June 27, 2025	80	General guaranty	2025-6-27 to 2025-12-26	Yes	Yes
Suqian Yida	February 1, 2024	8,000	June 28, 2024	8,000	General guaranty	2024-6-28 to 2025-6-26	Yes	Yes
Suqian Yida	December 24, 2024	6,500	January 1, 2025	6,500	General guaranty	2025-1-1 to 2025-12-26	Yes	Yes
Suqian Yida	February 1, 2024	5,000	August 26, 2024	5,000	General guaranty	2024-8-26 to 2025-2-26	Yes	Yes
Suqian Yida	February 1, 2024	8,000	May 17, 2024	8,000	General guaranty	2024-5-17 to 2025-5-16	Yes	Yes
Suqian Yida	April 24, 2025	3,000	June 27, 2025	3,000	General guaranty	2025-6-27 to 2025-12-26	Yes	Yes
Hong Kong Tianyi	February 1, 2024	7,953.59	November 5, 2024	7,953.59	General guaranty	2024-11-5 to 2025-1-20	Yes	Yes
Hong Kong Tianyi	April 24, 2025	3,762.29	September 16, 2025	3,762.29	General guaranty	2025-9-16 to 2025-12-16	Yes	Yes
Jiaxing Yipeng	February 1, 2024	10,000	April 2, 2024	10,000	General guaranty	2024-4-2 to 2025-4-1	Yes	Yes

Jiaxing Yipeng	February 1, 2024	10,000	October 23, 2024	10,000	General guaranty	2024-10-23 to 2025-4-23	Yes	Yes
Jiaxing Yipeng	February 1, 2024	60,000	September 4, 2024	60,000	General guaranty	2024-9-4 to 2025-6-30	Yes	Yes
Haining Thermal Power	January 16, 2020	6,250	April 24, 2020	6,250	General guaranty	2020-4-24 to 2025-12-10	Yes	Yes
Haining New Materials	February 1, 2024	20,560	March 27, 2024	20,560	General guaranty	2024-3-27 to 2025-9-27	Yes	Yes
Haining New Materials	December 24, 2024	10,200	February 11, 2025	10,200	General guaranty	2025-2-11 to 2025-9-20	Yes	Yes
Haining New Materials	April 24, 2025	14,355	May 16, 2025	14,355	General guaranty	2025-5-16 to 2025-11-12	Yes	Yes
Haining New Materials	February 1, 2024	32,000	August 1, 2024	32,000	General guaranty	2024-8-1 to 2025-2-1	Yes	Yes
Haining New Materials	January 22, 2021	23,173	April 20, 2021	23,173	General guaranty	2021-4-20 to 2025-10-26	Yes	Yes
Haining New Materials	December 24, 2024	15,000	February 20, 2025	15,000	General guaranty	2025-2-20 to 2025-7-20	Yes	Yes
Haining New Materials	February 1, 2024	20,000	July 9, 2024	20,000	General guaranty	2024-7-9 to 2025-7-10	Yes	Yes
Fujian Yijin	January 16, 2020	9,021.96	May 26, 2020	8,119.76	General guaranty	2020-5-26 to 2025-11-21	Yes	Yes
Fujian Yijin	February 1, 2024	3,000	September 13, 2024	2,700	General guaranty	2024-9-13 to 2025-3-13	Yes	Yes
Hengyi Singapore	February 1, 2024	110,370.86	September 30, 2024	77,259.6	General guaranty	2024-9-30 to 2025-5-16	Yes	Yes

Hengyi Singapore	December 24, 2024	74,933.1	February 18, 2025	52,453.17	General guaranty	2025-2-18 to 2025-5-27	Yes	Yes
Hengyi Singapore	April 24, 2025	64,974.34	April 24, 2025	45,482.04	General guaranty	2025-4-24 to 2025-12-11	Yes	Yes
Hengyi Brunei	December 24, 2024	50,000	December 27, 2024	35,000	General guaranty	2024-12-27 to 2025-3-27	Yes	Yes
Hengyi Brunei	December 24, 2024	30,614.2	December 27, 2024	21,429.94	General guaranty	2024-12-27 to 2025-6-4	Yes	Yes
Hengyi Brunei	February 1, 2024	159,143.53	November 12, 2024	111,400.47	General guaranty	2024-11-12 to 2025-5-26	Yes	Yes
Hengyi Brunei	December 24, 2024	50,000	March 27, 2025	35,000	General guaranty	2025-3-27 to 2025-6-26	Yes	Yes
Hengyi Brunei	April 24, 2025	75,759.3	September 16, 2025	53,031.51	General guaranty	2025-9-16 to 2025-12-9	Yes	Yes
Hengyi Limited	December 24, 2024	26,500	March 5, 2025	26,500	General guaranty	2025-3-5 to 2026-4-9	No	Yes
Hengyi Limited	April 24, 2025	77,920.45	July 25, 2025	77,920.45	General guaranty	2025-7-25 to 2026-12-29	No	Yes
Hengyi Limited	December 24, 2024	84,000	January 23, 2025	84,000	General guaranty	2025-1-23 to 2026-4-14	No	Yes
Hengyi Limited	April 24, 2025	97,497.5	April 24, 2025	97,497.5	General guaranty	2025-4-24 to 2026-7-16	No	Yes
Hengyi Limited	April 24, 2025	76,000	August 7, 2025	76,000	General guaranty	2025-8-7 to 2026-6-11	No	Yes
Hengyi High-Tech	December 24, 2024	51,280	January 15, 2025	51,280	General guaranty	2025-1-15 to 2026-4-1	No	Yes

Hengyi High-Tech	April 24, 2025	54,936	May 15, 2025	54,936	General guaranty	2025-5-15 to 2026-10-13	No	Yes
Hengyi High-Tech	December 24, 2024	75,000	February 18, 2025	75,000	General guaranty	2025-2-18 to 2026-3-5	No	Yes
Hengyi High-Tech	April 24, 2025	109,520	April 24, 2025	109,520	General guaranty	2025-4-24 to 2026-11-16	No	Yes
Hengyi High-Tech	April 24, 2025	10,000	May 29, 2025	10,000	General guaranty	2025-5-29 to 2026-5-29	No	Yes
Hengyi High-Tech	April 24, 2025	16,000	November 12, 2025	16,000	General guaranty	2025-11-12 to 2026-11-12	No	Yes
Hengyi Polymer	December 24, 2024	7,000	January 16, 2025	4,200	General guaranty	2025-1-16 to 2026-1-23	No	Yes
Hengyi Polymer	April 24, 2025	10,000	May 29, 2025	6,000	General guaranty	2025-5-29 to 2026-5-29	No	Yes
Hengyi Polymer	April 24, 2025	5,000	November 17, 2025	3,000	General guaranty	2025-11-17 to 2026-5-17	No	Yes
Hengyi Polymer	April 24, 2025	9,000	December 12, 2025	5,400	General guaranty	2025-12-12 to 2026-6-11	No	Yes
Shuangtu New Materials	December 24, 2024	8,000	January 15, 2025	8,000	General guaranty	2025-1-15 to 2026-4-16	No	Yes
Shuangtu New Materials	April 24, 2025	73,800	May 7, 2025	73,800	General guaranty	2025-5-7 to 2026-7-24	No	Yes
Shuangtu New Materials	April 24, 2025	23,000	September 16, 2025	23,000	General guaranty	2025-9-16 to 2026-5-21	No	Yes
Shuangtu New Materials	February 1, 2024	45,500	August 9, 2024	45,500	General guaranty	2024-8-9 to 2027-9-20	No	Yes

Shuangtu New Materials	December 24, 2024	16,250	January 21, 2025	16,250	General guaranty	2025-1-21 to 2026-3-17	No	Yes
Shuangtu New Materials	April 24, 2025	56,696.96	July 16, 2025	56,696.96	General guaranty	2025-7-16 to 2026-9-22	No	Yes
Zhejiang Yisheng	February 1, 2024	14,200	October 15, 2024	9,940	General guaranty	2024-10-15 to 2026-10-15	No	Yes
Zhejiang Yisheng	December 24, 2024	44,900	January 9, 2025	31,430	General guaranty	2025-1-9 to 2026-4-9	No	Yes
Zhejiang Yisheng	April 24, 2025	48,000	April 29, 2025	33,600	General guaranty	2025-4-29 to 2026-9-29	No	Yes
Zhejiang Yisheng	April 24, 2025	13,500	September 19, 2025	9,450	General guaranty	2025-9-19 to 2026-4-17	No	Yes
Zhejiang Yisheng	April 24, 2025	11,930.4	October 20, 2025	8,351.28	General guaranty	2025-10-20 to 2026-6-16	No	Yes
Zhejiang Yisheng	December 24, 2024	33,086.32	March 5, 2025	23,160.42	General guaranty	2025-3-5 to 2026-3-16	No	Yes
Zhejiang Yisheng	April 24, 2025	56,630.08	April 25, 2025	39,641.06	General guaranty	2025-4-25 to 2026-8-20	No	Yes
Taicang Yifeng	December 24, 2024	3,600	January 13, 2025	3,600	General guaranty	2025-1-13 to 2026-1-13	No	Yes
Taicang Yifeng	April 24, 2025	7,920	June 27, 2025	7,920	General guaranty	2025-6-27 to 2026-7-26	No	Yes
Suqian Yida	April 24, 2025	29,000	May 8, 2025	29,000	General guaranty	2025-5-8 to 2027-6-23	No	Yes
Suqian Yida	April 24, 2025	5,000	July 29, 2025	5,000	General guaranty	2025-7-29 to 2026-1-29	No	Yes

Suqian Yida	April 24, 2025	8,000	May 21, 2025	8,000	General guaranty	2025-5-21 to 2026-5-21	No	Yes
Jiaxing Yipeng	December 24, 2024	10,000	April 16, 2025	10,000	General guaranty	2025-4-16 to 2026-4-16	No	Yes
Jiaxing Yipeng	April 24, 2025	10,000	April 24, 2025	10,000	General guaranty	2025-4-24 to 2026-4-24	No	Yes
Jiaxing Yipeng	April 24, 2025	60,000	July 9, 2025	60,000	General guaranty	2025-7-9 to 2026-7-16	No	Yes
Haining Thermal Power	January 16, 2020	19,000	April 24, 2020	19,000	General guaranty	2020-4-24 to 2029-12-10	No	Yes
Haining New Materials	February 1, 2024	13,440	September 27, 2024	13,440	General guaranty	2024-9-27 to 2026-9-27	No	Yes
Haining New Materials	December 24, 2024	9,800	March 21, 2025	9,800	General guaranty	2025-3-21 to 2026-4-1	No	Yes
Haining New Materials	April 24, 2025	7,080	November 12, 2025	7,080	General guaranty	2025-11-12 to 2026-5-11	No	Yes
Haining New Materials	April 24, 2025	25,000	July 10, 2025	25,000	General guaranty	2025-7-10 to 2026-7-16	No	Yes
Haining New Materials	January 22, 2021	74,454	April 20, 2021	74,454	General guaranty	2021-4-20 to 2029-4-2	No	Yes
Fujian Yijin	January 16, 2020	12,630.75	May 26, 2020	11,367.68	General guaranty	2020-5-26 to 2028-5-21	No	Yes
Fujian Yijin	December 24, 2024	13,000	March 13, 2025	11,700	General guaranty	2025-3-13 to 2026-4-24	No	Yes
Guangxi New Materials	December 7, 2022	278,146.8	January 13, 2023	278,146.8	General guaranty	2023-1-13 to 2033-3-21	No	Yes

Guangxi New Materials	December 7, 2022	25,192.05	January 1, 2024	25,192.05	General guaranty	2024-1-1 to 2033-3-21	No	Yes
Guangxi New Materials	February 1, 2024	126,063.58	February 7, 2024	126,063.58	General guaranty	2024-2-7 to 2033-3-21	No	Yes
Guangxi New Materials	December 24, 2024	61,603.35	January 1, 2025	61,603.35	General guaranty	2025-1-1 to 2033-3-21	No	Yes
Guangxi New Materials	April 24, 2025	59,402.24	April 24, 2025	59,402.24	General guaranty	2025-4-24 to 2033-3-21	No	Yes
Hong Kong Tianyi	April 24, 2025	5,569.41	December 12, 2025	5,569.41	General guaranty	2025-12-12 to 2026-3-12	No	Yes
Hengyi Singapore	April 24, 2025	110,718	July 23, 2025	77,502.6	General guaranty	2025-7-23 to 2026-5-29	No	Yes
Hengyi Brunei	April 24, 2025	94,662	November 25, 2025	66,263.4	General guaranty	2025-11-25 to 2026-5-21	No	Yes
Total amount of guarantees to subsidiaries approved during the reporting period (B1)		3,639,200		Total amount of guarantees to subsidiaries actually incurred during the reporting period (B2)		2,010,947.62		
Total amount of guarantees to subsidiaries approved at the end of the reporting period (B3)		3,639,200		Total balance of guarantees to subsidiaries actually incurred at the end of the reporting period (B4)		2,081,178.78		
Subsidiary guarantees for subsidiaries								
Name of the	Date of disclosure of	Guaranteed limit	Actual date	Actual guarantee	Type of	Guarantee period	Whether it	Whether it is

guaranteed object	announcement on guaranteed quota			amount	guarantee		has been fulfilled	a related party guarantee
Hengyi Limited	December 7, 2022	9,800	November 29, 2023	9,800	General guaranty	2023-11-29 to 2025-3-24	Yes	Yes
Hengyi Limited	February 1, 2024	35,730	August 21, 2024	35,730	General guaranty	2024-8-21 to 2025-9-5	Yes	Yes
Hengyi Limited	December 24, 2024	7,370	March 14, 2025	7,370	General guaranty	2025-3-14 to 2025-12-20	Yes	Yes
Hengyi Limited	December 24, 2024	15,000	December 26, 2024	15,000	General guaranty	2024-12-26 to 2025-12-19	Yes	Yes
Hengyi High-Tech	February 1, 2024	39,710	June 20, 2024	39,710	General guaranty	2024-6-20 to 2025-12-5	Yes	Yes
Nibo Hengyi Trading	December 7, 2022	1,000	January 25, 2024	700	General guaranty	2024-1-25 to 2025-1-24	Yes	Yes
Nibo Hengyi Trading	February 1, 2024	9,000	September 6, 2024	6,300	General guaranty	2024-9-6 to 2025-9-5	Yes	Yes
Nibo Hengyi Trading	December 24, 2024	5,200	March 11, 2025	3,640	General guaranty	2025-3-11 to 2025-9-11	Yes	Yes
Nibo Hengyi Trading	April 24, 2025	5,000	April 25, 2025	3,500	General guaranty	2025-4-25 to 2025-10-25	Yes	Yes
Nibo Hengyi Trading	December 24, 2024	1,000	January 24, 2025	700	General guaranty	2025-1-24 to 2025-12-9	Yes	Yes
Hengyi	December 7, 2022	1,300	January 12, 2024	780	General	2024-1-12 to 2025-1-31	Yes	Yes

Polymer					guaranty			
Hengyi Polymer	February 1, 2024	34,800	July 19, 2024	20,880	General guaranty	2024-7-19 to 2025-9-26	Yes	Yes
Zhejiang Yisheng	January 22, 2022	5,000	February 25, 2022	3,500	General guaranty	2022-2-25 to 2025-8-23	Yes	Yes
Zhejiang Yisheng	December 7, 2022	4,300	January 18, 2024	3,010	General guaranty	2024-1-18 to 2025-1-16	Yes	Yes
Zhejiang Yisheng	February 1, 2024	27,384.42	April 9, 2024	19,169.09	General guaranty	2024-4-9 to 2025-12-16	Yes	Yes
Zhejiang Yisheng	February 1, 2024	18,000	October 9, 2024	12,600	General guaranty	2024-10-9 to 2025-4-9	Yes	Yes
Zhejiang Yisheng	February 1, 2024	4,200	August 6, 2024	2,940	General guaranty	2024-8-6 to 2025-2-6	Yes	Yes
Zhejiang Yisheng	December 24, 2024	3,948	February 10, 2025	2,763.6	General guaranty	2025-2-10 to 2025-8-10	Yes	Yes
Zhejiang Yisheng	February 1, 2024	29,400	August 28, 2024	20,580	General guaranty	2024-8-28 to 2025-12-5	Yes	Yes
Zhejiang Yisheng	December 24, 2024	2,500	December 27, 2024	1,750	General guaranty	2024-12-27 to 2025-12-27	Yes	Yes
Hengyi High-Tech	December 7, 2022	15,500	January 30, 2024	15,500	General guaranty	2024-1-30 to 2025-1-24	Yes	Yes
Hengyi High-Tech	February 1, 2024	7,500	May 15, 2024	7,500	General guaranty	2024-5-15 to 2025-2-9	Yes	Yes
Hengyi High-Tech	February 1, 2024	10,000	February 28, 2025	10,000	General guaranty	2025-2-28 to 2025-5-29	Yes	Yes

Hengyi High-Tech	April 24, 2025	20,000	May 29, 2025	20,000	General guaranty	2025-5-29 to 2025-11-25	Yes	Yes
Haining New Materials	January 23, 2019	7,065.16	September 15, 2019	7,065.16	General guaranty	2019-9-15 to 2025-12-23	Yes	Yes
Haining New Materials	January 16, 2020	4,478.76	March 29, 2020	4,478.76	General guaranty	2020-3-29 to 2025-11-11	Yes	Yes
Hengyi Brunei	February 1, 2024	74,710.12	October 18, 2024	52,297.08	General guaranty	2024-10-18 to 2025-2-21	Yes	Yes
Hengyi Brunei	February 1, 2024	20,161.12	October 24, 2024	14,112.78	General guaranty	2024-10-24 to 2025-2-6	Yes	Yes
Hengyi Brunei	December 24, 2024	15,367.05	December 30, 2024	10,571.82	General guaranty	2024-12-30 to 2025-4-3	Yes	Yes
Hengyi Brunei	February 1, 2024	26,042.67	November 5, 2024	17,916.15	General guaranty	2024-11-5 to 2025-3-17	Yes	Yes
Hengyi Brunei	February 1, 2024	93,104.57	September 25, 2024	65,173.2	General guaranty	2024-9-25 to 2025-10-30	Yes	Yes
Hengyi Brunei	February 1, 2024	182,738.19	October 17, 2024	127,916.73	General guaranty	2024-10-17 to 2025-3-14	Yes	Yes
Hengyi Brunei	December 24, 2024	82,456.38	January 21, 2025	56,726.16	General guaranty	2025-1-21 to 2025-7-17	Yes	Yes
Hengyi Brunei	December 24, 2024	260,351.13	January 15, 2025	182,245.79	General guaranty	2025-1-15 to 2025-7-14	Yes	Yes
Hengyi Brunei	April 24, 2025	313,103.02	May 8, 2025	219,172.12	General guaranty	2025-5-8 to 2025-12-1	Yes	Yes
Hengyi Brunei	April 24, 2025	158,532.96	April 24, 2025	109,063.31	General guaranty	2025-4-24 to 2025-11-17	Yes	Yes

Hengyi Limited	December 24, 2024	9,900	March 25, 2025	9,900	General guaranty	2025-3-25 to 2026-6-23	No	Yes
Hengyi Limited	April 24, 2025	31,270	August 19, 2025	31,270	General guaranty	2025-8-19 to 2026-9-3	No	Yes
Hengyi High-Tech	April 24, 2025	39,210	June 20, 2025	39,210	General guaranty	2025-6-20 to 2026-12-4	No	Yes
Nibo Hengyi Trading	April 24, 2025	2,000	June 6, 2025	1,400	General guaranty	2025-6-6 to 2026-6-8	No	Yes
Nibo Hengyi Trading	April 24, 2025	3,120	September 11, 2025	2,184	General guaranty	2025-9-11 to 2026-3-11	No	Yes
Nibo Hengyi Trading	April 24, 2025	9,000	September 5, 2025	6,300	General guaranty	2025-9-5 to 2026-9-4	No	Yes
Hengyi Polymer	December 24, 2024	1,300	January 10, 2025	780	General guaranty	2025-1-10 to 2026-1-14	No	Yes
Hengyi Polymer	April 24, 2025	34,800	July 21, 2025	20,880	General guaranty	2025-7-21 to 2026-9-28	No	Yes
Zhejiang Yisheng	January 22, 2022	2,500	February 25, 2022	1,750	General guaranty	2022-2-25 to 2026-2-22	No	Yes
Zhejiang Yisheng	February 1, 2024	24,722	December 2, 2024	17,305.4	General guaranty	2024-12-2 to 2026-3-5	No	Yes
Zhejiang Yisheng	December 24, 2024	36,979.5	January 1, 2025	25,885.65	General guaranty	2025-1-1 to 2026-4-16	No	Yes
Zhejiang Yisheng	April 24, 2025	13,520	May 21, 2025	9,464	General guaranty	2025-5-21 to 2026-5-24	No	Yes
Zhejiang Yisheng	December 24, 2024	4,480	February 18, 2025	3,136	General guaranty	2025-2-18 to 2026-2-17	No	Yes

Zhejiang Yisheng	April 24, 2025	40,833.53	May 22, 2025	28,583.47	General guaranty	2025-5-22 to 2026-8-24	No	Yes
Zhejiang Yisheng	April 24, 2025	6,729.5	August 11, 2025	4,710.65	General guaranty	2025-8-11 to 2026-2-27	No	Yes
Hengyi High-Tech	April 24, 2025	10,000	November 26, 2025	10,000	General guaranty	2025-11-26 to 2026-2-24	No	Yes
Hengyi High-Tech	December 24, 2024	50,000	February 28, 2025	50,000	General guaranty	2025-2-28 to 2026-3-13	No	Yes
Hengyi Polymer	December 24, 2024	20,000	February 25, 2025	12,000	General guaranty	2025-2-25 to 2026-2-24	No	Yes
Haining New Materials	January 23, 2019	27,394.09	September 15, 2019	27,394.09	General guaranty	2019-9-15 to 2029-12-23	No	Yes
Haining New Materials	January 16, 2020	20,154.41	March 29, 2020	20,154.41	General guaranty	2020-3-29 to 2030-5-11	No	Yes
Hengyi Brunei	April 24, 2025	97,352.72	October 21, 2025	66,974.15	General guaranty	2025-10-21 to 2026-3-25	No	Yes
Hengyi Brunei	April 24, 2025	234,098.72	November 3, 2025	163,862.81	General guaranty	2025-11-3 to 2026-3-30	No	Yes
Hengyi Brunei	April 24, 2025	94,662	November 25, 2025	94,662	General guaranty	2025-11-25 to 2026-5-21	No	Yes
Total amount of guarantees to subsidiaries approved during the reporting period (C1)		1,510,800			Total amount of guarantees to subsidiaries actually incurred during the reporting period (C2)		1,200,465.82	
Total amount of guarantees to subsidiaries		1,510,800			Total balance of guarantees to		648,985.68	

approved at the end of the reporting period (C3)		subsidiaries actually incurred at the end of the reporting period (C4)	
Total amount of company guarantees (i.e., the total of the first three items)			
Total amount of guarantees approved during the reporting period (A1+B1+C1)	5,150,000	Total amount of guarantees actually incurred during the reporting period (A2+B2+C2)	3,271,325.62
Total amount of guarantees approved at the end of the reporting period (A3+B3+C3)	5,270,000	Total balance of guarantees actually incurred at the end of the reporting period (A4+B4+C4)	2,790,076.64
Proportion of the actual total amount of guarantee (A4+B4+C4) to the Company's net assets	114.41%		
Wherein:			
Balance of guarantees provided for shareholders, actual controllers and their related parties (D)	0		
Balance of debt guarantees provided directly or indirectly for the guaranteed object whose asset-liability ratio exceeds 70% (E)	1,106,662.92		
Total amount of the total guarantee exceeding 50% of the net assets (F)	1,570,731.90		
Total amount of the above three guarantees (D+E+F)	1,750,981.90		

For unexpired guarantees, the statement of the situation where guarantee liability has occurred or may bear joint liability for repayment during the reporting period (if any)	None
Description of external guarantees against the rules and regulations (if any)	None

1)Description of the specific circumstances of the use of composite guarantees

The Company and its subsidiaries provide the Company's holding subsidiary Hengyi Brunei with a guarantee line of USD 1.75 billion or equivalent overseas RMB for the syndicated loan. Please refer to the Company's disclosure Announcement on Providing Guarantees to Holding Subsidiary Hengyi Industries Sdn. Bhd. on the website of CNINFO on November 19, 2024 for details (Announcement No.: 2024-128).

3. Entrust others to manage cash asset

(1) Entrusted financing management

The Company has no entrusted financial management during the reporting period.

(2) Entrusted loans

During the reporting period, the company had no entrusted loans.

4. Other Major Contracts

During the reporting period, the company had no other major contracts.

XVI. Overall of raised funds**1. Overall use of raised funds**

Unit: RMB 10,000

Year of fund raising	Mode of fund raising	The listing date of the securities	Total funds raised	Net proceeds from fundraising (1)	Total amount of raised funds used in this period	Total amount of raised funds already utilized (2)	Utilization ratio of raised funds as of the end of the reporting period (3)=(2)/(1)	Total amount of raised funds with reallocated use during the reporting period	Cumulative total amount of raised funds with reallocated use	The proportion of the total amount of raised funds cumulatively changed in purpose	The total amount of raised funds not yet utilized	Usage and destination of raised funds not yet used	Amount of raised funds idle for more than two years
2022	Public issuance of convertible Corporate bonds in	August 18, 2022	300,000	298,367.92	79,331.89	238,326.66	79.88%	0	0	0.00%	60,041.26	As of December 31, 2025, the unused raised funds amounted to RMB 600,412,600. Including RMB 603,605,000 was temporarily allocated for working capital supplements and not yet returned. The balance of the company's raised funds dedicated account	0

	2022											stood at RMB 366,400. The combined total of the unreturned temporary working capital supplements and the dedicated account balance exceeded the unused raised funds by RMB 3,558,800 which was attributable to the net interest income from the dedicated account (after deducting handling fees) and unpaid issuance fees	
Total	--	--	300,000	298,367.92	79,331.89	238,326.66	79.88%	0	0	0.00%	60,041.26	--	0

(Continued table)

Total planned fundraising amount (subject to the planned fundraising amount	Actual amount raised from planned fundraising (the maximum is the net proceeds from	Cumulative amount used from planned fundraising as of the end of the reporting period	Usage progress of planned fundraising as of the end of the reporting period	Whether all planned fundraising investment projects have been completed	Date of completion of all planned fundraising investment projects	Total surplus fundraising investment	Amount of over-raised funds	Whether there is any delay in the fundraising investment projects	whether there is any change in the fundraising investment projects	If yes, total number of changes involving the projects
---	---	---	---	---	---	--------------------------------------	-----------------------------	---	--	--

specified in the prospectus)	actual fundraising)					projects				
300,000.00	298,367.92	238,326.66	79.88%	No	-	36,601.26	0.00	No	No	-
--	--	--	--	--	--	--	--	--	--	--

Explanation of the Overall Use of Raised Funds:

Approved by the China Securities Regulatory Commission under the document Zhengjian Xuke [2022] No. 565 and with the consent of the Shenzhen Stock Exchange, the Company publicly issued 30,000,000 convertible corporate bonds to eligible investors, each with a face value of RMB 100, for a total issuance amount of RMB 3,000,000,000, with a conversion price of RMB 10.50 per share, and the bonds were listed on the Shenzhen Stock Exchange on August 18, 2022. The total amount of funds raised from this public issuance of convertible corporate bonds was RMB 3,000,000,000. After deducting underwriting and sponsorship fees (excluding tax) and related issuance expenses, the actual net proceeds from the fundraising amounted to RMB 2,983,679,200. As of December 31, 2025, the Company had used RMB 2,383,266,600 of the raised funds.

2. Projects for committed investment with raised fund

Unit: RMB 10,000

The listing date of the securities	Projects for committed investment and investment direction of over- raised funds	Project Progress Status	Whether the project has been changed (or partially changed)	Total committed investment of raised funds	Adjusted total investment amount (1)	Amount invested during the reporting period	Cumulative investment amount as of the end of the period (2)	Investment progress as of the end of the period (3) = (2)/(1)	Date when the project reaches its scheduled availability date	Benefits realized during the reporting period	Cumulative Benefits Realized as of the Reporting Period End	Whether the expected benefits are achieved	Whether there is a significant change in the feasibility of the project
Projects for committed investment													
August 18, 2022	500,000 tpa New- type functional fibre technological	Production construction	No	No more than 70,000	70,000	0	33,398.74	47.71%	January and August 2021	-527.66	23,236.32	No	No

	transformation projects													
August 18, 2022	1.1 mtpa New Environment-friendly Differentiated Fibre Project	Production construction	No	No more than 230,000	230,000	42,730.63	168,326.66	73.19%	Partially commissioned in May and December 2023	6,502.28	-2,067.46	Not applicable	No	
Subtotal of committed investment for the projects			--	No more than 300,000	300,000	42,730.63	201,725.40	--	--	5,974.62	21,168.86	--	--	
Investment direction of over-raised funds														
None														
Total			--	No more than 300,000	300,000	42,730.63	201,725.40	--	--	--	5,974.62	21,168.86	--	--
Description of the situation and reasons why the planned progress and expected benefits have not been achieved by projects (including the reason for selecting "not applicable" for "whether the expected benefits have been achieved")		Due to the markets factors, the project benefits did not meet expectations												
Description of significant changes in project feasibility		Not applicable												
Amount, purpose and progress of use of over-raised funds		Not applicable												
Change of location for implementation of projects for		Not applicable												

committed investment	
Adjustment of implementation mode of projects for committed investment	Not applicable
Preliminary investment and replacement of projects for committed investment	Applicable
	<p>According to the resolution of the tenth meeting of the eleventh session of the BOD on May 31, 2021, and the Proposal on the Company's Public Issuance of Convertible Corporate Bonds reviewed and approved at the third Extraordinary General Meeting (EGM) of Shareholders 2021 on June 16, 2021, it is agreed that if the Company has invested self-raised funds in the construction of the above projects first before the funds raised from the issuance of convertible corporate bonds are in place, the funds can be replaced in accordance with the procedures prescribed by relevant laws and regulations after the funds raised are available. As of July 28, 2022, the Company has invested RMB 1,042,688,264.58 in the above-mentioned raised funds investment project with self-raised funds in advance, and has made the advance payment of intermediary fees and related taxes of RMB 1,550,000.00 with self-owned funds. After the review of the BOD of the Company, it was decided to replace the self-raised funds invested in the raised funds investment project with the raised funds, with an amount of RMB 1,042,688,264.58, and to replace the self-raised funds with the raised funds for the paid issuance fees, with an amount of RMB 1,462,264.15 (excluding tax). As of December 31, 2025, the Company has replaced the self-raised funds invested in advance of RMB 1,044,150,528.73.</p>
Temporary replenishment of working capital with idle raised funds	As of December 31, 2025, the Company has temporarily replenished its working capital with idle raised funds of RMB 603,605,000 ,

	and there is no situation where any fund has not been returned upon maturity.
Amount and reasons for the balance of raised funds in project implementation	As of December 31, 2025, the remaining funds from the company's publicly issued convertible corporate bonds fundraising investment project "Annual Output of 500,000 Tons of New Functional Fiber Technical Transformation Project" amounted to RMB 366,012,600. The main reason is that during the construction and implementation of this project, the company, adhering to the principles of reasonable, economical, and effective use of raised funds, strengthened budget and investment management based on actual project input, effectively reducing investment costs. The project has now been put into operation and has fully reached the intended usable condition, with no further capital investment required.
Usage and destination of unused raised funds	As of December 31, 2025, the total unused raised funds amounted to RMB 600,412,600, of which the amount temporarily used to supplement working capital not yet due for repayment was RMB 603,605,000, and the balance in the company's special account for raised funds was RMB 366,400. The sum of the temporarily supplemented working capital not yet due for repayment and the special account balance exceeded the unused raised funds by RMB 3,558,800, which represents the net interest income from the special account after deducting handling fees and unpaid expenses.
Problems or other situations in the use and disclosure of raised funds	Not applicable

3. Changes to Raised Fund Investment Projects

The Company did not have any changes to raised fund investment projects during the reporting period.

4. Verification Opinion of the Intermediary Institution on the Storage and Use of Raised Funds

The Company's Special Report on the *Deposit, Management, and Actual Use of Raised Funds* as of December 31, 2025, has been prepared, in all material respects, in accordance with the *Regulatory Rules for the Management of Raised Funds of Listed Companies* and the *Shenzhen Stock Exchange Self-Regulatory Guidelines for Listed Companies No. 1-Standardized Operation of Main Board Listed Companies*, among other relevant regulations.

XVII. Description of other important matters

There were no other material matters requiring disclosure during the reporting period.

XVIII. Important matters of subsidiaries of the company

Applicable Not applicable

Section VI Changes in Shares and Shareholders

I.Changes in shares

1.Changes in shares

Unit: Share

	Before the change		Increase or decrease in current period (+, -)				After the change		
	Quantity	Proportion (%)	Issue of new shares	Quantity	Proportion (%)	Issue of new shares	Quantity	Proportion (%)	Issue of new shares
I.Shares with Restrictions on Sales	18,967,775	0.52%				286,375	286,375	19,254,150	0.53%
1.State shares									
2.State-owned legal person shares									
3.Other domestic shares	18,967,775	0.52%				286,375	286,375	19,254,150	0.53%
Wherein: Domestic corporate shares									

Domestic natural person shares	18,967,775	0.52%				286,375	286,375	19,254,150	0.53%
I.Shares with Restrictions on Sales									
1. State shares									
2. State-owned legal person shares									
II.Shares without Restrictions on Sales	3,647,346,432	99.48%				-63,978,861	-63,978,861	3,583,367,571	99.47%
1.Ordinary shares in RMB	3,647,346,432	99.48%				-63,978,861	-63,978,861	3,583,367,571	99.47%
2.Domestically listed foreign shares									
3.Overseas listed foreign shares									
4.Others									
III.Total Number of Shares	3,666,314,207	100.00%				-63,692,486	-63,692,486	3,602,621,721	100.00%

1) Reasons for change in shares

(1) As the company no longer maintains a board of supervisors, 81,900 shares held by the former supervisors were converted from unrestricted shares to restricted shares.

Due to the appointment of Ms. Ni Jinmei as Vice President of the company, 204,750 shares held by her were converted from unrestricted shares to restricted shares. As more than six months have elapsed since the resignation of Mr. Wang Peng, a former supervisor, 25% of his shares (275 shares) were released from the lock-up restriction, converting from restricted shares to unrestricted shares.

(2) During the reporting period, a total of 445 "Hengyi Convertible Bonds" were converted into 4,851 shares of "Hengyi Petrochemical" stock; a total of 668 "Hengyi Convertible Bonds 2" were converted into 6,415 shares of "Hengyi Petrochemical" stock. In total, 11,266 unrestricted shares were newly added as a result of convertible bond conversions.

(3) The cancellation of certain repurchased shares resulted in a decrease of 63,703,752 unrestricted shares.

2).Approval of changes in shares

(1) Upon approval by Shenzhen Stock Exchange ("approval document" SZS [2020] No. 1027), the Company's convertible corporate bonds amounting to RMB 2 billion were listed on Shenzhen Stock Exchange on November 16, 2020. The bond named "Hengyi Convertible Bonds" and the bond code is "127022".

(2) Upon approval by Shenzhen Stock Exchange ("approval document" SZS [2022] No. 782), the Company's convertible corporate bonds amounting to RMB 3 billion were listed on Shenzhen Stock Exchange on August 18, 2022. The bond named "Hengyi Convertible Bonds" and the bond code is "127067".

3) Transfer of share changes

The impact of share changes on financial indicators such as basic earnings per share and diluted earnings per share, net assets per share attributable to the Company's common shareholders, etc. in the recent one year and the reporting period

Not applicable

2.Changes in restricted shares

Unit: Share

Name of shareholders	Number of restricted shares at the beginning of period	Number of restricted shares increased during the period	Number of restricted shares released in current period	Number of restricted shares at the end of period	Reason for restrictions	Date of restriction release
Ni Jinmei	0	204,750.00	-	204,750.00	Appointment as senior management personnel	The full release is expected on March 28, 2027
Li Yugang	163,800	54,600.00	-	218,400.00	Since the company no longer establishes a supervisory board, a supervisor shall not transfer the shares of the company held by him/her within six months after leaving office.	The full release is expected on September 28, 2026

Name of shareholders	Number of restricted shares at the beginning of period	Number of restricted shares increased during the period	Number of restricted shares released in current period	Number of restricted shares at the end of period	Reason for restrictions	Date of restriction release
Jin Danwen	81,900	27,300.00	-	109,200.00	Since the company no longer establishes a supervisory board, a supervisor shall not transfer the shares of the company held by him/her within six months after leaving office.	The full release is expected on September 28, 2026
Wang Peng	1,100	-	275	825	After six months from resignation, 25% of his/her shares are unlocked	The full release is expected on September 28, 2026
Total	246,800	286,650	275	533,175	--	--

II. Securities issuance and listing

1. Securities issuance (excluding preference shares) in the reporting period

Applicable Not applicable

2.Statement of changes in the Company's total number of shares and shareholder structure, changes in the Company's assets and debts

During the reporting period, 11,266 new shares were issued due to the conversion of convertible bonds, and 63,703,752 shares were reduced due to the cancellation of some repurchased shares. As a result, the total number of shares changed from 3,666,314,207 at the beginning of the period to 3,602,621,721 at the end of the reporting period.

3.Existing employee stocks

Applicable Not applicable

III. Shareholders and actual controller

1. The number of shareholders and shareholding of the Company

Unit: Share

The total number of common shareholders at the end of period	34,547	The total number of shareholders as at March 31, 2024	30,834	Total number of preference shareholders with voting rights restored at the end of the reporting period (if any) (Refer to note 8)	0	Total number of preference shareholders with voting rights restored at the end of the previous month before the annual report disclosure date, (if any) (Refer to note 8)	0	
Shareholders holding more than 5 per cent of shares or top 10 shareholders' shareholdings (excluding shares lent through the transfer facility)								
Name of shareholders	Nature of shareholders	Shareholding ratio	Number of shares held at the end of the	Increase/decrease in the reporting period	Number of shares with restrictions	Number of shares without restrictions held	Pledged or frozen	
							Status of	Quantity

			reporting period		held		shares	
Zhejiang Hengyi Group Co., Ltd.	Domestic non- state-owne d legal person	47.04%	1,694,580,493	205,646,765	0	1,694,580,493	Pledg ed	155,150,000
Hangzhou Hengyi Investment Co., Ltd.	Domestic non- state-owne d legal person	10.61%	382,133,911	125,795,884	0	382,133,911	Not applic able	0
Hengyi petrochemical Co., Ltd.-Phase VI Employee Share Ownership Plan	Others	3.17%	114,090,297	0	0	114,090,297	Not applic able	0
GongqingchengShengbang Investment Management Co., Ltd. - Gongqingcheng Shengbang Kaimi	Others	2.72%	98,111,801	0	0	98,111,801	Not applic able	0

Investment Partnership (limited partnership)								
Xinghui Chemical Fibre Group Co., Ltd.	Domestic non-state-owned legal person	2.71%	97,662,383	0	0	97,662,383	Not Applicable	0
Hong Kong Securities Clearing Company Limited (HKSCC)	Overseas legal person	2.04%	73,512,289	41,235,647	0	73,512,289	Not Applicable	0
Shenwan Hongyuan Securities Co.,Ltd.	State-owned legal person	1.62%	58,497,307	-2,654,790	0	58,497,307	Not Applicable	0
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund (CSI 500 ETF)	Others	0.74%	26,588,600	-4,406,200	0	26,588,600	Not Applicable	0

Hengyi Petrochemical Company Limited- Phase V Employee Share Ownership Plan	Others	0.64%	23,102,565	-64,065,185	0	23,102,565	Not Applicable	0
Huatai Securities Co., Ltd. – Penghua CSI Sub-Chemical Industry Theme Exchange Traded Open-End Index Securities Investment Fund (Penghua CSI Chemical Industry Sub-Index ETF)	Others	0.60%	21,552,289	21,552,289	0	21,552,289	Not Applicable	0
Strategic investors or general legal persons ranked the top 10 shareholders due to placing (if any) (Please refer to Note 3)	None							
Statement of the connected relation or parties acting in concert among the above shareholders	Among the top 10 shareholders, Hangzhou Hengyi Investment Co., Ltd. is a controlled subsidiary of Hengyi Group. Hengyi Petrochemical Company Limited - Phase V Employee Share Ownership Plan and Hengyi Petrochemical Company Limited - Phase VI Employee Share Ownership Plan have no affiliation or concerted action relationship with other shareholders. It is unknown whether connected relation exists among other shareholders and it is unknown whether they are							

	shareholders acting in concert either.		
Statement of the above shareholders involvement in entrustment/trustee voting and waiver of voting	Among the top 10 shareholders, holders of Hengyi Petrochemical Company Limited - Phase V Employee Share Ownership Plan and Hengyi Petrochemical Company Limited - Phase VI Employee Share Ownership Plan voluntarily waived their voting rights in respect of the Company's shares indirectly held as a result of their participation in the Employee Share Ownership Plan.		
Special statement of the existence of special account for repurchase among top 10 shareholders (if any) (Please refer to Note 10)	Among the top 10 shareholders, Hengyi Petrochemical Co., Ltd. held 302,267,337 shares of the Company in its special securities account for repurchases, accounting for 8.39% of the total share capital of the Company, and was not included in the list of top 10 shareholders.		
Top 10 shareholders holding of shares without restrictions			
Name of shareholders	Number of shares without restrictions held at the end of the reporting period	Stock class	
		Stock class	Quantity
Zhejiang Hengyi Group Co., Ltd.	1,694,580,493	Ordinary shares in RMB	1,694,580,493
Hangzhou Hengyi Investment Co., Ltd.	382,133,911	Ordinary shares in RMB	382,133,911
Hengyi petrochemical Co., Ltd.-Phase VI Employee Share Ownership Plan	114,090,297	Ordinary shares in RMB	114,090,297
GongqingchengShengbang Investment Management Co., Ltd. -	98,111,801	Ordinary shares in RMB	98,111,801

Gongqingcheng Shengbang Kaimi Investment Partnership (limited partnership)			
Xinghui Chemical Fibre Group Co., Ltd.	97,662,383	Ordinary shares in RMB	97,662,383
Hong Kong Securities Clearing Company Limited (HKSCC)	73,512,289	Ordinary shares in RMB	73,512,289
Shenwan Hongyuan Securities Co.,Ltd.	58,497,307	Ordinary shares in RMB	58,497,307
Agricultural Bank of China Limited – CSI 500 Exchange Traded Open-End Index Securities Investment Fund (CSI 500 ETF)	26,588,600	Ordinary shares in RMB	26,588,600
Hengyi Petrochemical Company Limited- Phase V Employee Share Ownership Plan	23,102,565	Ordinary shares in RMB	23,102,565
Huatai Securities Co., Ltd. – Penghua CSI Sub-Chemical Industry Theme Exchange Traded Open-End Index Securities Investment Fund (Penghua CSI Chemical Industry Sub-Index ETF)	21,552,289	Ordinary shares in RMB	21,552,289
Statement of connected relation or parties acting in connect among the top 10 shareholders of unrestricted tradable shares and between the top 10 shareholders of unrestricted tradable shares and top 10 shareholders	Among the top 10 shareholders, Hangzhou Hengyi Investment Co., Ltd. is a controlled subsidiary of Hengyi Group. Hengyi Petrochemical Company Limited - Phase V Employee Share Ownership Plan and Hengyi Petrochemical Company Limited - Phase VI Employee Share Ownership Plan have no related-party relationships or acting-in-concert arrangements with other shareholders. It is unknown whether connected relation exists among other shareholders and it is unknown whether they are shareholders acting in concert either.		

<p>Statement of the top 10 common shareholders involvement in margin trading and securities lending business (if any) (Please refer to Note 4)</p>	<p>1. The shareholder Zhejiang Hengyi Group Co., Ltd. held 1,606,118,307 shares through general securities account and held 88,462,186 shares through CITIC Securities customer credit collateral securities trading account, both Including sum up to 1,694,580,493 shares.</p> <p>2.The shareholder Hangzhou Hengyi Investment Co., Ltd. held 125,795,884 shares through ordinary securities account and held 256,338,027 shares through Soochow Securities Co., Ltd. customer credit collateral securities trading account, both Including sum up to 382,133,911 shares.</p> <p>3.A shareholder of the Company, Hengyi Petrochemical Company Limited - Phase VI Employee Share Ownership Plan, held 0 shares through an ordinary securities account, and also held 114,090,297 shares through a customer credit transaction guarantee securities account of Shenwan Hongyuan Securities Co.,Ltd., totalling 114,090,297 shares.</p> <p>4.A shareholder of the Company, Hengyi Petrochemical Company Limited - Phase V Employee Share Ownership Plan, held 0 shares through an ordinary securities account, and also held 23,102,565 shares through a customer credit transaction guarantee securities account of Guoxin Securities Company Limited, totalling 23,102,565 shares.</p>
--	---

(1) Shareholders with shareholding of over 5%, top 10 shareholder, and top ten shareholders not subject to trading restrictions participating in share lending and refinancing

Applicable Not applicable

(2) Changes in top 10 shareholders and top 10 shareholders not subject to trading restriction due to securities lending/return compared to the previous period

Applicable Not applicable

(3) Whether the top 10 ordinary shareholders and the top 10 unrestricted ordinary shareholders of the Company engaged in any agreed repurchase transactions during the reporting period.

The company's top 10 common shareholders and top 10 unrestricted common shareholders did not engage in any agreed repurchase transactions during the reporting period.

2. The majority shareholder of the Company

Nature of controlling shareholder: natural person holding

Type of controlling shareholder: legal person

Name of majority shareholder	Legal representative /Head of company	Date of establishment	Organization code	Primary business
Hengyi Group	Qiu Jianlin	October 18, 1994	91330109143586141L	Industrial investment, production and marketing of textile materials and products
Holding of and involvement in other domestically and overseas listed equity by majority shareholders in the reporting period	As at the disclosure date hereof, Hengyi Group held 643,052,319 shares of China Zheshang Bank Co., Ltd. (Security code: 601916.SH, 02016.HK), accounting for 2.34% of its total share capital.			

There was no change in majority shareholder of the Company in the reporting period.

3.The Company's actual controller and its persons acting in concert

Nature of actual controller: domestic natural person

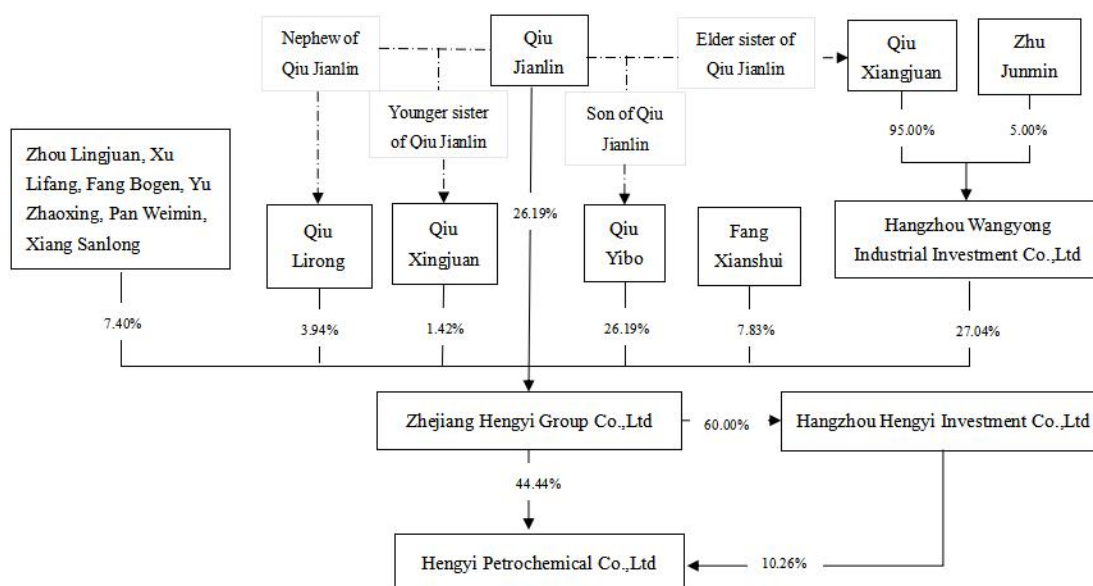
Type of actual controller: natural person

Name of actual controller	Relation with the actual controller	Nationality	Whether the right of residence in other countries or regions is acquired or not
Qiu Jianlin	Himself	China	No
Primary occupation and title	Since 1994, Mr. Qiu Jianlin has been serving as the President of Zhejiang Hengyi Group Co., Ltd. Currently, he holds social positions such as the Special Vice President of the China Textile Industry Federation and the Senior Vice President of the China Chemical Fibers Association.		
Domestically and overseas listed companies controlled over the past 10 years	As at the disclosure date hereof, Mr. Qiu Jianlin is the actual controller of Hengyi Group that directly holds 47.04% of the Company shares and holds 10.61% of the Company shares through Zhejiang Hengyi Investment Co., Ltd., a controlled subsidiary of Hengyi Group (Hengyi Group holds 60% of the shares of Zhejiang Hengyi Investment Co., Ltd.). Therefore, Mr. Qiu Jianlin is the actual controller of the Company.		

1)Change in actual controller in the reporting period

There's no change in actual controller of the Company in the reporting period.

2)Block diagram of equity and control relationship between the Company and the actual controller



Note: As of March 31, 2026, due to the conversion of the company's convertible bonds, the shareholding percentage of the controlling shareholder, Hengyi Group, was passively diluted from 47.14% to 44.44%, that of Hengyi Investment was passively diluted from 10.89% to 10.26%, and the combined shareholding percentage of Hengyi Group and Hengyi Investment was passively diluted from 58.02% to 54.71%.

3)The actual controller controls the Company through trust or other means of asset management.

Applicable Not applicable

4.The accumulative total number of pledged shares owned by the controlling shareholder of the Company or the largest shareholder and its persons acting in concert with him accounts for 80% of their holding.

Applicable Not applicable

5.Other corporate shareholders with the holding over 10%

Applicable Not applicable

6.Restricted reduction of holding of the controlling shareholder, actual controller, restructuring party and other major parties to the commitment

Applicable Not applicable

IV. Implementation details of repurchase in the reporting period

1. Implementation progress of repurchase

Disclosure date of the plan	Proposed amount of repurchase	Proposed period of repurchase	Purpose of repurchase	Repurchased shares
October 24, 2024	Not more than RMB 250 million and not less than RMB 125 million	October 22, 2024 to October 21, 2025	Implement employee stock ownership plan or share incentive plan later	29,240,840

2. Implementation progress of reducing the holding repurchased shares through centralized bidding

Applicable Not applicable

V. Information regarding preferred shares

There were no preference shares of the Company in the reporting period

Section VII Bonds

I. Enterprise bonds

There were no enterprise bonds of the Company in the reporting period.

II. Corporate bonds

There were no corporate bonds of the Company in the reporting period.

III. Non-financial corporate debt financing instruments

There were no debt-financing instruments of non-financial businesses in the reporting period.

IV. Convertible corporate bonds

1. Issuance of Convertible corporate bonds

(1) Issuance of Hengyi Convertible Bonds

Pursuant to the approval of the "Reply on Approving Hengyi Petrochemical Co., Ltd. to Publicly Issue Convertible Corporate Bonds" (Zheng Jian Xu Ke [2020] No. 522) issued by the China Securities Regulatory Commission, the company publicly issued convertible corporate bonds with a total face value of RMB 2 billion on October 22, 2020. With the consent of the Shenzhen Stock Exchange under the document "Shen Zheng Shang [2020] No. 1027", the company's convertible corporate bonds of RMB 2 billion have been listed and traded on the Shenzhen Stock Exchange since November 16, 2020. The bond short name is "Hengyi Convertible Bond", the bond code is "127022", and the initial conversion price is RMB 11.50 per share.

(2) Issuance of Hengyi Bonds 2

Issuance of Hengyi Bonds 2 Pursuant to the approval of the "Reply on Approving Hengyi Petrochemical Co., Ltd. to Publicly Issue Convertible Corporate Bonds" (Zheng Jian Xu Ke [2022] No. 565) issued by the China Securities Regulatory Commission, the company publicly issued convertible corporate bonds with a total face value of RMB 3 billion on July 21, 2022. With the consent of the Shenzhen Stock Exchange under the document "Shen Zheng Shang [2022] No. 782", the company's convertible corporate bonds of RMB 3 billion have been listed and traded on the Shenzhen Stock Exchange since August 18, 2022. The bond short name is

"Hengyi Convertible Bonds 2", the bond code is "127067", and the initial conversion price is RMB 10.50 per share.

2. Information on the guarantor and the top ten holders of the convertible bonds during the reporting period

1) Hengyi convertible bonds

Name of convertible bonds			Hengyi convertible bonds		
Number of convertible bonds holders			5,393		
The guarantor of the company's convertible bond			No guarantee is provided		
Material changes in the guarantor's profitability, asset condition, and credit status			Not Applicable		
Top ten holders of the convertible bonds:					
SN	Name of convertible bonds holders	Nature of convertible bonds holders	Number of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	China Merchants Bank Co., Ltd. - Bosera China Convertible Bond and Exchangeable Bond Exchange-Traded Open-End Index Securities Investment Fund	Others	1,365,583	136,558,300.00	6.83%
2	Agricultural Bank of China Co., Ltd. - China Post Life Rui Xin Enhanced Bond Securities Investment Fund	Others	957,161	95,716,100.00	4.79%
3	Bank of China Co., Ltd. - Nanhua Rui Ze Bond Securities Investment Fund	Others	644,688	64,468,800.00	3.22%

4	Industrial and Commercial Bank of China Co., Ltd. - Zhong Ou Convertible Bond Securities Investment Fund	Others	607,940	60,794,000.00	3.04%
5	China Construction Bank Co., Ltd.-Huashang Credit Enhanced Bond Securities Investment Fund	Others	581,760	58,176,000.00	2.91%
6	China Asset Management Yannian Yishou No. 9 Fixed-Income Pension Product - China Merchants Bank Co., Ltd.	Others	543,887	54,388,700.00	2.72%
7	Industrial and Commercial Bank of China Co., Ltd. - Fullgoal Xingli Enhanced Bond Securities Investment Fund (Initiated)	Others	489,769	48,976,900.00	2.45%
8	Agricultural Bank of China Co., Ltd. - China Post Pure Bond Hengli Bond Securities Investment Fund	Others	400,150	40,015,000.00	2.00%
9	China Merchants Bank Co., Ltd. - Franklin Templeton Sealand Hengrui Bond Securities Investment Fund	Others	341,680	34,168,000.00	1.71%
10	Postal Savings Bank of China Co., Ltd. - Fullgoal Dual Bond Enhanced Bond Securities Investment Fund	Others	333,000	33,300,000.00	1.67%

2)Hengyi convertible bonds 2

Name of convertible bonds			Hengyi convertible bonds 2		
Number of convertible bonds holders			7,065		
The guarantor of the company's convertible bond			No guarantee is provided		
Material changes in the guarantor's profitability, asset condition, and credit status			Not Applicable		
Top ten holders of the convertible bonds:					
SN	Name of convertible bonds holders	Nature of convertible bonds holders	Number of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Allianz Insurance Asset Management - China CITIC Bank - Allianz Vision No. 21 Asset Management Product	Others	5,688,559	568,855,900.00	18.96%
2	China Merchants Bank Co., Ltd. - Bosera CSI Convertible Bond and Exchangeable Bond Exchange-Traded Open-End Index Securities Investment Fund	Overseas legal person	2,060,275	206,027,500.00	6.87%
3	Northwest Investment Management (Hong Kong) Co., Ltd. - Northwest Feilong Fund Co., Ltd.	Others	1,161,160	116,116,000.00	3.87%
4	China Asset Management Yannian Yishou No. 9 Fixed-Income Pension Product	Others	782,904	78,290,400.00	2.61%

	- China Merchants Bank Co., Ltd.				
5	CITIC Securities Asset Management - ICBC - CITIC Securities Asset Management VIP Youxiang No. 26 Collective Asset Management Plan	Others	753,650	75,365,000.00	2.51%
6	China Merchants Bank Co., Ltd. - E Fund Yuxin Bond Securities Investment Fund	Others	675,970	67,597,000.00	2.25%
7	Basic Pension Insurance Fund No. 107 Portfolio	Others	632,982	63,298,200.00	2.11%
8	China Construction Bank Co., Ltd. - Huashang Credit Enhanced Bond Securities Investment Fund	Others	576,303	57,630,300.00	1.92%
9	Industrial and Commercial Bank of China Co., Ltd. - Fullgoal Xingli Enhanced Bond Securities Investment Fund (Initiated)	Others	541,915	54,191,500.00	1.81%
10	Industrial and Commercial Bank of China Co., Ltd. - Zhong Ou Convertible Bond Securities Investment Fund	Others	528,000	52,800,000.00	1.76%

3.Changes in Convertible Bonds during the Reporting Period

Unit: RMB

Convertible bonds name	Before this change	Change during this period			After this change
		Conversion	Redemption	Put	

Hengyi convertible bonds	1,999,806,200.00	44,500.00	0	0	1,999,761,700.00
Hengyi convertible bonds 2	2,999,670,100.00	66,800.00	0	0	2,999,603,300.00

4.Cumulative conversion

Abbreviation of the convertible bonds	Beginning and ending dates of conversion	Total number of issues	Total amount of issuance (RMB)	Accumulative amount of conversion (RMB)	Accumulative number of bonds converted into shares (share)	Proportion of converted quantity to total shares in issue before the conversion beginning date	Amount of bonds not converted (RMB)	Proportion of amount of bonds not converted to total amount of issuance
Hengyi Convertible Bonds	April 22, 2021 to October 15, 2026	20,000,000	2,000,000,000	238,300	21,886	0.0006%	1,999,761,700	99.99%
Hengyi Convertible Bonds 2	January 30, 2023 to July 20, 2028	30,000,000	3,000,000,000	396,700	37,910	0.0010%	2,999,603,300	99.99%

5. Historical Adjustments and Revisions of the Conversion Price

Convertible bonds name	Adjustment Date	Adjusted Conversion Price (RMB)	Disclosure Time	Adjustment Notes	Latest Conversion Price as of the End of This Reporting Period (RMB)
Hengyi convertible bonds	July 6, 2021	11.20	June 29, 2021	Implement the 2020 annual profit distribution	9.14
	July 7, 2022	11.00	July 1, 2022	Implement the 2021 annual profit distribution	
	June 26, 2024	10.91	June 20, 2024	Implement the 2023 annual profit distribution	
	November 19, 2024	9.20	November 19, 2024	pursuant to the authorization granted by the Company's fifth extraordinary general meeting of shareholders in 2024, the conversion price is revised downward	
	June 20, 2025	9.15	June 13, 2025	Implement the 2024 annual profit distribution	
	July 11, 2025	9.14	July 11, 2025	Cancel the second batch of the Company's repurchased shares	
Hengyi convertible bonds 2	June 26, 2024	10.41	June 20, 2024	Implement the 2023 annual profit distribution	10.37
	June 20, 2025	10.36	June 13, 2025	Implement the 2024 annual profit distribution	

Convertible bonds name	Adjustment Date	Adjusted Conversion Price (RMB)	Disclosure Time	Adjustment Notes	Latest Conversion Price as of the End of This Reporting Period (RMB)
	July 11, 2025	10.37	July 11, 2025	Cancel the second batch of the Company's repurchased shares	

6. Debt condition, credit standing and respectability changes of the Company at the end of the reporting period and cash arrangement for debt repayment in the coming years

Item	End of current reporting period	End of previous year	Add/deduct at the end of current reporting period over the end of previous year
Liquidity ratio	0.55	0.63	-12.70%
Debt-to-asset ratio	72.28%	71.42%	0.86%
Acid-test ratio	0.33	0.40	-17.50%
Item	Current reporting period	The same period of previous year	Year-on-year add/deduct in the reporting period
Interest coverage ratio	1.10	0.96	14.58%
Loan repayment ratio (%)	100%	100%	0.00%
Interest repayment rate (%)	100%	100%	0.00%

V. 10% more losses within the consolidation in the reporting period than the net

assets at the end of previous year

Applicable Not applicable

VI. Overdue situation of interest-bearing debts except for bonds in the reporting period

Applicable Not applicable

VII. Existence/non-existence of violation of rules and regulations in the reporting period

Yes No

VIII. Main accounting data and financial indicators for the past two years as at the end of the reporting period

Unit: RMB 10,000

Item	End of current reporting period	End of previous year	Add/deduct at the end of current reporting period over the end of previous year
Liquidity ratio	0.55	0.63	-12.70%
Debt-to-asset ratio	72.28%	71.42%	0.86%
Acid-test ratio	0.33	0.40	-17.50%
	Current reporting period	The same period of previous year	Year-on-year add/deduct in the reporting period
Net profit after deducting non-recurring profit and loss	14,124.38	2,027.65	596.59%
Debts to EBITDA	7.76%	8.38%	-0.62%
Times interest earned ratio	1.10	0.96	14.58%
Times cash interest earned ratio	3.54	3.55	-0.28%
EBITDA times interest earned ratio	2.37	2.01	17.91%

Loan repayment ratio	100.00%	100.00%	0.00%
Interest coverage	100.00%	100.00%	0.00%

Section VIII Financial Report

I. Audit Report

Type of audit opinion	Standard unqualified opinion
Date of signing of the audit report / Signature date of the audit report	April 14, 2026
Name of audit firm	Zhongxinghua Certified Public Accountants (Special General Partnership)
Reference number of audit report	ZXHSZ (2026) No. 010609

Body of Audit Report

To all shareholders of Hengyi petrochemical Co., Ltd:

I. Auditor's opinion

We have audited the financial statements of Hengyi Petrochemical Co., Ltd. (hereinafter referred to as "Hengyi Petrochemical"), which comprise the parent company' balance sheets as of December 31, 2025 and the consolidated statement, the parent company' income statements and the consolidated statement, the parent company' cash flow statements and the consolidated statement, the parent company' statements of changes in shareholders' equity and the consolidated statement, and notes to the financial statements for the year 2025.

In our opinion, the attached financial statements are prepared and present fairly, in all material aspects, the consolidated financial position of Hengyi Petrochemical and parent company's financial position as of December 31, 2025, and the results of their operations and cash flows for the year 2025 in accordance with the *Accounting Standards for Business Enterprises*.

II. Basis for Auditor's Opinions

In accordance with the Chinese Auditing Standards for Certified Public Accountants, we have performed the audit. The section titled "Responsibilities of the Certified

Public Accountants for the Financial Statement Audit" in the Audit Report further elaborates our responsibilities under these standards. Following the Code of Ethics for Chinese Certified Public Accountants, we maintain independence from Hengyi Petrochemical Co., Ltd. and have fulfilled our other ethical obligations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

III.Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for current period. These matters were 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 these matters. We have identified the following items as key audit matters that need to be dealt with in the Audit Report.

(I)Recognition of operating income

1.Description of matters

For relevant disclosures, please refer to Note 3.26 "Revenue" and Note 5.49 "Operating Revenue and Operating Costs" in the financial statement annexes. In fiscal year 2025, Hengyi Petrochemical Co., Ltd. reported consolidated operating revenue of RMB 125,463,237,100, reflecting a decrease of 7.85% compared to the previous fiscal year. Considering the significance of revenue recognition to the overall financial statements and the inherent risk that management may manipulate revenue recognition to achieve specific targets or expectations, we have identified revenue recognition as a key audit matter."

2.Audit response

The main audit procedures we performed are as follows:

(1)Understanding, evaluating and testing the effectiveness of the design and operation of the Company's internal control related to the revenue recycling;

(2) Selecting the sales contracts signed by samples, identifying the individual performance obligations, transfer of control and other terms in the contracts, and evaluating whether the timing of revenue recognition has met the requirements of the *Accounting Standards for Business Enterprises*;

(3) Performing analytical procedures on revenues and costs; analyzing fluctuations in revenue, cost, gross profit rate for each month of current period; comparing and analyzing the analysis procedures for revenue, cost, gross profit rate of main products in current period with those in previous period, and comparing and analyzing product sales prices and raw material purchase prices with those of related products in the industry, and evaluating the accuracy of revenue recognition;

(4) Selecting samples from the accounting records of sales revenue, checking sales-related contracts, delivery notes, bills of lading, certificates of transfer of goods property, invoices, etc., and evaluating the authenticity and completeness of revenue recognition;

(5) Selecting samples from the customers involved in the reporting period, implementing transaction confirmation procedure, and evaluating the authenticity and accuracy of the revenue;

(6) For export sales, checking the relevant information via China Export & Credit Insurance Corporation and the People's Insurance Company of China APPs against the book sales records, export declarations, sales invoices, etc. to verify the authenticity of the export income;

(7) Performing a cut-off test for revenue; selecting samples from revenue recognition transactions before and after the balance sheet date, obtaining relevant documents such as contracts, invoices, and delivery notes etc., and evaluating whether revenue has been recognized in an appropriate period.

(II) Inventory depreciation reserves

1. Description of matters

For further information disclosures, please refer to Notes Three, 16, Fixed Assets, 17, Construction in Progress, and Notes Five, 15, Fixed Assets, 16, Construction in

Progress, in the financial statements.

As of December 31, 2025, the book value of Hengyi Petrochemical Company's fixed asset projects was RMB 41,957,579,800, primarily comprising machinery and equipment used for the production of aromatics, product oil, polyester filament, purified terephthalic acid, and the corresponding constructed plant buildings. These fixed assets are recognized when they reach their intended usable state and are depreciated on a straight-line basis over their estimated useful lives.

As of December 31, 2025, the book balance of Hengyi Petrochemical Company's construction in progress projects was RMB 14,957,076,300, primarily consisting of the Phase II of the Brunei Refinery Project, the Phase I of the Guangxi Jijin Project, and other projects. Construction in progress is measured at actual incurred costs, including construction costs, installation costs, borrowing costs that meet capitalization conditions, and other necessary expenditures to bring the construction in progress to its intended usable state. These expenditures include engineering design, supervision, and cost consulting, among others. Management's judgments in the following areas impact the book value of fixed assets and construction in progress, as well as the depreciation policy for fixed assets. These areas include: determining which expenditures qualify for capitalization, identifying the timing of transferring construction in progress to fixed assets and commencing depreciation, and estimating the economic useful lives and residual values of the corresponding fixed assets.

Since the evaluation of the book value of fixed assets and construction in progress involves significant management judgment and represents a substantial portion of the consolidated financial statements, we have identified the measurement and recognition of fixed assets and construction in progress as a key audit matter.

IV. Other information

The management is responsible for the “other information”. The “other information”

comprises the information included in Hengyi Petrochemical's 2025 Annual Report, but does not include the financial statements and our audit report.

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

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

Based on the work we have performed, if we determine that a material misstatement exists in the other information, we are required to report that fact. In this regard, we have nothing to report.

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

The management is responsible for preparing financial statements that present fairly the financial position of the Company in accordance with the provisions of the *Accounting Standards for Business Enterprises*, and designing, implementing and maintaining necessary internal controls relevant to preparing and presenting financial statements that are free from material misstatement due to fraud or error.

In preparing the financial statements, management is responsible for assessing the ability to continue of Hengyi Petrochemical as a going concern, disclosing matters related to going concern (if applicable), and applying the going concern assumptions, unless management intends to liquidate Hengyi Petrochemical, or Hengyi Petrochemical ceases operations or has no realistic alternative.

Those charged with governance are responsible for overseeing the financial reporting

process of Hengyi Petrochemical.

VI. Responsibilities of the CPAs 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 may arise from fraud or error and are generally considered material if they, individually or in aggregate, could reasonably be expected to influence the economic decisions made by users based on the financial statements.

As part of an audit in accordance with Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. At the same time, 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 resulting from error, as fraud may involve collusion, forgery, willful omission, misrepresentation or 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 using the going concern assumption by the management; and, based on the audit evidence obtained, conclude whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of Hengyi Petrochemical to continue as a going concern. If we conclude that a material uncertainty exists, we are required by the Auditing Standards to draw attention in our report to the related disclosures in the financial statements; if such

disclosures are inadequate, we shall express a modified opinion. Our conclusions are based on information available as of the date of our Audit Report. However, future events or conditions may cause Hengyi Petrochemical to cease to continue as a going concern.

(5) Evaluate the overall presentation, structure and content of the financial statements, and whether the financial statements fairly represent the relevant transactions and events.

(6) Obtain sufficient and appropriate audit evidence on the financial information of Hengyi Petrochemical's entities or business activities to express an audit opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit and are solely responsible for our audit opinion.

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

We also provided a statement to those charged with governance that we had complied with ethical requirements related to independence and communicated with those charged with governance about all relationships and other matters that may reasonably be deemed to affect our independence, and related precautions, if applicable.

From the matters communicated with those charged with governance, we determined which matters were most significant to the audit of the financial statements for current period and therefore constituted key audit matters. We described these matters in our audit report except public disclosure of such matters is prohibited by laws and regulations, or in rare cases where we determine that a matter shall not be

communicated in an audit report if there is a reasonable expectation that the negative consequences of communicating such matter in the audit report would outweigh the benefits in the public interest.

II. Financial statements

Unit for the statements included in the notes: RMB

1. Consolidated Balance Sheet

Prepared by: Hengyi Petrochemical Co., Ltd.

Unit: RMB

Item	Ending balance	Beginning balance
Current assets:		
Monetary funds	10,748,383,196.19	13,093,174,547.46
Settlement Reserve Fund		
Funds Lent		
Financial Assets at Fair Value Through Profit or Loss	351,705,848.79	153,091,745.24
Derivative Financial Assets	75,274,098.58	4,783,678.80
Notes Receivable	36,103,550.69	6,833,997.24
Accounts Receivable	6,961,405,554.09	5,944,293,285.48
Receivables Financing	31,968,266.76	8,782,497.35
Prepayments	622,078,720.67	1,570,761,713.95
Premiums Receivable		
Reinsurance Receivables		
Reinsurance Contract Assets		
Other Receivables	96,122,937.92	262,407,082.57
Including: Interest Receivable		
Dividends Receivable		
Financial Assets Purchased Under Resale Agreements		
Inventory	13,312,904,001.72	12,407,437,115.10

Item	Ending balance	Beginning balance
Including: Data Resources		
Contract Assets		
Assets Held for Sale		
Non-current Assets Due Within One Year	14,337,675.80	68,036,685.67
Other Current Assets	1,238,921,014.55	1,132,982,413.41
Total Current Assets	33,489,204,865.76	34,652,584,762.27
Non-current Assets:		
Loans and Advances Granted		
Debt Investments		
Other Debt Investments		
Long-term Receivables		
Long-term Equity Investments	10,465,976.75	23,640,428.71
Other Equity Instrument Investments	13,631,219,310.67	13,911,759,800.05
Other Non-current Financial Assets	5,600,000.00	5,600,000.00
Investment Properties		
Fixed Assets	41,957,579,782.33	43,686,606,928.39
Construction in Progress	14,957,076,256.96	8,712,891,498.77
Productive Biological Assets		
Oil and Gas Assets		
Right-of-use Assets	623,270,812.68	411,420,429.59
Intangible Assets	2,528,352,239.99	2,635,077,804.22
Including: Data Resources		
Development Expenditures	152,598,696.83	89,193,644.85
Including: Data Resources		
Goodwill	221,865,586.69	221,865,586.69
Long-term Prepaid Expenses	323,195,127.84	374,048,947.17
Deferred Tax Assets	296,926,902.89	300,209,043.63
Other Non-current Assets	1,432,137,155.55	2,503,929,185.78

Item	Ending balance	Beginning balance
Total Non-current Assets	76,140,287,849.18	72,876,243,297.85
Total Assets	109,629,492,714.94	107,528,828,060.12
Current Liabilities:		
Short-term Borrowings	39,696,240,930.55	38,031,193,372.03
Borrowings from the Central Bank		
Funds Borrowed		
Trading Financial Liabilities	410,481.92	2,546,598.89
Derivative Financial Liabilities	790,580.79	0.00
Notes Payable	3,646,162,527.95	1,149,382,637.33
Accounts Payable	6,293,869,478.50	6,516,393,154.04
Deferred Revenue		
Contract Liabilities	718,849,810.10	1,253,402,884.38
Financial Assets Sold Under Repurchase Agreements		
Deposits and Inter bank Placements		
Funds for Agency Trading of Securities		
Funds for Agency Underwriting of Securities		
Employee Benefits Payable	198,839,791.37	182,643,488.89
Taxes Payable	543,468,740.82	551,789,117.92
Other Payable	190,305,773.41	211,562,059.73
Including: Interest Payable		
Dividends Payable	32,000,000.00	0.00
Handling Charges and Commission Payable		
Reinsurance Payable		
Liabilities Held for Sale		
Non-current Liabilities Due Within One Year	9,572,262,406.93	6,899,022,314.11
Other Current Liabilities	82,878,755.23	133,419,904.46
Total Current Liabilities	60,944,079,277.57	54,931,355,531.78

Item	Ending balance	Beginning balance
Non-current Liabilities:		
Insurance Contract Reserves		
Long-term Borrowings	13,082,771,721.55	15,504,087,484.02
Bonds Payable	2,744,059,932.27	4,494,979,631.55
Including: Preferred Stock		
Perpetual Bonds		
Lease Liabilities	840,428,601.49	456,139,594.54
Long-term Payable	1,230,833,378.87	1,070,496,662.83
Long-term Employee Benefits Payable		
Provisions	434,793.28	2,630,823.25
Deferred Income	337,468,509.91	269,021,790.94
Deferred Tax Liabilities	60,201,087.25	68,008,990.43
Other Non-current Liabilities		
Total Non-current Liabilities	18,296,198,024.62	21,865,364,977.56
Total Liabilities	79,240,277,302.19	76,796,720,509.34
Owners' Equity:		
Share Capital	3,602,621,721.00	3,666,314,207.00
Other Equity Instruments	1,158,976,977.52	1,159,002,779.38
Including: Preferred Stock		
Perpetual Bonds		
Capital Surplus	8,193,818,972.82	8,753,596,729.54
Less: Treasury Stock	2,076,790,243.98	2,676,639,183.21
Other Comprehensive Income	530,937,466.23	955,761,424.10
Special Reserves		
Surplus Reserves	807,136,900.99	807,136,900.99
General Risk Reserves		
Undistributed Profits	12,170,193,038.84	12,076,878,979.32
Total Equity Attributable to Owners of the	24,386,894,833.42	24,742,051,837.12

Item	Ending balance	Beginning balance
Parent Company		
Non-controlling Interests	6,002,320,579.33	5,990,055,713.66
Total Owners' Equity	30,389,215,412.75	30,732,107,550.78
Total Liabilities and Owners' Equity	109,629,492,714.94	107,528,828,060.12

Legal representative: Qiu Yibo Chief accountant: Zheng Xingang Head of accounting agency: Gong Yanhong

2. Parent company balance sheet

Unit: RMB

Item	Closing balance	Beginning balance
Current assets:		
Monetary funds	524,255,399.58	479,486,887.90
Financial Assets at Fair Value Through Profit or Loss		
Derivative Financial Assets		
Notes Receivable		
Accounts Receivable		
Receivables Financing	0.00	1,452,086.00
Prepayments	0.00	4,689,162.00
Other Receivables	5,786,490,095.32	6,204,340,335.74
Including: Interest Receivable		
Dividends Receivable	650,000,000.00	340,000,000.00
Inventory		
Including: Data Resources		
Contract Assets		
Non-current Assets Held for Sale		
Non-current Assets Due within One Year		
Other Current Assets	7,906,300.42	4,609,681.15
Total Current Assets	6,318,651,795.32	6,694,578,152.79
Non-current Assets:		
Debt Investments		

Item	Closing balance	Beginning balance
Other Debt Investments		
Long-term Receivables		
Long-term Equity Investments	16,095,403,116.30	16,052,619,316.60
Investments in Other Equity Instruments		
Other Non-current Financial Assets		
Investment Property		
Property, Plant and Equipment (PPE)	649.40	649.40
Construction in Progress		
Biological Assets		
Oil and Gas Assets		
Right-of-use Assets		
Intangible Assets	2,483,333.33	0.00
Including: Data Resources		
Development Costs		
Including: Data Resources		
Goodwill		
Long-term Prepaid Expenses		
Deferred Tax Assets		
Other Non-current Assets		
Total Non-current Assets	16,097,887,099.03	16,052,619,966.00
Total Assets	22,416,538,894.35	22,747,198,118.79
Current liabilities:		
Short-term borrowings	10,011,305.56	332,361,777.78
Financial Liabilities at Fair Value through Profit or Loss		
Derivative Financial Liabilities		
Notes Payable	1,116,769,000.00	1,083,306,000.00
Accounts Payable		

Item	Closing balance	Beginning balance
Advances from Customers		
Contract Liabilities	317,610.62	70,970.45
Employee Benefits Payable		
Taxes Payable	1,007,036.10	528,739.90
Other Payable	472,792,700.67	815,497,075.98
Including: Interest Payable		
Dividends Payable		
Liabilities Held for Sale		
Non-current Liabilities Due within One Year	1,986,029,346.17	13,206,855.21
Other Current Liabilities	41,289.38	9,226.16
Total Current Liabilities	3,586,968,288.50	2,244,980,645.48
Non-current Liabilities:		
Long-term Borrowings		
Bonds Payable	2,744,059,932.27	4,494,979,631.55
Including: Preference Shares		
Perpetual Bonds		
Lease Liabilities		
Long-term Payable		
Long-term Employee Benefits Payable		
Provisions		
Deferred Income		
Deferred Tax Liabilities		
Other Non-current Liabilities		
Total Non-current Liabilities	2,744,059,932.27	4,494,979,631.55
Total Liabilities	6,331,028,220.77	6,739,960,277.03
Equity:		
Share Capital	3,602,621,721.00	3,666,314,207.00
Other Equity Instruments	1,158,976,977.52	1,159,002,779.38

Item	Closing balance	Beginning balance
Including: Preference Shares		
Perpetual Bonds		
Capital Reserve	12,184,142,370.95	12,743,923,502.17
Less: Treasury Shares	2,076,790,243.98	2,676,639,183.21
Other Comprehensive Income		
Special Reserves		
Surplus Reserve	726,618,041.75	699,923,957.91
Retained Earnings	489,941,806.34	414,712,578.51
Total Equity	16,085,510,673.58	16,007,237,841.76
Total Liabilities and Equity	22,416,538,894.35	22,747,198,118.79

3.Consolidated income statement

Unit: RMB

Item	Year 2025	Year 2024
I.Total operating revenue	113,527,493,619.63	125,463,237,098.17
Including: Operating revenue	113,527,493,619.63	125,463,237,098.17
Interest income		
Earned premiums		
Fee and Commission Income		
II.Total Operating Costs	113,600,310,166.03	126,063,153,820.20
Of which: Cost of Sales/Operating Costs	108,402,437,210.84	120,872,140,383.51
Interest Expense		
Fee and Commission Expenses		
Surrender Benefits		
Net Claims Incurred		
Net Change in Insurance Contract		
Liabilities		
Policyholder Dividends		
Reinsurance Expenses		

Item	Year 2025	Year 2024
Taxes and Surcharges	230,770,772.47	237,188,466.91
Selling Expenses	241,563,121.93	243,762,401.38
Administrative Expenses	1,096,559,555.95	1,102,851,622.36
Research and Development Expenses (R&D)	817,491,594.75	723,365,790.03
Financial Expenses	2,811,487,910.09	2,883,845,156.01
Of which: Interest Expense	2,335,854,053.95	2,938,880,617.79
Interest Income	99,150,581.08	208,017,001.29
Add: Other Income	502,987,463.47	310,806,964.41
Investment Income (Loss)	93,786,187.41	481,338,948.25
Of which: Income from Associates and Joint Ventures	33,415,742.85	351,824,646.06
Gains on Derecognition of Financial Assets at Amortized Cost		
Exchange Gains (Loss)		
Net Hedging Gains (Loss)		
Fair Value Change Gains (Loss)	-37,410,497.31	-18,561,440.33
Credit Impairment Losses(Loss)	8,497,056.31	-6,389,552.52
Asset Impairment Losses(Loss)	-49,192,152.70	-34,344,817.62
Gains on Disposal of Assets(Loss)	587,150.79	-51,586,614.89
III.Operating Profit (Loss)	446,438,661.57	81,346,765.27
Add: Non-operating Income	23,161,245.31	9,539,070.90
Less: Non-operating Expenses	17,685,839.61	61,383,940.48
IV.Profit Before Tax (PBT) (Loss)	451,914,067.27	29,501,895.69
Less: Income Tax Expense	157,082,718.54	95,255,086.41
V.Net Profit (Loss)	294,831,348.73	-65,753,190.72
(I)By Operational Continuity		
1. Net Profit from Continuing Operations(Loss)	294,831,348.73	-65,753,190.72

Item	Year 2025	Year 2024
2. Net Profit from Discontinued Operations(Loss)		
(II)By Ownership Attribution		
1.Net Profit Attributable to Parent Company Shareholders	258,331,586.27	233,939,342.84
2. Non-controlling Interests (Minority Interests)	36,499,762.46	-299,692,533.56
VI.Other Comprehensive Income (OCI), Net of Tax	-417,058,854.66	266,298,955.54
OCI Attributable to Parent Company Shareholders	-424,823,957.87	275,029,063.92
(I)OCI Not Reclassifiable to Profit or Loss	-415,800.00	2,017,800.00
1. Remeasurements of Defined Benefit Plans		
2.OCI from Equity Method Investments Not Reclassifiable	-415,800.00	2,017,800.00
3. Fair Value Changes of Other Equity Instruments		
4. Fair Value Changes Due to Own Credit Risk		
5. Others		
(II)OCI Reclassifiable to Profit or Loss	-424,408,157.87	273,011,263.92
1.OCI from Equity Method Investments Reclassifiable	-129,334,711.38	78,833,868.50
2.Fair Value Changes of Debt Instruments at FVOCI		
3.Reclassification Adjustments for Financial Assets		
4.Credit Impairment Reserves for Debt Instruments at FVOCI		
5. Cash Flow Hedge Reserve	13,131,536.56	421,087.50
6.Foreign Currency Translation Differences	-308,204,983.05	193,756,307.92
7. Others		
OCI Attributable to Non-controlling Interests	7,765,103.21	-8,730,108.38
VII.Total Comprehensive Income	-122,227,505.93	200,545,764.82
Total Comprehensive Income Attributable to Parent Company Shareholders	-166,492,371.60	508,968,406.76

Item	Year 2025	Year 2024
Total Comprehensive Income Attributable to Non-controlling Interests	44,264,865.67	-308,422,641.94
VIII.Earnings Per Share (EPS)		
(I)Basic EPS	0.08	0.07
(II)Diluted EPS	0.08	0.07

Legal representative: Qiu Yibo Chief accountant: Zheng Xingang Head of accounting agency: Gong Yanhong

4.Parent company income statement

Unit: RMB

Item	Year 2025	Year 2024
I.Total operating revenue	81,890,835.41	1,069,681,728.42
Less: Cost of Sales/Operating Costs	81,793,348.67	1,065,678,320.71
Taxes and Surcharges	3,042,195.29	2,577,331.18
Selling Expenses		
Administrative Expenses	3,660,296.10	5,794,888.04
Research and Development Expenses (R&D)		
Financial Expenses	290,851,033.79	-13,854,988.64
Of which: Interest Expense	284,344,537.86	264,479,682.30
Interest Income	2,459,042.51	290,350,773.97
Add: Other Income	44,202.53	3,340,558.65
Investment Income (Loss)	599,624,507.67	339,694,795.80
Of which: Income from Associates and Joint Ventures	-216,200.30	-305,204.20
Gains on Derecognition of Financial Assets at Amortized Cost		
Net Hedging Gains (Loss)		
Fair Value Change Gains (Loss)		
Credit Impairment Losses(Loss)		
Asset Impairment Losses(Loss)		

Item	Year 2025	Year 2024
Gains on Disposal of Assets(Loss)		
II.Operating Profit (Loss)	302,212,671.76	352,521,531.58
Add: Non-operating Income	2,630,048.49	120,594.69
Less: Non-operating Expenses	6,677,743.16	0.00
III.Profit Before Tax (PBT) (Loss)	298,164,977.09	352,642,126.27
Less: Income Tax Expense	31,224,138.67	0.00
IV.Net Profit (Loss)	266,940,838.42	352,642,126.27
(I)Net Profit from Continuing Operations (Loss)	266,940,838.42	352,642,126.27
(II)Net Profit from Discontinued Operations (Loss)		
V.Other Comprehensive Income (OCI), Net of Tax		
OCI Attributable to Parent Company Shareholders		
(I)OCI Not Reclassifiable to Profit or Loss		
1. Remeasurements of Defined Benefit Plans		
2.OCI from Equity Method Investments Not Reclassifiable		
3. Fair Value Changes of Other Equity Instruments		
4. Fair Value Changes Due to Own Credit Risk		
5. Others		
(II)OCI Reclassifiable to Profit or Loss		
1.OCI from Equity Method Investments Reclassifiable		
2.Fair Value Changes of Debt Instruments at FVOCI		
3.Reclassification Adjustments for Financial Assets		
4.Credit Impairment Reserves for Debt Instruments at FVOCI		
5. Cash Flow Hedge Reserve		
6.Foreign Currency Translation Differences		
VI.Total Comprehensive Income	266,940,838.42	352,642,126.27

5.Consolidated cash flow statement

Unit: RMB

Item	Year 2025	Year 2024
I. Cash Flows from Operating Activities:		
Cash received from sales of goods and services	116,550,749,766.86	133,741,965,540.01
Net increase in customer deposits and inter bank deposits		
Net increase in borrowings from central banks		
Net increase in borrowings from other financial institutions		
Cash received from original insurance contract premiums		
Net cash received from reinsurance business		
Net increase in policyholder deposits and investment funds		
Cash received from interest, service fees, and commissions		
Net increase in inter bank borrowings		
Net increase in repurchase agreement funds		
Net cash received from securities brokerage		
Tax and fee refunds received	1,441,601,706.48	1,284,902,741.57
Other cash received related to operating activities	523,911,828.29	530,856,341.36
Subtotal of Operating Cash Inflows	118,516,263,301.63	135,557,724,622.94
Cash paid for purchases of goods and services	109,052,350,535.48	125,041,850,148.09
Net increase in customer loans and advances		
Net increase in deposits with central banks and interbank institutions		
Cash paid for claims under original insurance contracts		
Net increase in interbank lending		
Cash paid for interest, service fees, and commissions		

Item	Year 2025	Year 2024
Cash paid for policyholder dividends		
Cash paid to and on behalf of employees	2,668,984,896.94	2,470,514,775.18
Taxes and fees paid	1,297,509,454.84	1,191,352,463.94
Other cash paid related to operating activities	871,982,955.76	856,995,679.97
Subtotal of Operating Cash Outflows	113,890,827,843.02	129,560,713,067.18
Net Cash Flows from Operating Activities	4,625,435,458.61	5,997,011,555.76
II. Cash Flows from Investing Activities:		
Cash received from disposal of investments	0.00	786,000,000.00
Cash received from investment returns	353,556,920.44	290,020,712.53
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets	48,812,172.85	100,441,217.57
Net cash received from disposal of subsidiaries and business units	0.00	56,084.57
Other cash received related to investing activities	51,552,456.64	344,984,290.41
Subtotal of Investing Cash Inflows	453,921,549.93	1,521,502,305.08
Cash paid for acquisition/construction of fixed assets, intangible assets, and other long-term assets	5,501,739,902.54	4,435,706,426.43
Cash paid for investments	283,942,087.74	123,419,685.61
Net increase in pledged loans	0.00	0.00
Net cash paid for acquisition of subsidiaries and business units	0.00	0.00
Other cash paid related to investing activities	314,104,855.33	50,495,239.10
Subtotal of Investing Cash Outflows	6,099,786,845.61	4,609,621,351.14
Net Cash Flows from Investing Activities	-5,645,865,295.68	-3,088,119,046.06
III. Cash Flows from Financing Activities:		
Cash received from capital contributions	0.00	100,000.00
Including: Cash received from minority shareholders' investments in subsidiaries	0.00	100,000.00

Item	Year 2025	Year 2024
Cash received from borrowings	53,809,809,146.46	60,464,223,489.44
Other cash received related to financing activities	7,378,418,876.32	11,525,935,271.42
Subtotal of Financing Cash Inflows	61,188,228,022.78	71,990,258,760.86
Cash paid for debt repayment	53,488,784,414.55	60,911,284,372.07
Cash paid for dividends, profit distributions, or interest payments	2,027,025,087.50	2,702,270,253.54
Including: Dividends/profits paid to minority shareholders by subsidiaries		
Other cash paid related to financing activities	7,968,267,243.03	9,819,792,656.74
Subtotal of Financing Cash Outflows	63,484,076,745.08	73,433,347,282.35
Net Cash Flows from Financing Activities		
Subtotal of Financing Cash Outflows	-2,295,848,722.30	-1,443,088,521.49
Net Cash Flows from Financing Activities		
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents	-52,657,171.82	76,966,509.98
V. Net Increase in Cash and Cash Equivalents	-3,368,935,731.19	1,542,770,498.19
Add: Opening balance of cash and cash equivalents	10,060,888,620.31	8,518,118,122.12
VI. Closing Balance of Cash and Cash Equivalents	6,691,952,889.12	10,060,888,620.31

6. Parent company cash flow statement

Unit: RMB

Item	Year 2025	Year 2024
I. Cash Flows from Operating Activities:		
Cash received from sales of goods and services	94,267,433.40	1,188,268,463.72
Tax and fee refunds received		
Other cash received related to operating activities	839,067,831.85	248,223,517.39
Subtotal of Operating Cash Inflows	933,335,265.25	1,436,491,981.11
Cash paid for purchases of goods and services	44,280,425.71	1,014,221,925.11

Item	Year 2025	Year 2024
Cash paid to and on behalf of employees		
Taxes and fees paid	49,340,741.21	2,345,507.35
Other cash paid related to operating activities	453,973,816.16	735,034,477.07
Subtotal of Operating Cash Outflows	547,594,983.08	1,751,601,909.53
Net Cash Flows from Operating Activities	385,740,282.17	-315,109,928.42
II. Cash Flows from Investing Activities:		
Cash received from disposal of investments		
Cash received from investment returns	290,000,000.00	765,000,000.00
Net cash received from disposal of fixed assets, intangible assets, and other long-term assets		
Net cash received from disposal of subsidiaries and business units		
Other cash received related to investing activities	346,486,357.88	288,435,226.49
Subtotal of Investing Cash Inflows	636,486,357.88	1,053,435,226.49
Cash paid for acquisition/construction of fixed assets, intangible assets, and other long-term assets	2,980,000.00	0.00
Cash paid for investments	43,000,000.00	97,000,000.00
Net cash paid for acquisition of subsidiaries and business units		
Other cash paid related to investing activities	345,277,934.94	0.00
Subtotal of Investing Cash Outflows	391,257,934.94	97,000,000.00
Net Cash Flows from Investing Activities	245,228,422.94	956,435,226.49
III. Cash Flows from Financing Activities:		
Cash received from capital contributions		
Cash received from borrowings	0.00	332,000,000.00
Other cash received related to financing activities	336,661,200.00	2,583,748,112.69
Subtotal of Financing Cash Inflows	336,661,200.00	2,915,748,112.69
Cash paid for debt repayment	332,000,000.00	0.00

Item	Year 2025	Year 2024
Cash paid for dividends, profit distributions, or interest payments	230,447,695.61	381,501,848.84
Other cash paid related to financing activities	367,106,297.82	2,933,096,243.91
Subtotal of Financing Cash Outflows	929,553,993.43	3,314,598,092.75
Net Cash Flows from Financing Activities	-592,892,793.43	-398,849,980.06
IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents		
V. Net Increase in Cash and Cash Equivalents	38,075,911.68	242,475,318.01
Add: Opening balance of cash and cash equivalents	262,825,687.90	20,350,369.89
VI. Closing Balance of Cash and Cash Equivalents	300,901,599.58	262,825,687.90

7. Consolidated statement of changes in equity

Current period amount

Unit: RMB

Item	Year 2025														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed interest	Others	Subtotal		
Preferred shares		Perpetual bonds	Others												
I. Closing Balance of Prior Year	3,666,314,207.00			1,159,002,779.38	8,753,596,729.54	2,676,639,183.21	955,761,424.10		807,136,900.99		12,076,878,979.32		24,742,051,837.12	5,990,055,713.66	30,732,107,550.78
Add: Accounting Policy Changes															
Prior Period Error Corrections															
Other															
II. Opening Balance of Current Year	3,666,314,207.00			1,159,002,779.38	8,753,596,729.54	2,676,639,183.21	955,761,424.10		807,136,900.99		12,076,878,979.32		24,742,051,837.12	5,990,055,713.66	30,732,107,550.78
III. Current period increase (or less: decrease)	-63,692,486.00			-25,801,866.00	-559,777,756.72	-599,848,939.23	-424,823,957.87		0.00		93,314,059.52		-355,157,003.70	12,264,865.67	-342,892,138.03
(I) Total Comprehensive Income							-424,823,957.87				258,331,586.27		-166,492,371.60	44,264,865.67	-122,227,505.93
(II) Contributions from and Reductions in Owners' Equity	-63,692,486.00			-25,801,866.00	-559,781,131.22	-599,848,939.23							-23,650,479.85		-23,650,479.85

1. Ordinary Shares Issued by Owners					-3,896.82	23,748,601.00								-23,752,497.82	-23,752,497.82
2. Capital Contributions by Holders of Other Equity Instruments	11,266.00			-25,801.86	116,553.83									102,017.97	102,017.97
3. Share-Based Payments Recognized in Equity															
4. Other	-63,703,752.00				-559,893,788.23	-623,597,540.23									
(III) Profit Distribution															
1. Allocation to Surplus Reserves															
2. Allocation to General Risk Provisions															
3. Distributions to Owners (or Shareholders)															
4. Other															
(IV) Internal Transfers within Equity															
1. Capitalization of Capital Reserves															
2. Capitalization of Surplus Reserves															
3. Utilization of Surplus Reserves to Offset Losses															
4. Revisions to Defined Benefit Plans Transferred to Retained Earnings															
5. Reclassification of Other Comprehensive Income to Retained Earnings															
6. Other															
(V) Special Reserves															

1.Current Period Appropriations								47,161,622.97					47,161,622.97		47,161,622.97
2.Current Period Utilizations								47,161,622.97					47,161,622.97		47,161,622.97
(VI)Other					3,374.50								3,374.50		3,374.50
IV. Closing Balance of Current Year	3,602,621,721.00			1,158,976,977.52	8,193,818,972.82	2,076,790,243.98	530,937,466.23		807,136,900.99	0.00	12,170,193,038.84		24,386,894,833.42	6,002,320,579.33	30,389,215,412.75

Previous period amount

Item	Year 2024														
	Equity attributable to parent company													Non-controlling interest	Total equity
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	General risk reserve	Undistributed interest	Others	Subtotal		
	Preferred shares	Perpetual bonds	Others												
I.Closing Balance of Prior Year	3,666,302,025.00			1,159,031,770.29	9,085,229,180.87	2,368,941,966.92	680,732,360.18		807,136,900.99	0.00	12,181,660,569.68		25,211,150,840.09	6,751,337,830.65	31,962,488,670.74
Add: Accounting Policy Changes															
Prior Period Error Corrections															
Other															
II. Opening Balance of Current Year	3,666,302,025.00			1,159,031,770.29	9,085,229,180.87	2,368,941,966.92	680,732,360.18		807,136,900.99		12,181,660,569.68		25,211,150,840.09	6,751,337,830.65	31,962,488,670.74
III.Current period increase (or less: decrease)	12,182.00			-28,990.91	-331,632,451.33	307,697,216.29	275,029,063.92				-104,781,590.36		-469,099.02	-761,282.16	-1,230,381,119.96

(I)Total Comprehensive Income						275,029, 063.92				233,939, 342.84		508,968,40 6.76	-308,422,6 41.94	200,545,764 .82
(II)Contributions from and Reductions in Owners' Equity	12,182.0 0			-28,990. 91	-264,522 ,216.37	307,697, 216.29						-572,236,2 41.57	-447,500,0 00.00	-1,019,736, 241.57
1.Ordinary Shares Issued by Owners					-169,040 .52	817,685, 803.20						-817,854,8 43.72	-447,500,0 00.00	-1,265,354, 843.72
2.Capital Contributions by Holders of Other Equity Instruments	12,182.0 0			-28,990. 91	127,298. 56							110,489.65		110,489.65
3.Share-Based Payments Recognized in Equity														
4.Other					-264,480 ,474.41	-509,988 ,586.91						245,508,11 2.50		245,508,112 .50
(III)Profit Distribution										-338,720 ,933.20		-338,720,9 33.20		-338,720,93 3.20
1.Allocation to Surplus Reserves														
2.Allocation to General Risk Provisions														
3.Distributions to Owners (or Shareholders)										-338,720 ,933.20		-338,720,9 33.20		-338,720,93 3.20
4.Other														
(IV)Internal Transfers within Equity														
1.Capitalization of Capital Reserves														
2.Capitalization of Surplus Reserves														
3.Utilization of Surplus Reserves to Offset Losses														
4.Revisions to Defined Benefit Plans Transferred to Retained Earnings														
5.Reclassification of Other Comprehensive Income to Retained Earnings														

6.Other															
(V)Special Reserves															
1.Current Period Appropriations								50,731,580.68					50,731,580.68		50,731,580.68
2.Current Period Utilizations								50,731,580.68					50,731,580.68		50,731,580.68
(VI)Other					-67,110,234.96								-67,110,234.96	-5,359,475.05	-72,469,710.01
IV. Closing Balance of Current Year	3,666,314,207.00			1,159,002,779.38	8,753,596,729.54	2,676,639,183.21	955,761,424.10		807,136,900.99		12,076,878,979.32		24,742,051,837.12	5,990,055,713.66	30,732,107,550.78

8.Parent company statement of changes in equity

Current period amount

Unit:RMB

Item	Year 2025											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Capital reserve	Other	Total equity
		Preferred shares	Perpetual bonds	Others								
I.Closing Balance of Prior Year	3,666,314,207.00			1,159,002,779.38	12,743,923,502.17	2,676,639,183.21			699,923,957.91	414,712,578.51		16,007,237,841.76
Add: Accounting Policy Changes												
Prior Period Error Corrections												

Other											
II. Opening Balance of Current Year	3,666,314,207.00			1,159,002,779.38	12,743,923,502.17	2,676,639,183.21			699,923,957.91	414,712,578.51	16,007,237,841.76
III. Current period increase (or less: decrease)	-63,692,486.00			-25,801.86	-559,781,131.22	-599,848,939.23			26,694,083.84	75,229,227.83	78,272,831.82
(I) Total Comprehensive Income										266,940,838.42	266,940,838.42
(II) Contributions from and Reductions in Owners' Equity	-63,692,486.00			-25,801.86	-559,781,131.22	-599,848,939.23					-23,650,479.85
1. Ordinary Shares Issued by Owners					-3,896.82	23,748,601.00					-23,752,497.82
2. Capital Contributions by Holders of Other Equity Instruments	11,266.00			-25,801.86	116,553.83						102,017.97
3. Share-Based Payments Recognized in Equity											
4. Other	-63,703,752.00				-559,893,788.23	-623,597,540.23					
(III) Profit Distribution									26,694,083.84	-191,711,610.59	-165,017,526.75
1. Allocation to Surplus Reserves									26,694,083.84	-26,694,083.84	

2.Allocation to General Risk Provisions											-165,017,526.75		-165,017,526.75
3.Distributions to Owners (or Shareholders)													
4.Other													
(IV)Internal Transfers within Equity													
1.Capitalization of Capital Reserves													
2.Capitalization of Surplus Reserves													
3.Utilization of Surplus Reserves to Offset Losses													
4.Revisions to Defined Benefit Plans Transferred to Retained Earnings													
5.Reclassification of Other Comprehensive Income to Retained Earnings													
6.Other													
(V)Special Reserves													

1.Current Period Appropriations												
2.Current Period Utilizations												
(VI)Other	3,602,621,721.0 0			1,158,976,977.5 2	12,184,142,370.9 5	2,076,790,243.9 8			726,618,041.7 5	489,941,806.3 4		16,085,510,673.5 8

Previous period amount

Unit: RMB

Item	Year 2024											
	Share capital	Other equity instruments			Capital reserve	Less: Treasury shares	Other comprehensive income	Special reserve	Surplus reserve	Capital reserve	Other	Total equity
		Preferred shares	Perpetual bonds	Others								
I.Closing Balance of Prior Year	3,666,302,025.00			1,159,031,770.29	13,008,445,718.54	2,368,941,966.92			664,659,745.28	436,055,598.07		16,565,552,890.26
Add: Accounting Policy Changes												
Prior Period Error Corrections												
Other												
II. Opening Balance of Current Year	3,666,302,025.00			1,159,031,770.29	13,008,445,718.54	2,368,941,966.92			664,659,745.28	436,055,598.07		16,565,552,890.26
III.Current period increase (or less: decrease)	12,182.00			-28,990.91	-264,522,216.37	307,697,216.29			35,264,212.63	-21,343,019.56		-558,315,048.50
(I)Total Comprehensive										352,642,126.27		352,642,126.27

Income												
(II)Contributions from and Reductions in Owners' Equity	12,182.00			-28,990.91	-264,522,216.37	307,697,216.29						-572,236,241.57
1.Ordinary Shares Issued by Owners					-169,040.52	817,685,803.20						-817,854,843.72
2.Capital Contributions by Holders of Other Equity Instruments	12,182.00			-28,990.91	127,298.56							110,489.65
3.Share-Based Payments Recognized in Equity												
4.Other					-264,480,474.41	-509,988,586.91						245,508,112.50
(III)Profit Distribution								35,264,212.63	-373,985,145.83			-338,720,933.20
1.Allocation to Surplus Reserves								35,264,212.63	-35,264,212.63			
2.Allocation to General Risk Provisions									-338,720,933.20			-338,720,933.20
3.Distributions to Owners (or Shareholders)												
4.Other												
(IV)Internal Transfers within Equity												

1.Capitalization of Capital Reserves												
2.Capitalization of Surplus Reserves												
3.Utilization of Surplus Reserves to Offset Losses												
4.Revisions to Defined Benefit Plans Transferred to Retained Earnings												
5.Reclassification of Other Comprehensive Income to Retained Earnings												
6.Other												
(V)Special Reserves												
1.Current Period Appropriations												
2.Current Period Utilizations												
(VI)Other	3,666,314,207.00			1,159,002,779.38	12,743,923,502.17	2,676,639,183.21			699,923,957.91	414,712,578.51		16,007,237,841.76

**Hengyi Petrochemical Co., Ltd. Notes to the Financial Statements for the Year
Ended 2025**

(Except as otherwise noted, amounts are denominated in RMB Yuan)

I. Basic information about the Company

1. Historical development

Hengyi Petrochemical Co., Ltd. (referred to as "the Company" or "Company"), formerly known as Centennial Brilliance Science and Technology Co., Ltd. (referred to as "Centennial Brilliance"), which was changed into its current name on June 1, 2011 by change in the registration with administration for industry and commerce. The Company was established with initiation by shareholders on December 14, 1989 and upon approval by the Economic System Reform Commission of Guangxi Zhuang Autonomous Region with the G. T. G. [1990] No. 3 Document issued on February 10, 1990. The Company's stocks were listed on Shenzhen Stock Exchange on March 28, 1997 under the stock code of 000703 and the current stock abbreviation of "Hengyi Petrochemical".

Upon approval by China Securities Regulatory Commission with the document Reply on Approval of the Sales of Major Assets of Centennial Brilliance Science and Technology Co., Ltd. and the Issuance of Its Shares to Zhejiang Hengyi Group Co., Ltd. for Purchase of Assets (ZJXK[2011] No. 540) issued on April 15, 2011, the Company sold all its assets and liabilities to Henan Huicheng Investment Co., Ltd. ("Henan Huicheng") with the employees transferred with assets. Henan Huicheng paid the consideration in cash. The Company issued 432,883,813 shares to purchase 100% equity in Zhejiang Hengyi Petrochemical Co., Ltd. (hereinafter referred to as Hengyi Limited) held by Zhejiang Hengyi Group Co., Ltd., Tianjin Dinghui Equity Investment Phase I Fund (Limited Partnership), Tianjin Dinghui Yuanbo Equity Investment Fund (Limited Partnership); at the same time, Henan Huicheng transferred its 12,237,050 shares in Centennial Brilliance to Zhejiang Hengyi Group Co., Ltd. (hereinafter referred to as Hengyi Group) in form of agreement, and Hengyi Group

paid the consideration in cash.

On April 27, 2011, Ascenda conducted capital verification on the major asset reorganization and issuance of shares to purchase assets, and issued TJZXY(2011) Z. Z. No. 020057 Capital Verification Report to verify the issued 432,883,813 shares.

According to the resolutions of the Company's 2011 Annual General Meeting of Shareholders and the revised *Articles of Association*, three bonus shares for every 10 shares were distributed to all shareholders on the basis of the Company's original total share capital of RMB 576,793,813.00, and the capital reserve was transferred to increase 7 shares for every 10 shares to all shareholders at the same time. The Company increased its registered capital by RMB 576,793,813.00. The base date of the increase by transfer was March 27, 2012, and the registered capital after the change was RMB 1,153,587,626.00.

According to the resolutions of the 2015 Annual General Meeting of Shareholders and the revised *Articles of Association*, the Company implemented the first restricted stock incentive plan in 2015. The incentive form adopted in this incentive plan was restricted stocks, and 15 incentive objects were granted the restricted stocks in the first time. 11.7 million restricted stocks with a par value of RMB 1 per share were granted to incentive objects by means of targeted issuance. The Company increased its registered capital by RMB 11,700,000.00, and the registered capital after the change was RMB 1,165,287,626.00.

According to the resolutions of the 2014 Annual General Meeting of Shareholders and the revised *Articles of Association*, upon the approval of China Securities Regulatory Commission with the Reply on Approval of Hengyi Petrochemical Co., Ltd.'s Non-public Issuance of Stocks (ZJXX [2015] No. 2085), the Company privately issued 140,845,070 RMB ordinary shares (A-shares) with a par value of RMB 1 per share in 2015. The Company increased its registered capital by RMB 140,845,070.00,

and the registered capital after the change was RMB 1,306,132,696.00.

According to the resolutions of the twenty-sixth meeting of the ninth session of the BOD of the Company in 2016 and the revised *Articles of Association*, the Company's repurchased and cancelled 25% of the granted restricted stocks that were held by incentive objects and did not meet the unlocking conditions for the first unlocking period, i.e. 2,925,000 restricted stocks. The Company reduced the registered capital by RMB 2,925,000.00, and the registered capital after the change was RMB 1,303,207,696.00.

According to the resolutions of the Company's 2015 Annual General Meeting of Shareholders and the revised *Articles of Association*, upon the approval granted by China Securities Regulatory Commission with the Reply on Approval of Hengyi Petrochemical Co., Ltd.'s Non- public Issuance of Stocks (ZJXK [2016] No. 1320), the Company privately issued 316,666,666 RMB ordinary shares (A shares) with a par value of RMB 1 per share in 2016. The Company increased its registered capital by RMB 316,666,666.00, and the registered capital after the change was RMB 1,619,874,362.00.

According to the resolutions of the Second Extraordinary General Meeting of Shareholders of the Company in 2017 and the Company's revised *Articles of Association*, the Company implemented the second restricted stock incentive plan in 2017. The incentive form adopted in this incentive plan was restricted stocks, and 50 incentive objects were granted the restricted stocks in this time. 28.55 million restricted stocks with a par value of RMB 1 per share were granted to incentive objects by means of targeted issuance. The Company increased its registered capital by RMB 28,550,000.00, and the registered capital after the change was RMB 1,648,424,362.00.

According to the resolutions of the Company's 2017 Annual General Meeting of

Shareholders and the revised *Articles of Association*, the capital reserve was transferred to increase 4 shares for every 10 shares to all shareholders based on the Company's original total share capital of RMB 1,648,424,362. The Company completed the registration of bonus and transferred stocks on May 24, 2018. The Company increased its registered capital by RMB 659,369,744, and the registered capital after the change was RMB 2,307,794,106.00.

In October 2018, due to the resignation of restricted stock incentive objects, the Company repurchased and cancelled 679,000 restricted stocks. The Company reduced its registered capital (share capital) by RMB 679,000. After the change, the registered capital was RMB 2,307,115,106, and the share capital was RMB 2,307,115,106.

In December 2018, the Company issued 170,592,433 shares to Zhejiang Hengyi Group Co., Ltd. (hereinafter referred to as "Hengyi Group"), 75,124,910 shares to Fulida Group Holding Co., Ltd. (hereinafter referred to as "Fulida Group"), and 75,124,910 shares to Xinghui Chemical Fiber Group Co., Ltd. (hereinafter referred to as "Xinghui Chemical Fiber Group") to purchase related assets. After the change, the registered capital was RMB 2,627,957,359.00, and the share capital was RMB 2,627,957,359.00.

In January 2019, the Company privately issued 213,768,115 shares to 6 investors separately to raise matching funds. After the change, the registered capital was RMB 2,841,725,474.00 and the share capital was RMB 2,841,725,474.00.

According to the resolutions of the Company's 2019 Annual General Meeting of Shareholders and the revised *Articles of Association*, the capital reserve was transferred to increase three shares for every 10 shares to all shareholders based on the Company's original total share capital of RMB 2,841,725,474.00. The Company completed the registration of bonus and transferred stocks on May 28, 2020. The Company increased its registered capital by RMB 852,517,642, and the registered

capital after the change was RMB 3,694,243,116.00.

On June 9, 2020, in accordance with the Proposal on the Issuance of Shares to Purchase Assets and the Realization of Performance Commitments for Related-party Transaction Projects in 2019 and Performance Compensation Plan, the cancellation of 12,597,709 shares was completed, and the registered capital after the change was RMB 3,681,645,407.00.

Upon approval by Shenzhen Stock Exchange (SZSE) (approval document SZS [2020] No. 1027), the Company's convertible corporate bonds amounting to RMB 2 billion were listed on Shenzhen Stock Exchange on November 16, 2020 with the bond name of Hengyi Convertible Bonds, the conversion period of which was from April 22, 2021 to October 15, 2026. Through 2021, a total of 1,639 Hengyi Convertible Bonds were converted into 14,337 Hengyi Petrochemical shares.

On July 28, 2021, in accordance with the Proposal on Achievement of Performance Commitments and Performance Compensation Plan in 2020 through the Share Issuance for Asset Acquisition and related-party transactions, the Company canceled 15,379,730 shares.

With the approval of the Shenzhen Stock Exchange (hereinafter referred to as "SZSE") document "Shenzhen Stock Exchange [2020] No. 1027", the company's convertible corporate bonds amounting to 2,000 million RMB were listed for trading on the Shenzhen Stock Exchange starting from November 16, 2020. The bond is abbreviated as "Hengyi Convertible Bond". The conversion period for "Hengyi Convertible Bond" is from April 22, 2021, to October 15, 2026.

With the approval of the SZSE document "Shenzhen Stock Exchange [2022] No. 782", the company's convertible corporate bonds amounting to 3,000 million RMB were listed for trading on the SZSE starting from August 18, 2022. The bond is

abbreviated as "Hengyi Convertible Bond 2". The conversion period for "Hengyi Convertible Bond 2" is from January 30, 2023, to July 20, 2028.

In the year 2021, a total of 1,639 "Hengyi Convertible Bonds" were converted into 14,337 shares of "Hengyi Petrochemical" stock. In 2022, a total of 89 "Hengyi Convertible Bonds" were converted into 792 shares of "Hengyi Petrochemical" stock. In 2023, a total of 120 "Hengyi Convertible Bonds" were converted into 1,084 shares of "Hengyi Petrochemical" stock, and a total of 2,116 "Hengyi Convertible Bond 2" were converted into 20,135 shares of "Hengyi Petrochemical" stock. In 2024, a total of 90 "Hengyi Convertible Bonds" were converted into 822 shares of "Hengyi Petrochemical" stock, and a total of 1,183 "Hengyi Convertible Bond 2" were converted into 11,360 shares of "Hengyi Petrochemical" stock; In 2025, a total of 455 "Hengyi Convertible Bond" were converted into 4,851 shares of "Hengyi Petrochemical" stock, and a total of 668 of "Hengyi Convertible Bond 2" converted into 6,415 shares of "Hengyi Petrochemical stock".

According to the resolution of the company's 2024 Annual General Meeting of Shareholders and the provisions of the amended articles of association, the purpose of the second batch of repurchased shares was changed and the shares were cancelled to reduce the company's registered capital. Confirmed by Shenzhen Branch of China Securities Depository and Clearing Corporation Limited, the share cancellation was completed on July 9, 2025, with a total cancellation of 63,703,752 shares, reducing the company's registered capital by RMB 63,703,752. As of March 31, 2025, due to the conversion of "Hengyi Convertible Bonds" and "Hengyi Convertible Bonds II", a total of 55,659 shares were converted, increasing the company's registered capital by RMB 55,659. After the above changes, the company's registered capital changed from RMB 3,666,265,677.00 to RMB 3,602,617,584.00.

According to the resolution of the company's second extraordinary general meeting of shareholders in 2025 and the provisions of the amended articles of association, as of

August 15, 2025, the total number of shares of the company increased from 3,602,617,584 to 3,602,618,009 due to the conversion of convertible bonds, and the registered capital correspondingly increased from RMB 3,602,617,584 to RMB 3,602,618,009.

As of December 31, 2025, the company's registered capital is RMB 3,602,618,009, and the share capital has been changed to RMB 3,602,621,721.00.

The company's unified social credit code is 9145050019822966X4; registered address: Qinzhou, Guangxi; current headquarters: No. 260 Shixin North Road, Xiaoshan District, Hangzhou City, Zhejiang Province; legal representative: Qiu Yibo.

The parent company of the Company is: Zhejiang Hengyi Group Co., Ltd.

2. Industry Involved

The Company involves petrochemical and chemical fiber products manufacturing.

3. Line of Business

Approved business scope of the Company: Production, processing and sales of chemical fibers and chemical raw materials (excluding hazardous substances); import and export business (except for items prohibited or restricted by national laws and regulations).

4. Key Products

The Company's main products include purified terephthalic acid (PTA), polyethylene terephthalate (PET) chips, Nylon chips, polyester pre-oriented yarn (POY), polyester fully drawn yarn (FDY), polyester drawn textured yarn (DTY), polyester staple fiber, paraxylene (PX), gasoline, diesel and jet fuel etc.

5. Statement of Changes in Line of Business, Major Changes in Equity, Major Mergers and Acquisitions of the Company

For details, please refer to “Historical Development”.

6.The Financial Statements were approved for submission by the BOD of the Company on April 14, 2026.

II.Basis for the preparation of the financial statements

1.Basis for the preparation

The company's financial statements are prepared on the basis of the going concern assumption, according to the transactions and events that actually occurred, in accordance with the *"Accounting Standards for Business Enterprises - Basic Standards"* issued by the Ministry of Finance, along with various specific accounting standards, application guidelines for accounting standards, interpretations of accounting standards, and other relevant regulations (collectively referred to as *"Accounting Standards for Business Enterprises"*), as well as the *"Rules for the Preparation and Disclosure of Company Information for Publicly Issued Securities No. 15 - General Provisions for Financial Reports"* (revised in 2023) issued by the China Securities Regulatory Commission.

According to the relevant provisions of the *Accounting Standards for Business Enterprises*, the company's accounting is based on the accrual basis. Except for certain financial instruments, these financial statements are measured on the basis of historical cost.

2.Going Concern

These financial statements are presented on a going concern basis, and the company has the ability to continue as a going concern for at least 12 months from the end of the reporting period.

III.Important accounting policies and estimates

The company and its subsidiaries have formulated several specific accounting policies and estimates for transactions and events such as the provision for bad debts on receivables, depreciation of fixed assets, amortization of intangible assets, revenue recognition, etc., based on the actual characteristics of production and operation and in accordance with the relevant accounting standards for enterprises. Details are described as follows:

1.Statement of Compliance with *Accounting Standards for Business Enterprises*

The financial statements prepared by the company comply with the requirements of the *Accounting Standards for Business Enterprises*, and accurately and completely reflect the consolidated and parent company financial position as of December 31, 2025, as well as the consolidated and parent company operating results and cash flows for the year 2025.

2.Accounting Period

The company's accounting periods are divided into annual and interim periods, with an interim period being a reporting period shorter than a full accounting year. The company's accounting year follows the Gregorian calendar year, which starts on January 1 and ends on December 31.

3.Operating Cycle

The normal operating cycle refers to the period from the acquisition of assets for processing to the realization of cash or cash equivalents. The company uses a 12-month period as an operating cycle, which serves as the standard for classifying the liquidity of assets and liabilities.

4.Functional Currency

The Renminbi (RMB) is the currency used in the primary economic environment where the company and its domestic subsidiaries operate, and they use RMB as their functional currency. The company's overseas subsidiaries determine the U.S. dollar as

their functional currency based on the primary economic environment of their operations. The currency used in preparing these financial statements is RMB.

5.Method and Basis for Determining Materiality Standards

In preparing and disclosing financial statements, the company follows the principle of materiality. The notes to these financial statements disclose items that involve judgments of materiality standards and the methods and bases for determining materiality standards as follows:

Disclosures involving judgements on materiality criteria	Location of disclosure of this matter in the notes to the present financial statements	Methodology for identifying materiality criteria and basis for selection
Important prepayments with an aging of over one year	V.7	The company identifies advance payments with individual amounts exceeding 0.25% of the total assets as important advance payments.
Significant construction in progress	V.16	The company identifies construction projects in progress with individual amounts exceeding 0.25% of the total assets as important construction projects in progress.
Important accounts payable with an aging of over one year	V.28	The company identifies accounts payable with individual amounts exceeding 0.25% of the total assets as important accounts payable.
Important contract liabilities with an aging of over one year	V.29	The company identifies contract liabilities with individual amounts exceeding 0.25% of the total assets as important contract liabilities.
Important other payable with an aging of over one year	V.32	The company identifies other payable with individual amounts exceeding 0.25% of the total assets as important

Disclosures involving judgements on materiality criteria	Location of disclosure of this matter in the notes to the present financial statements	Methodology for identifying materiality criteria and basis for selection
		other payable
Status of important capitalized development projects	VI.2.(1)	The company identifies capitalized development projects with individual amounts exceeding 0.25% of the total assets as important capitalized development projects.
Important non-wholly owned subsidiaries	VII.7.(1)	The company identifies non-wholly owned subsidiaries with revenue exceeding 0.5% of the company's total revenue, or total assets exceeding 1% of the company's total assets, as important non-wholly owned subsidiaries.
Important joint ventures or associates	VII.8.(1)	The company identifies joint ventures or associates with revenue exceeding 0.5% of the company's total revenue, or total assets exceeding 1% of the company's total assets, as important joint ventures or associates.

6.Accounting treatment of business combination under common control and business combination not under common control

Business combination refers to the transaction or event where two or more separate entities merge to form a single reporting entity. Business combinations are categorized into combinations under common control and combinations not under common control.

(1)Combinations under common control:

A business combination under common control occurs when the participating entities

are ultimately controlled by the same party or the same group of parties before and after the combination, and this control is not temporary. In a business combination under common control, the entity obtaining control over other participating entities on the combination date is the merging party, while the other entities involved are the merged parties. The combination date is the date when the merging party actually acquires control over the merged party.

The assets and liabilities acquired by the merging party are measured at the book value of the merged party on the combination date. The difference between the book value of the net assets acquired by the merging party and the book value of the consideration paid for the combination (or the total par value of shares issued) is adjusted against capital reserves (share premium); if capital reserves (share premium) are insufficient to offset the difference, retained earnings are adjusted. Direct expenses incurred by the merging party for the business combination are recognized in the current period's profit or loss when incurred.

(2)Combinations not under common control:

A business combination not under common control occurs when the participating entities are not ultimately controlled by the same party or the same group of parties before and after the combination. In a business combination not under common control, the entity obtaining control over other participating entities on the acquisition date is the acquirer, while the other entities involved are the acquirees. The acquisition date is the date when the acquirer actually obtains control over the acquiree.

For business combinations not under common control, the acquisition cost includes the fair value of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer to obtain control over the acquiree on the acquisition date. Audit, legal services, valuation consulting, and other management fees related to the business combination are recognized in the current period's profit or loss when

incurred. Transaction costs of equity or debt securities issued as consideration by the acquirer are included in the initial recognition amount of these securities. Contingent consideration is recognized at fair value as part of the acquisition cost on the acquisition date; if new or further evidence related to conditions existing on the acquisition date arises within 12 months after the acquisition date, the contingent consideration is adjusted accordingly, affecting goodwill. The acquisition cost and identifiable net assets acquired in the combination are measured at fair value on the acquisition date. If the acquisition cost exceeds the fair value of the acquiree's identifiable net assets obtained on the acquisition date, the difference is recognized as goodwill. If the acquisition cost is less than the fair value of the acquiree's identifiable net assets obtained, the measurement of the fair value of the identifiable assets, liabilities, contingent liabilities acquired, and the acquisition cost should be reviewed. Any remaining difference after review is recognized in the current period's profit or loss.

If the acquirer obtains deductible temporary differences of the acquiree that were not recognized as deferred tax assets on the acquisition date due to not meeting the criteria for recognition, and new or further information obtained within 12 months after the acquisition date indicates that the relevant circumstances existed on the acquisition date and the economic benefits of the deductible temporary differences are expected to be realized, the deferred tax assets are recognized, reducing goodwill. If goodwill is insufficient to offset, the difference is recognized in the current period's profit or loss. Deferred tax assets related to the business combination, other than the aforementioned situation, are recognized in the current period's profit or loss.

For business combinations not under common control achieved through multiple transactions in steps, if they constitute a "package deal," accounting treatment should refer to the previous sections of this part and Note 3, 15 "Long-term Equity

Investments"; if they do not constitute a "package deal," relevant accounting treatment should distinguish between individual financial statements and consolidated financial statements:

In individual financial statements, the initial investment cost is the sum of the book value of the equity investment held in the acquiree before the acquisition date and the additional investment cost on the acquisition date. Other comprehensive income related to the equity held before the acquisition date should be accounted for using the same basis as the disposal of directly related assets or liabilities of the acquiree (except for changes in defined benefit plan net liabilities or net assets measured according to the equity method, which are transferred to current investment income).

In consolidated financial statements, equity held in the acquiree before the acquisition date is remeasured at fair value on the acquisition date, and the difference between fair value and book value is recognized in current investment income. Other comprehensive income related to the equity held before the acquisition date should be accounted for using the same basis as the disposal of directly related assets or liabilities of the acquiree (except for changes in defined benefit plan net liabilities or net assets measured according to the equity method, which are transferred to investment income for the period to which the acquisition date belongs).

7.Criteria for judgement of control and presentation of consolidated financial statements

(1) Criteria for Determining Control

The scope of consolidation in the consolidated financial statements is determined based on control. Control refers to the Company's power over the investee, the ability to derive variable returns by participating in the relevant activities of the investee, and the ability to use its power over the investee to influence the amount of those returns. This typically includes investees where the parent company holds more than half of the voting rights, or where the company holds less than half of the voting rights but

has more than half of the voting rights through agreements with other investors in the investee. Control can also result from having the right to determine the financial and operating policies of the investee pursuant to the *Articles of Association* or agreements, having the right to appoint or remove the majority of the members of the board of directors of the investee, or holding majority voting rights in the investee's board of directors.

(2) Methods for Preparing Consolidated Financial Statements

From the date the Company obtains actual control over the net assets and operational decision-making of a subsidiary, the subsidiary is included in the scope of consolidation. From the date the Company loses actual control, the subsidiary is excluded from the scope of consolidation. For disposed subsidiaries, their operating results and cash flows before the disposal date are appropriately included in the consolidated income statement and consolidated statement of cash flows. For subsidiaries disposed of during the current period, the opening balances of the consolidated balance sheet are not adjusted. For subsidiaries newly acquired through business combinations not under common control, their operating results and cash flows after the acquisition date are appropriately included in the consolidated income statement and consolidated statement of cash flows, and the opening balances and comparative figures of the consolidated financial statements are not adjusted. For subsidiaries newly added through business combinations under common control or for absorbed parties in mergers, their operating results and cash flows from the beginning of the period to the combination date are appropriately included in the consolidated income statement and consolidated statement of cash flows, and the comparative figures of the consolidated financial statements are adjusted accordingly.

When preparing consolidated financial statements, if the accounting policies or reporting periods of the subsidiaries differ from those of the Company, necessary adjustments are made to the subsidiaries' financial statements to align them with the Company's accounting policies and reporting periods. For subsidiaries acquired

through business combinations not under common control, their financial statements are adjusted based on the fair value of their identifiable net assets on the acquisition date.

All significant inter company balances, transactions, and unrealized profits are eliminated in the preparation of consolidated financial statements.

The portion of a subsidiary's shareholders' equity and current net profit or loss not attributable to the Company is presented as minority interests and minority shareholders' profit or loss under shareholders' equity and net profit in the consolidated financial statements. The portion of a subsidiary's current net profit or loss attributable to minority interests is presented as "Minority Shareholders' Profit or Loss" under the net profit item in the consolidated income statement. Losses borne by minority interests exceeding the portion of minority interests in the subsidiary's beginning shareholders' equity are still deducted from minority interests.

When control over a subsidiary is lost due to the disposal of part of the equity investment or other reasons, the remaining equity is remeasured at its fair value on the date control is lost. The difference between the sum of the consideration received from the disposal of equity and the fair value of the remaining equity, and the share of the net assets of the original subsidiary calculated based on the original ownership percentage from the acquisition date, is included in the investment income for the period when control is lost. Other comprehensive income related to the equity investment in the original subsidiary is accounted for on the same basis as the disposal of directly related assets or liabilities of the subsidiary when control is lost (i.e., except for changes in defined benefit plan net liabilities or net assets remeasured in the original subsidiary, all other items are transferred to current investment income for the period). Subsequently, the remaining equity is measured in accordance with relevant standards such as *CAS No. 2 – Long-term Equity Investments* or *CAS No. 22 – Recognition and Measurement of Financial Instruments*, as detailed in Note III, 15

("Long-term Equity Investments") or Note III, 11 ("Financial Instruments").

If the Company loses control over a subsidiary through multiple-step disposals of equity investments, it is necessary to determine whether the transactions resulting in the loss of control constitute a "package transaction." If the terms, conditions, and economic effects of the transactions meet one or more of the following criteria, they are generally treated as a package transaction for accounting purposes: ① The transactions are entered into simultaneously or with consideration of their mutual influence; ② The transactions must be completed together to achieve a complete commercial result; ③ The occurrence of one transaction depends on the occurrence of at least one other transaction; ④ One transaction, when considered alone, is not economically viable, but it becomes viable when considered in conjunction with other transactions. If the transactions do not constitute a package transaction, each transaction is accounted for separately based on whether it falls under "Partial Disposal of Long-term Equity Investments in Subsidiaries without Losing Control" or "Loss of Control due to Partial Disposal of Equity Investments or Other Reasons." For transactions constituting a package transaction, all transactions are treated as a single transaction in which control over the subsidiary is lost. However, before losing control, the difference between the proceeds from each disposal and the share of the subsidiary's net assets corresponding to the disposed investment is recognized in the consolidated financial statements as other comprehensive income, which is transferred to profit or loss for the period when control is lost.

8. Classification of joint arrangements and accounting of joint operations

A joint arrangement is a contractual agreement controlled jointly by two or more parties. Based on the rights and obligations the Company possesses in a joint arrangement, it classifies joint arrangements into joint operations and joint ventures. A joint operation is a joint arrangement where the Company has rights to the related assets and obligations for the related liabilities. A joint venture is a joint arrangement where the Company has rights only to the net assets of the arrangement.

The Company accounts for investments in joint ventures using the equity method, following the accounting policies described in Note III, 15(2)② "Long-term Equity Investments Accounted by the Equity Method."

As a party to a joint operation, the Company recognizes the assets it solely holds, the liabilities it solely undertakes, as well as the assets and liabilities jointly held and undertaken in proportion to its share. The Company recognizes revenue from its share of output sold from the joint operation, recognizes revenue generated from the joint operation selling output in proportion to its share, and recognizes expenses incurred solely by the Company and expenses incurred by the joint operation in proportion to its share.

When the Company contributes or sells assets to the joint operation (assets not constituting a business, similarly hereafter) or purchases assets from the joint operation, before these assets are sold to third parties, the Company only recognizes the portion of gains or losses attributable to the other parties in the joint operation. If these assets incur impairment losses in accordance with standards such as *CAS No. 8 – Asset Impairment*, the Company fully recognizes the loss for assets contributed or sold to the joint operation, and recognizes the loss in proportion to its share for assets purchased from the joint operation.

9. Recognition criteria for cash and cash equivalents

The cash and cash equivalents of the Company include cash at hand, deposit in bank that can be readily used for payment and investments of short terms (generally mature within three months from the date of purchase) and high liquidity that can be easily converted into known sums of cash and are exposed to low risks in terms of change in value.

10. Foreign currency business and conversion of foreign currency statement

(1) Translation Methods for Foreign Currency Transactions

For foreign currency transactions undertaken by the Company, the initial recognition is translated into the functional currency using the spot exchange rate at the beginning of the month in which the transaction occurs (typically referring to the central parity rate of exchange published by the People's Bank of China on that day). However, for foreign currency exchange transactions or transactions involving foreign currency exchanges, the functional currency amount is translated based on the actual exchange rate used.

(2) Translation Methods for Foreign Currency Monetary and Non-Monetary Items

On the balance sheet date, foreign currency monetary items are translated using the spot exchange rate on the balance sheet date. The resulting exchange differences are recognized in the current period's profit or loss, except for the following cases: ① Exchange differences arising from foreign currency-specific borrowings related to the acquisition or construction of qualifying assets are treated in accordance with the principles of capitalization of borrowing costs; ② Exchange differences arising from hedging instruments in effective hedges of net investments in foreign operations are recognized in other comprehensive income and will only be recognized in profit or loss when the net investment is disposed of; ③ Exchange differences arising from available-for-sale foreign currency monetary items (other than changes in amortized cost) are recognized in other comprehensive income.

When preparing consolidated financial statements involving foreign operations, for foreign currency monetary items that substantially constitute a net investment in a foreign operation, the exchange differences arising from exchange rate changes are recognized in other comprehensive income. Upon disposal of the foreign operation, these exchange differences are transferred to profit or loss for the period of disposal.

For foreign currency non-monetary items measured at historical cost, the functional currency amount is determined based on the spot exchange rate on the transaction

date and remains unchanged. For foreign currency non-monetary items measured at fair value, the spot exchange rate on the date the fair value is determined is used for translation. The difference between the translated functional currency amount and the original functional currency amount is treated as a fair value change (including exchange rate changes) and recognized in either the current profit or loss or in other comprehensive income.

(3) Translation Methods for Foreign Currency Financial Statements

When preparing consolidated financial statements involving foreign operations, for foreign currency monetary items that substantially constitute a net investment in a foreign operation, the exchange differences arising from exchange rate changes are recognized as "foreign currency statement translation differences" under other comprehensive income. Upon disposal of the foreign operation, these exchange differences are transferred to profit or loss for the period of disposal.

The financial statements of foreign operations are translated into RMB financial statements using the following methods: Assets and liabilities in the balance sheet are translated at the spot exchange rate on the balance sheet date; Shareholders' equity items, except for the "undistributed profits" item, are translated at the spot exchange rate on the transaction date. Income and expense items in the income statement are translated at the weighted average exchange rate during the transaction period.

The undistributed profits at the year-end of the previous year are carried forward from the translated year-end undistributed profits of the prior year. The year-end undistributed profits are calculated and presented based on the translated profit distribution items. Any difference between the translated total of asset items and the combined total of liability and shareholders' equity items is recognized as a foreign currency statement translation difference and recorded in other comprehensive income. When disposing of foreign operations and losing control, the foreign currency statement translation differences related to the foreign operation, presented under shareholders' equity in the balance sheet, are transferred in full or

proportionally to profit or loss for the period of disposal.

Foreign currency cash flows are translated using the weighted average exchange rate during the period of cash flow occurrence. The effect of exchange rate changes on cash is presented as a separate adjustment item in the cash flow statement.

The year-end balances and actual amounts from the prior year are presented based on the translated amounts in the prior year's financial statements.

When disposing of all equity interests in a foreign operation or losing control over a foreign operation due to the partial disposal of equity interests or other reasons, the foreign currency statement translation differences presented under shareholders' equity in the balance sheet and attributable to the parent company are fully transferred to profit or loss for the period of disposal.

When disposing of part of the equity interests in a foreign operation or reducing the equity proportion due to other reasons without losing control of the foreign operation, the foreign currency statement translation differences related to the disposed portion are attributed to minority interests and are not transferred to profit or loss for the period. When disposing of part of the equity interests in a foreign operation that is an associate or a joint venture, the foreign currency statement translation differences related to the foreign operation are proportionally transferred to profit or loss for the period of disposal.

11. Financial instruments

(1) Translation of transactions in foreign currencies

A transaction in a foreign currency of the Company, when initially recognized, is translated into the benchmark currency at the spot rate (the middle rate of the foreign exchange quotation published by the People's Bank of China; the same below) on the transaction date, provided that foreign currency translation transactions and

transactions involving conversion of foreign currencies are translated into the benchmark currency at the exchange rate actually adopted for the transactions.

(2) Translation of monetary and non-monetary assets in foreign currencies

On the balance sheet date, monetary assets in foreign currencies are translated at the spot rate on the balance sheet date and the exchange difference arising therefrom is recognized in current profit and loss except that ① the exchange difference arising from special loans in foreign currencies used to purchase assets eligible for capitalization is treated following the principle of capitalization of borrowing cost; ② the exchange difference arising from the hedging instruments used for effective hedging of net investment in overseas operations is recognized in other comprehensive income, and after the net investment is disposed, recognized in current profit and loss; ③ the exchange difference arising from changes in the book balance of monetary assets available for sale, except the amortized cost, is recognized in other comprehensive income.

When preparing the Consolidated Financial Statements, if a monetary asset in foreign currency constitutes a net investment in an overseas operation, the exchange difference arising due to a change in the exchange rate is recognized in other comprehensive income and transferred to current profit and loss upon the disposal of the overseas operation.

Non-monetary transactions in foreign currencies that are measured at the historical costs are translated at the spot rate prevailing on the Transaction Date. A non-monetary asset in a foreign currency measured at the fair value, is translated at the spot rate on the date on which the fair value is determined and the difference between the amounts recorded in the benchmark currency after the translation and that recorded in the original currency is treated as changes in the fair value (including change in exchange rate) and recognized in current profit and loss or other comprehensive income.

(3) Translation of accounting statements in foreign currencies

When preparing the Consolidated Financial Statements, if a monetary asset in foreign currency constitutes a net investment in an overseas operation, the exchange difference arising due to a change in the exchange rate is recognized in other comprehensive income as a difference from translation of accounting statements in foreign currencies and transferred to current profit and loss upon the disposal of overseas operation.

Financial statements in foreign currencies of overseas operations are translated into RMB and assets and liabilities in the balance sheet are translated at the spot rate on the Balance Sheet Date; all transactions in Shareholders' Equity, except those in Undistributed Profit, are translated at the current exchange rate on the Transaction Date. Income and expense in the balance sheet are translated at the prevailing exchange rate on the Transaction Date. Undistributed profit at the end of previous year is the undistributed profit at the end of previous year; the undistributed profit at the yearend is measured and presented by the items of the translated profit distribution; the difference between the translated assets/liabilities and the total shareholders' equity is recognized in other comprehensive income as the difference of foreign currency translation. If an overseas operation is disposed of and the control over it is lost, the difference of foreign currency translation related to the overseas operation listed in Shareholders' Equity in the Balance Sheet is transferred to current profit and loss in which the same is disposed of, wholly or in proportion to the share of the overseas operation thus disposed of.

For cash flows in foreign currencies, the weighted-average exchange rate on the occurrence day of cash flow shall apply. The difference of cash caused by change of exchange rate shall be separately presented in Cash Flow Statement.

The amounts at the end of the previous year and the actual amounts of the previous year are presented as translated from the financial statements of the previous year.

If all the shareholders' equity in an overseas operation is disposed of or if the control over it is lost as a result of disposal of part of the owner's equity or for any other reason, the difference of foreign currency translation related to the overseas operation that is attributable to shareholders of the parent company, as listed in Owners' Equity in the Balance Sheet is wholly transferred to current profit and loss in which the same is disposed of.

If the share of the equity in an overseas operation held by the Company decreases as a result of disposal of part of the equity investment or for any other reason but the decrease does not result in the loss of control over the overseas operation, the difference of foreign currency translation related to the part of the overseas operation is classified as minority shareholder's equity and is not transferred to current profit and loss. If part of the equity in an overseas operation that is an associate or a joint venture is disposed of, the difference of foreign currency translation related to the overseas operation is transferred to current profit and loss in which the same is disposed of, wholly or in proportion to the share of the overseas operation thus disposed of.

12. Impairment of financial assets

Financial assets for which impairment loss is required to be recognized by the Company are financial assets measured at amortized cost, investment in debt instruments measured at fair value through other comprehensive income, these mainly include bills receivable, accounts receivable, other receivables, debt investments, other debt investments and long-term receivables. Furthermore, for certain financial guarantee contracts, impairment reserves are provided and credit impairment losses are recognized according to the accounting policies mentioned in this section.

(1) Method for recognizing impairment reserves

Based on expected credit loss, the Company recognizes impairment reserves and credit impairment loss in respect of the above-mentioned items according to the applicable method for measuring expected credit loss (the general approach or simplified approach).

Credit loss is the difference between all contractual cash flow receivable by the Company under contracts which are discounted according to the original effective interest rate, and all the cash flow expected to be received, namely the present value of all cash shortfall. Particularly, financial assets acquired or derived to which credit impairment has occurred are discounted by the Company according to the credit-adjusted effective interest rate.

The general approach for measuring expected credit loss means that, at each balance sheet date, the Company assesses the financial assets to see if the credit risk has significantly increased after initial recognition, if credit risk has significantly increased after initial recognition, the Company calculates provision for loss according to the amount of expected credit loss over the life-time of the assets; if credit risk has not significantly increased after initial recognition, the Company calculates loss provision based on expected credit loss in the future twelve-month. When evaluating expected credit loss, the Company considers all reasonable information that is supported by evidence, including forward-looking information.

For financial instruments that have relatively low credit risk at the balance sheet date, the about assumes that the credit risk of such instruments has not significantly increased after initial recognition, and chooses to calculate loss provision according to the twelve-month expected credit loss.

(2) Criteria for determining whether credit risk has significantly increased since initial recognition

If the probability of default of a certain financial asset within the expected lifetime of the asset, as determined at the balance sheet date, is significantly higher than the probability of default within the expected lifetime determined at the time of initial

recognition, then it indicates that the credit risk of such asset has significantly increased. Except for special circumstances, the Company regards the change in default risk occurring in the future twelve-month period as the reasonable estimate of the change in default risk occurring over the entire lifetime of an asset, thereby determining whether the credit risk has increased significantly after initial recognition. Usually in case of more than 30 days overdue, the Company deems that the credit risk of the financial instrument has increased significantly, unless there is conclusive evidence showing that the credit risk of the financial instrument has not increased significantly since its initial recognition.

The Company will take into account the following factors when assessing whether the credit risk has increased significantly:

- 1) Whether the actual or expected operating results of the debtor have changed significantly;
- 2) Whether the regulatory, economic or technological environment of the debtor has been subject to significant adverse changes;
- 3) Whether the value of the collateral mortgaged for debt or the quality of guarantee provided by a third party or credit enhancement has changed significantly with these changes expected to reduce the debtor's economic motivation to repay the debt within the term set out in the contract or affect the probability of breach;
- 4) Whether the expected performance and repayment behaviors of the debtor have changed significantly;
- 5) Whether the Company's credit management methods for financial instruments have changed, etc.

On the balance sheet date, if the Company determines that a financial instrument has only low credit risk, the Company will assume that the credit risk of the financial instrument has not increased significantly since its initial recognition. If the default risk of financial instruments is low, the borrower has a strong capacity to fulfill its cash flow obligations under contract in the short term, and the borrower's performance of its cash obligations under contract may not necessarily be reduced

even if there are unfavorable changes in the economic situation and operating environment in a long period of time, then the financial instrument will be deemed to have low credit risk.

(3) Criteria for determining financial assets that have been subject to credit impairment

When one or more events that adversely affects the expected future cash flow of a financial asset has occurred, such financial asset is considered to be an asset which has suffered credit impairment. Evidence of credit impairment of financial assets includes the following observable information:

A serious financial difficulty occurs to the issuer or debtor;

The debtor breaches any of the contractual stipulations, for example, fails to pay or delays the payment of interests or the principal, etc.;

Due to the economic or contractual considerations related to the debtor's financial difficulties, the creditor gives the debtor a compromise that the debtor would not make under any other circumstances;

The debtor will probably become bankrupt or carry out other financial reorganizations;

The issuer or the debtor's financial difficulties result in the disappearance of the active market for the financial asset;

A financial asset is purchased or originated at a heavy discount, and this discount reflects the fact that the credit loss has occurred.

The credit impairment of a financial asset may be caused by the combined effects of several events, and may not necessarily be caused by a separately identifiable event.

(4) Method for evaluating the expected credit risk on a portfolio basis

For financial assets which have significantly different credit risk, the Company evaluates the credit risk on an individual basis, for example, amounts due from related parties; receivables from a debtor with which the Company has a dispute or which involve a lawsuit or arbitration; and receivables for which there is a clear indication that the debtor thereof is very likely to be unable to meet its payment obligation.

In addition to financial assets with credit risk assessed individually, the Company divides financial assets into different groups based on common risk characteristics. The common credit risk characteristics adopted by the Company include types of financial instruments, credit risk ratings, aging combination, etc., and it assesses credit risk on the basis of combination.

(5) Accounting treatment for the impairment of financial assets

At the end of period, the Company calculates the expected credit loss of various financial assets, if the expected credit loss is greater than the carrying amount of the current impairment reserves, the difference between the two amounts is recognized as an impairment loss; if the expected credit loss is smaller than the carrying amount of impairment reserves, then the difference is recognized as an impairment gain.

(6) Method for determining the credit loss of financial assets

With regard to the notes receivable, accounts receivable and financing of accounts receivable arising from daily business activities such as selling goods, providing labor services, etc., the Company measures the loss provision based on the expected credit loss for the entire duration, regardless of whether there is a significant financing component.

① Notes receivable

Based on the credit risk characteristics, the notes receivable will be classified into different combinations.

Item	Basis for grouping	Method for measuring of expected credit loss
Bank acceptance bills and domestic letter of credit	The acceptor is a bank with relatively low credit risk.	The Company deems that this type of funds has a relatively low credit risk and does not recognize the expected credit loss.
Commercial acceptance bills	This credit risk characteristic of this portfolio of receivables is defined by account receivable	Confirm the expected credit rate with reference to corresponding policy of receivables

	aging.	
--	--------	--

② Accounts receivable

Except for other receivables for which credit risk is assessed individually, assets are classified into different portfolios based on credit risk characteristic:

Item	Basis for grouping	Method for measuring of expected credit loss
Related parties' receivables within the scope of consolidation (note)	This portfolio represents receivables due from related parties with relatively low risk which are included within the scope of consolidation.	The Company deems that this type of funds has a relatively low credit risk and does not recognize the expected credit loss.
Receivables from third parties	This credit risk characteristic of this portfolio of receivables is defined by account receivable aging.	With reference to historical credit loss experience and based on the current conditions and the forecasts of future economic conditions, a comparison table between the aging of accounts receivable and the expected credit loss rate for the entire duration are prepared and the expected credit losses are calculated.

Note: "Related parties included in the scope of consolidation" refer to Hengyi Petrochemical and those companies recorded in the scope of its consolidated financial statement (the same below).

Comparison table showing the account age of the portfolio of accounts receivable and other receivables based on credit risk characteristic and the full lifetime expected credit loss:

Aging	Expected credit loss rate (%)
-------	-------------------------------

Within six (6) months (included)	0.00
7-12 months (included)	5.00
1-2 years (included)	30.00
2-3 years (included)	50.00
Over three years	100.00

③ Other receivables

Based on the determination as to whether the credit risk of other receivables has increased significantly since initial recognition, the Company calculates impairment loss according to the twelve-month expected credit loss or life-time expected credit loss. Except for other receivables for which credit risk is assessed individually, assets are classified into different portfolios based on credit risk characteristic:

Item	Basis for grouping	Method for measuring of expected credit loss
Related party funds within the scope of consolidation	The nature of other receivables is used to assess risk characteristics	With reference to historical credit loss experience and based on the current conditions and the forecasts of future economic conditions, the expected credit loss is calculated based on the default risk exposure and the expected credit loss rate within the next 12 months or for the entire duration.
Receivables and payable such as advance from entities beyond the scope of consolidation		
Combination of consumption taxes and export tax rebates receivable		
Combination of tax refunds receivable and other government subsidies		
Portfolio of deposits and securities		
Employee loan and petty cash		
Other groups		

④ For other financial assets, with regard to financial assets other than those under the aforesaid measurement methods, the Company measures impairment at an amount equivalent to expected credit losses within the next 12 months or for the entire duration based on whether its credit risk has increased significantly since initial recognition loss.

13. Inventory

(1) Classification of inventory

Inventories refer to finished goods or commodities for sale held in daily activities, unfinished goods in manufacturing process, and materials and supplies consumed in process of manufacturing products or providing services, etc. including large categories such as materials in transit, raw materials, products in progress, commodities in stock, etc.

(2) Pricing method for acquisition and distribution of inventories

Inventories are measured at the weighted average method upon receiving and sending. If the daily accounting of inventories is valued at planned cost, the cost difference of materials shall be carried over at the end of the year and the planned cost shall be adjusted to the actual cost.

(3) Inventory system

The Company adopts the perpetual inventory system.

(4) Amortization of low-value consumables and packing materials

One-time amortization method will be used for low-value consumables and packing materials.

(5) Methods for recognition of net realizable value of inventories and retaining the provision for depreciation

The net realizable value of the inventory is determined at the estimated selling price less the estimated cost and sales cost at the time it is distributed as well as related taxes and charges. The net realizable value of the inventory is determined on the basis of conclusive evidence obtained while considering the purpose of keeping the inventory and effect of events after the balance sheet date.

On the balance sheet date, the inventories are measured at the lower of cost and net realizable value. If the net realizable value is lower than the cost, then the inventory depreciation reserves is retained for the inventory. The inventory depreciation reserves are retained by the difference of the cost less its net realizable value.

If the factors leading to the write-down of the price of an inventory no longer exist and the net realizable value is higher than the book value of the inventory after the inventory depreciation reserves are retained, the difference is reversed from the provision and recognized in current profit and loss.

14. Assets available for sale and disposal group

Where the Company recovers the book value of one non-current asset or disposal group mainly through sales (including the non-monetary asset exchange with commercial substance, similarly hereinafter) rather than sustained use, upon satisfaction of following conditions, it is categorized to the held-for-sale category. The specific standard is that the following conditions are met simultaneously: some non-current assets or disposal group can be sold immediately under current conditions according to the practices of selling similar asset or disposal group in similar transactions; the Company has made a decision on the selling plan and obtained the positive purchase commitment. It's predicted that the selling will be completed within a year. Disposal group refers to a group of assets disposed together through selling or other methods in a transaction as a whole and liabilities directly related to these assets transferred in the transaction. If the goodwill from the business merger is apportioned to the asset group or combination of asset groups that the disposal group belongs to according to the *Accounting Standards for Business Enterprises No. 8 - Impairment of Asset*, the disposal group shall include the goodwill apportioned to the disposal group.

Upon initial measurement or re-measurement upon balance sheet date of held-for-sale non-current asset or disposal group, where the book value is higher than the net amount that the fair value minus the selling expense, the book value is written down the net amount after the fair value minus selling expense, the write-down amount is

determined as the asset impairment loss and included into current profits and losses, and the held-for-sale asset impairment reserves are retained at the same time. For the disposal group, the recognized assets depreciation loss shall be used to firstly offset against the book value of goodwill in the disposal group and then against the book value of each non-current asset applicable to the measurement rules in the *Accounting Standards for Business Enterprises No. 42 Non-current Assets Held for Sale, Disposal Groups, and Discontinued Operations* (hereinafter referred to as “No. 42 Standard”). The reversed amount shall be included in the current profit and loss, and its book value shall be increased proportionally according to the portion of the book value of each non-current asset in the disposal group applicable to the measurement rules of No. 42 Standard, except goodwill. The written-down book value of goodwill and the assets impairment loss recognized before the non-current assets is classified into those held for sale applicable to the measurement rules of No. 42 Standard shall not be reversed.

No depreciation or amortization is provisioned for the non-current asset in the held-for-sale non-current asset or disposal group, and the interest of liability in held-for-sale disposal group and other expenses shall continue recognition.

When the non-current asset or disposal group no longer meets the classification condition of held-for-sale category and no longer continues to classify the held-for-sale category, or the non-current asset is removed from the held-for-sale disposal group, measurement is made at whichever is lesser: (1) for the book value prior to classification into the held-for-sale category, the amount after adjustment of depreciation, amortization or impairment to be recognized in case of assuming no classification into the held-for-sale category; (2) Recoverable amount.

15. Long-term equity investments

Long-term equity investments in this part refer to the Company’s long-term equity investments having control, joint control or significant influence on the invested unit.

Long-term equity investments in this section refer to the long-term equity investments by the Company in the investee with control, joint control or significant influence. Long-term equity investments which do not enable the Company to exert control, common control or significant influence over the investee entity are accounted for as financial assets at fair value through profit or loss, in particular, if such long-term equity investments are not held for trading, they may be designated by the Company on initial recognition as financial assets at fair value through other comprehensive income, for the relevant accounting policy, refer to Note III, 11 “Financial Instruments”.

Joint control refers to the control the Company shares with other entities over a certain arrangement following relevant agreement by which any activity under the arrangement may be conducted only with unanimous agreement of all participants sharing the power of control. Significant influence refers to the situation where the Company is entitled to participate in but is not authorized to control the financial and/or business decisions, either alone or in joint efforts with other participants.

(1) Determination of investment cost

For a long-term equity investment acquired through combination of businesses under common control, the share of the shareholders' equity of the acquiree in the book value of the shareholders' equity in the consolidated financial statements of the ultimate controlling party on acquisition date shall be taken as the initial investment cost for the long-term equity investment. Capital reserve is adjusted based on the difference between the initial cost for the long-term equity investment and the book values of cash paid, non-cash asset transferred and debt assumed, and if the capital reserve is insufficient to offset such difference, the difference will be offset against retained earnings. If the consideration is paid in the form of equity securities, the share of the shareholders' equity of the acquiree in the book value of the owners' equity in the consolidated financial statements of the ultimate controlling party on acquisition date is taken as the initial investment cost for the long-term equity investment on the date of combination. The face value of the shares issued is taken as

the equity, and the capital reserve is adjusted by the difference between the initial investment cost for the long-term equity investment and the total face value of the shares issued; and if the capital reserve is insufficient to offset such difference, the difference will be offset against retained earnings. If the combination of businesses under common control is realized through a series of transactions in acquiring the equity of the acquiree, the transactions are determined whether to be a package deal and treated in either of the following manners: If the whole series of transactions are determined to constitute a package deal, then they are treated as one transaction realizing the acquisition of the control. If not, the share of the shareholders' equity of the acquiree in the book value of the owners' equity in the consolidated financial statements of the ultimate controlling party on acquisition date is taken as the initial investment cost for the long-term equity investment on the date of combination. Capital reserve is adjusted based on the difference between the initial investment cost for the long-term equity investment and the book value of the long-term equity investment before the combination plus the total book value of newly paid consideration for acquiring shares on acquisition date; and if the capital reserve is insufficient to offset such difference, the difference will be offset against retained earnings. The other comprehensive income accounted for the adoption of equity method for the equity investment held or recognized for financial assets available for sale before acquisition date is not accounted for upon the acquisition.

For a long-term equity investment acquired through combination of businesses not under common control, the cost for the combination, which is fair value of the total of the assets paid, liabilities incurred or assumed and the equity securities issued by the acquiring party, is taken as the initial investment cost for the long-term equity investment on acquisition date. If the combination of businesses not under common control is realized through a series of transactions in acquiring the equity of the acquiree, the transactions are determined whether to be a package deal and treated in either of the following manners: If the whole series of transactions are determined to constitute a package deal, then they are treated as one transaction realizing the acquisition of the control. If not, the aggregate of the book value of the equity

investment in the acquiree held by the Company and the increase in the investment cost is taken as the initial cost for the long-term equity investment remeasured using the cost method. If the originally held equity is measured by the equity method, the relevant other comprehensive income is not accounted.

Intermediary costs incurred by the acquirer in the course of combination for audit, legal and valuation services and other administrative services are recorded in current profit and loss.

Equity investments, except long-term equity investments derived from business combination, are initially measured at the cost. The cost is determined, depending on the means of acquisition, at the purchase price actually paid in cash, the fair value of the equity securities issued by the Company, the value determined in the investment contract or agreement, the fair value of the original book value of the asset traded off by means of exchange trade of non-monetary asset or the fair value of long-term equity investment itself. Charges, taxes and other necessary expenses related to the acquisition of long-term equity investments are recognized in Investment Costs. In case of a long-term equity investment made in addition to other investment, if the investment results in the Company's ability to exercise significant influence over the investee but does not constitute the control over the same, the cost is the aggregate of the fair value of the equity investment originally held, as determined following the *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments* and the newly increased cost.

(2) Methods for subsequent measurement and recognition of profit and loss

If the entity in which the Company invests exercises joint control (except those constitute a joint operation) or significant influence over the long-term equity investments, equity method is adopted for such long-term equity investments. Also, a long-term equity investment that grants control over the investee is accounted for in the financial statements of the Company using the cost method.

① Long-term equity investments accounted for using the cost method

Under the cost method, a long-term equity investment is measured at the initial investment cost, which is adjusted by the increased or recovered investment. Except the price actually paid upon acquisition of an investment or the cash dividend or profit that has been declared but not

granted and included in the consideration for the acquisition, cash dividend or profit in the investee attributable to the Company shall be recognized as income from investments.

② Long-term equity investments accounted for using the equity method

If the long-term equity investment is accounted using the equity method and the initial cost for the investment is greater than the share of the total fair value of the identifiable assets of the investee, the initial cost for the investment is not adjusted; if the former is less than the latter, the difference is recognized in current profit and loss and the cost for the long-term equity investment is adjusted accordingly.

When accounted for using the equity method, the share in the net profits or losses that have been realized by the investee and which the Company is entitled to receive or obliged to assume and the share in other comprehensive income are recognized in income from investments and other comprehensive income, respectively, and the book value of the long-term equity investment is adjusted accordingly; the book value of the long-term investment is adjusted according to the portion of the profit or cash dividend declared and distributed by the investee; In case of any change in the owners' equity in the invested equity, except the net profits or losses, other comprehensive income and profit distribution, the book value of the long-term equity investment is adjusted and the balance is recognized in the capital surplus. The share in the net profits or losses of the investee is recognized after adjustment is made on the basis of the fair values of all identifiable assets of the investee upon the investment is realized. If the accounting policies and accounting periods adopted by the investee are inconsistent with those adopted by the Company, the financial statements of the

investee are adjusted in accordance with the accounting policies and accounting period of the Company and the investment income and other comprehensive income from the investee is recognized according to the adjustment. In case of a transaction between the Company and its associate or joint venture, where the investment or sale does not constitute a business transaction, the unrealized profits or losses within the scope of the Company are calculated and offset according to the share attributable to the Company, with the balance recognized as profits or losses from investment. However, the losses arising from unrealized transactions with the investee within the Company, if being impairment loss of the asset to be transferred, may not be offset. In case of an investment of an asset in a joint venture or an associated enterprise that constitutes a business transaction and a long-term equity investment without realizing the control over the investee, the fair value of the asset is taken to be the initial investment cost for the long-term equity investment and the whole difference between the initial investment cost and the book value of the asset is recognized in current profit and loss. In case of an investment of an asset sold to a joint venture or an associated enterprise that constitutes a business transaction, the whole difference between the consideration acquired and the book value of the asset is recognized in current profit and loss. An asset acquired from a joint venture or an associate, if constitutes a business transaction, is treated following *Accounting Standards for Business Enterprises No. 20 - Business Combinations* and wholly recognized as profits or losses related to the transaction.

Net loss from an investment in an investee is written down against the total of the book value of the long-term equity investment and the long-term equity from other actual net investment in the investee, but only to that extent. In addition, if the Company assumes liability for any extra loss of the investee, the obligation is recognized as an estimated liability in Losses from Investment of the period. If the investee realizes net profit subsequently, the share in the profit payable to the Company is recognized as a share of income after the unrecognized loss arising from the investment.

For the long-term equity investments to joint ventures and associates already held before the first implementation of the new accounting standards, if there is the debit balance of equity investments related to the investments, the amount amortized using the straight-line method over the remaining period shall be included in the current profit and loss.

③ Acquisition of minority equity

When preparing the Consolidated Financial Statements, the difference between the newly increased long-term equity investment due to the acquisition of minority equity and the share in the net asset of the subsidiary attributable to the Company calculated at the newly increased shareholding ratio on acquisition date or (the Consolidation Date) is recognized as an adjustment to the capital surplus, and if the capital reserve is insufficient to offset such difference, the difference will be offset against retained earnings.

④ Disposal of long-term equity investment

If the Parent Company disposes of part of its long-term equity investment in a subsidiary without losing the control over the latter, the difference between the price of the disposal and the share in the net asset of the subsidiary corresponding to the long-term equity investment disposed of is recognized in Shareholders' Equity in the Consolidated Financial Statements; if the Parent Company disposes of part of its long-term equity investment in a subsidiary resulting in the loss of control over the latter, the disposal price is treated following accounting policies described in Note III, 7 (2) "Methods for Preparing Consolidated Financial Statements."

In case of a long-term equity investment disposed of in other circumstances, the difference between the book value and the price actually acquired is recognized in current profit and loss.

In case of a long-term equity investment accounted for using the equity method, if the remaining equity after disposal continues to be accounted for using the equity method, the corresponding share in the other comprehensive income originally recognized in Shareholders' Equity is treated on the same basis on which the investee directly disposes of the relevant asset or liability. All other shareholders' equity of the investee recognized because of changes in the shareholders' equity, other than those in the net profits or losses, other comprehensive income and profit distribution are carried over to current profit and loss in proportion.

Long-term equity investments accounted for using the cost method, if the remaining equity after disposal continues to be accounted for using the cost method, the other comprehensive income originally accounted for using the equity method or the standards for recognition and measurement of financial instruments before the acquisition of the control over the investee is treated on the same basis on which the investee directly disposes of the relevant asset or liability and is carried forward in proportion; all other shareholders' equity in the net asset of the investee, as accounted for and recognized using the equity method, except net profits or losses, other comprehensive income and profit distributions, are carried forward in proportion. If the Company loses the control over the investee due to disposal of part of its equity investment but the remaining equity constitutes joint control or significant influence over the investee, the remaining equity is re-accounted for using the equity method and adjustment is made, as if the remaining equity were accounted for using the equity method since the acquisition; the remaining equity, if it does not constitute joint control or significant influence over the investee, is re-accounted for following the standards for recognition and measurement of financial instruments and the difference between the fair value on the date the control is lost and the book value of the equity is recognized in current profit and loss. When the control over the investee is lost, the other comprehensive income accounted for using the equity method or following the standards for the recognition and measurement of financial instruments before the acquisition of the control over the investee is treated on the same basis on

which the investee directly disposes of the relevant asset or liability. All changes in other shareholders' equity in the net asset of the investee, as accounted for and recognized using the equity method, except net profits or losses, other comprehensive income and profit distributions, are carried forward in proportion upon the loss of control. If the remaining equity is accounted for using the equity method, the other comprehensive income and other shareholders' equity are carried forward in proportion; if the remaining equity is accounted for following the standards for recognition and measurement of the financial instruments, the other comprehensive income and other shareholders' equity are fully carried forward.

If the Company loses the joint control or significant influence over the investee due to partial disposal of equity investments, the remaining equity is re-accounted for following the standards for recognition and measurement of financial instruments and the difference between the fair value on the date the control or significant effect is lost and the book value of the remaining equity is recognized in current profit and loss. When the control of the investee is terminated, the other comprehensive income from the original equity investment, as accounted for the adoption of equity method or following the standards for the recognition and measurement of financial instruments is treated on the same basis on which the investee directly disposes of the relevant asset or liability; all changes in other shareholders' equity in the net asset of the investee, as accounted for and recognized because of the adoption of the equity method, except net profits or losses, other comprehensive income and profit distributions, are carried forward in proportion upon the loss of control.

If several transactions through which the Company disposes its subsidiary's equity investment till losing the right of control belong to "package deal", such transactions shall be subject to accounting treatment as one transaction for treatment of the subsidiary's equity investment and for losing the right of control. Prior to losing the right of control, the balance between every disposal price and the book value of long-term equity investment corresponding to the disposed equities shall be confirmed as other comprehensive income. On the point of losing such right, it shall be jointly

shifted into current profits and losses of losing the right of control.

16. Fixed assets

(1) Conditions for recognition of fixed assets

The fixed assets of the Company refer to tangible assets held for production of goods, provision of labor services, lease or business with a service life of over a fiscal year. A fixed asset is recognized only when the related economic benefit is likely to flow in and the cost can be reliably measured. A fixed asset is initially measured at cost and the estimated abandonment cost.

(2) Method for depreciating fixed assets

Provision for depreciation of a fixed asset is retained using the straight-line method from the month after the fixed asset reaches the expected serviceable condition. Estimated service life, estimated residual values and annual depreciation rates of different types of fixed assets are as follows:

Category	Depreciation Period (Year)	Residual ratio (%)	Yearly depreciation rate (%)
Houses & buildings	20 year, 30 year, 50 year	5.00	4.75, 4.50 3.17, 3.00
		10.00	1.90, 1.80
Structures	10 year, 20 year	5.00	9.50, 4.75
		10.00	9.00, 4.50
Machinery equipment	5-30 years	5.00	3.00-19.00
		10.00	
Machinery equipment	5 years, 6 years and 10 years	5.00	19.00, 18.00
		10.00	15.83, 15.00 9.50, 4.75
Office facilities and others	3 years and 5 years	5.00	31.67, 30.00
		10.00	19.00, 18.00

Estimated net residual value refers to the value the Company is expected to acquire by disposing of the fixed asset in its status upon the expiry of its using life.

(3) Method for impairment test of fixed assets and impairment reserves retention

Refer to Note III, 20 “Impairment of Long-term Assets” for methods for depreciation test and impairment reserves retention for fixed assets.

(4) Other description

Subsequent expenditures relating to fixed assets, if the asset's economic benefits are likely to flow in and its cost can be reliably measured, are recognized in cost for fixed assets and the book value of the substituted part is derecognized. Other subsequent expenditures are recognized in current profit and loss in which they are incurred.

Fixed assets are derecognized if they are disposed of or no economic benefit can be realized through use or disposal of the same. Income from disposal of fixed assets by means of sale, transfer, etc., is accounted as current profit and loss less the book value and relevant taxes and charges.

The Company reviews the serviceable life, expected residual value and the method of depreciation at the latest at the end of the accounting year. If any change is found in the original estimates, adjustment is made to the relevant accounting estimate.

17. Construction in progress

The Company's construction in progress is classified into two types: self-owned construction and contracted construction. Construction in progress is carried forward to fixed assets when the construction work is completed and reaches the state of intended use. The criteria for determining the state of intended use shall be one of the following: the physical construction (including installation) of the fixed assets has been completed in full or substantially completed; trial production or trial operation has been carried out and the results indicate that the assets are capable of normal operation or capable of producing qualified products on a stable basis, or the results of the trial operation indicate that they are capable of normal operation or business operation; the expenditures on the constructed fixed assets are minimal or almost no longer incurred; the purchased fixed asset has met the design or contract requirements

or is in substantial conformity with the design or contract requirements.

When the construction in progress reaches the intended state of use, it is transferred to fixed assets at the actual cost of construction. If the project has reached the intended state of use but has not yet been finalised, it will be transferred to fixed assets at the estimated value first, and the original provisional value will be adjusted according to the actual cost after the finalisation of the project, but no further adjustment will be made to the depreciation that has already been provided for.

Refer to Note III, 20. “Impairment of Long-term Assets” for methods for depreciation test and impairment reserves retention for constructions-in-progress.

18. Borrowing costs

Borrowing costs of the Company include the interest accrued on loans, the amortization of discount or premium and auxiliary expenses as well as the translation differences incurred by loans in foreign currencies. Borrowing costs related to the purchase, construction or production of assets that meet the conditions for capitalization are capitalized when the asset expenditure has been made, the borrowing costs have been incurred and the purchase, construction or production activities necessary to work the asset into its serviceable or marketable status have begun; the capitalization ceases when the asset that meets the conditions for capitalization under construction or production reaches its expected serviceable or marketable status. Other borrowing costs are recognized as expenses in the period they are incurred.

The interest expenses incurred in the period for special loans less the interest income from the loan fund deposited in a bank or income from temporary investments made out of the loans are capitalized; general loans are capitalized on the basis of result of the accumulated capital expenditures excessive of weighted average of the capital expenditures of the special loan multiplied by the capitalization ratio of the general

loans. The capitalization rate is determined on the basis of the weighted average interest rate of general borrowings.

During the capitalization, the difference arising from special loans in foreign currencies is fully capitalized while that arising from general loans in foreign currencies is recognized in current profit and loss.

Assets qualified for capitalization refer to fixed assets, investment real properties and inventories that take a reasonable period of purchase, construction or production to be developed into the ready-for-sale or ready-for-use status.

If the purchase, construction or production of the asset qualified for capitalization is suspended for over 3 months, the capitalization of the borrowing cost is suspended until the resumption of purchase, construction or production.

Assets that meet the conditions for capitalization refer to fixed assets, investment property, and inventories that require a relatively long period of construction or production activities to reach the intended usable or saleable condition.

19. Intangible assets

(1) Intangible assets

Intangible asset refers to invisible recognizable non-currency assets owned or controlled by the Company.

Intangible assets are initially measured at cost. Expenses related to intangible assets are recognized in cost for intangible assets when related economic gains are likely to flow in and the cost can be reliably measured. Other subsequent expenditures are recognized in current profit and loss in which they are incurred.

Land use rights acquired are usually accounted for as intangible assets. Expenditures on the land use right and the cost for the construction of self-developed plants and other buildings are accounted for as intangible assets and fixed assets. In case of houses and buildings purchased, the purchase price is allocated onto the land use right and the buildings and treated accordingly; if the allocation cannot be done reasonably, the whole price is treated as fixed assets.

In case of an intangible asset of limited serviceable life, the original value, net of expected residual value and the accumulated impairment reserves retained, is amortized over the expected serviceable life using the straight-line method. Intangible assets with uncertain service life are not amortized.

The useful lives, the basis for determining them and the amortisation method for items of intangible assets with finite useful lives are as follows:

Item	life span	Basis for determining useful life	Amortisation method
land use right	50 years etc.	Years of use registered on land use certificates	Straight-line method
Concession	10 years etc.	Contractual life span	Straight-line method
Franchises	10 years	Expected duration of benefits	Straight-line method
Trademark right	10 years	Expected duration of benefits	Straight-line method
Software and others	5 years, 10 years, etc.	Estimated useful life and serviceable life	Straight-line method

The service life and the amortization method adopted for intangible assets of a limited serviceable life is reviewed at the year end, and if any change has occurred, adjustments are made accordingly to the accounting estimates. The serviceable life of each intangible asset with uncertain serviceable life is reviewed at the end of year. If there is evidence that the period in which the intangible asset can bring in economic

benefit can be predicted, the serviceable life is estimated and the intangible asset is amortized following the policy for amortization of intangible assets with limited serviceable life.

(2) R&D expenses

Internal R&D expenses of the Company include expenses on the research stage and those on the development stage.

Expenses incurred on the research stage are recognized in current profit and loss.

The Company's specific criteria for classifying research-phase expenditures and development-phase expenditures for internal research and development projects:

The research phase is the stage of original and planned investigation and research activities to acquire and understand new scientific or technological knowledge, etc.; the development phase is the stage of activities to apply research results or other knowledge to a plan or design to produce new or substantially improved materials, devices, products, etc., prior to commercial production or use.

Expenses incurred on the development stage, if satisfying all of the following conditions, are recognized as an intangible asset, otherwise, in current profit and loss.

- ①The expenses contribute to the completion of intangible asset so that it can be technically usable or salable;
- ②Having the intention to complete the intangible asset and use or sell it;
- ③The intangible asset is able to generate economic benefits, with evidence that there is a market for the intangible asset or products produced using the intangible asset, or that the intangible asset is useful if it is intended to be internally used;
- ④With enough supports from technical/financial and other resources to finish the development of such intangible assets, and be capable of using or selling such intangible assets;
- ⑤The expenditure attributable to the development stage of the intangible asset can be reliably measured.

Expenses on the research stage and the development stage, if not able to be

distinguished, are both recognized in current profit and loss.

(3) Impairment test of intangible assets and methods for withholding the impairment reserves. For detail test method and calculation method of provisions for impairment reserves of intangible assets, please refer to Note III (20)“Impairment of Long-term Assets”.

20.Impairment of long-term assets

The Company determines on the balance sheet date whether there are signs that impairment has occurred to fixed assets, constructions-in-progress, intangible assets with limited serviceable life, right-of-use assets, investment properties measured at cost and non-current non-financial assets including long-term equity investments in its subsidiaries, joint ventures and associates. If there are signs of impairments, the recoverable amount is estimated and an impairment test is done. Goodwill, intangible assets with uncertain serviceable life and intangible assets that have not reached the serviceable status are subject to impairment tests every year regardless of whether there are signs of impairments.

If the impairment test results indicate that the recoverable amount of assets is lower than its book value, provisions for impairment reserves shall be calculated in accordance with its balance, and then recorded into impairment loss. The recoverable amount shall be the higher of the fair value minus disposal expenses and the present value of expected future cash flows of the asset. The fair value of an asset is determined based on contract price of fair trade; if there is no sales agreement but there is an active market, the bid price the buyer offers for the asset is taken to be the fair value; if there is no sales agreement or active market, the fair value of the asset is estimated on the basis of the best information available. Disposal expenses include legal fees related to assets disposal, related taxes, carriage expenses and direct expenses for making the assets reach the marketable condition. The present value of the expected future cash flow from an asset is determined by discounting the expected future cash flow from the asset while it is used on an on-going basis and at the final

disposal at a suitable discount rate. Asset impairment reserves shall be calculated and confirmed on the basis of single assets. The recoverable amount of this asset group shall be determined with such assets' group, if it is difficult to estimate the recoverable amount of single assets. Asset group is the minimum asset portfolio capable of generating cash inflow independently.

When conducting impairment loss of goodwill separately listed in the financial statements, the book value of the goodwill is allocated to the asset group or combination of asset groups that benefit from the synergies of the business combination. The corresponding impairment loss shall be recognized when impairment test indicates that the recoverable amount of the asset group or combination of asset groups to which goodwill is apportioned is lower than its book value. Firstly, the amount of impairment losses shall be amortized to the book value of goodwill of this asset group or asset portfolio. Secondly, the book value of other assets shall be amortized in proportion based on the book value of other assets (excluding goodwill) in the asset group or asset portfolio.

Once impairment losses on above assets are confirmed, the part with recovered value cannot be rolled back in subsequent periods.

21. Long-term deferred expenses

Long-term deferred expenses refer to expenses that have been incurred and shall be amortized over a period of longer than one year, including the current period and periods yet to come. Long-term deferred expenses are recorded at actual expense and amortized using the straight- line method over estimated period of benefits.

22. Contract liability

Contract liabilities mean the obligation for which the Company shall transfer goods to customers for the consideration received or receivable from customers. If the

customer has already paid the contract consideration or the Company has obtained the unconditional right to receive payment before the Company transfers the goods to the customer, the Company shall present the received amounts or receivables as contract liabilities at the earlier of the time when the actual payment is received by the Company from the customer and the due date of payment. Contract assets and contract liabilities under the same contract are presented at net amount. If the net amount is the debit balance, the contract asset and contract liability shall be presented in the item of "contract assets" or "other non-current assets" according to its liquidity; if the net amount is the credit balance, the contract asset and contract liability shall be presented in the item of "contract liabilities" or "other non-current liabilities" according to its liquidity. Contract assets and contract liabilities under different contracts are not offset.

23. Staff remuneration

Employee benefits mainly include short-term employee remunerations, post-employment benefits, termination benefits and other long-term employee benefits. Wherein:

The short-term remunerations include salaries, bonuses, allowance and subsidies, welfare, medical insurance premium, maternity insurance premium, industrial injury insurance premium, housing fund contributions, labor union fund contribution, employee education fund contributions and non-monetary benefits. The Company treats short-term employee remunerations actually incurred during the accounting period in which employees provide services for the Company as liabilities and recognizes the same in current profit and loss or relevant cost for assets of the period. Non-monetary benefits are measured at fair value.

Post-employment benefits mainly include basic pension insurance, unemployment insurance and annuities. Post-employment benefit plans include defined contribution plans. If a defined contribution plan is in place, the corresponding amounts payable a

included in relevant costs for assets or current profit and loss in which they are incurred.

If the labor relationship with employees terminates before the employment contracts expire or if the Company offers compensation with the view of encouraging employees to voluntarily accept redundancy, payroll liabilities arising from the termination benefits are recognized in current profit and loss on the earlier of the date on which it is determined that the Company may not withdraw the termination benefits offered through labor relationship plans or redundancy proposals and the date on which the Company recognizes the cost for the restructure involving the payment of termination benefits. However, if the demission welfare cannot be completely paid within 12 months after the termination of the annual report period, it shall be dealt with according to the remuneration of another long-term employee.

Internal retirement plans are treated following the same principles related to the termination benefits as described above. The Company recognizes in current profit and loss (termination benefits) of the salaries, social insurance premiums, etc. that are to be paid between the date the employees stop to provide services for the Company and the date of normal retirement, if satisfying the conditions for the recognition of estimated liabilities.

Other long-term employee benefits provided by the Company to its staff that conform to the defined contribution plans shall be subject to accounting treatment in accordance with the defined contribution plans. Others shall be subject to accounting treatment in accordance with the defined benefit plans.

24. Estimated liabilities

When an obligation arising from contingencies such as guarantees provided to external parties, litigation matters, product quality assurance, loss contracts, etc. becomes a present obligation incurred by the Company, and it is probable that the

fulfilment of the obligation will result in an outflow of economic benefits to the Company and the amount of the obligation can be measured reliably, the Company recognises the obligation as a projected liability.

The Company initially measures a projected liability at the best estimate of the expenditure required to settle the related present obligation and reviews the carrying amount of the projected liability at the balance sheet date.

If the expenditures required to settle the projected liability are expected to be reimbursed, in whole or in part, by a third party, the amount of reimbursement is separately recognised as an asset when it is virtually certain that the reimbursement will be received and the amount of reimbursement recognised does not exceed the carrying amount of the projected liability.

25. Preference shares, perpetual bonds and other financial instruments

In accordance with the relevant standards on financial instruments and the "Regulations on the Distinction between Financial Liabilities and Equity Instruments and Related Accounting Treatment" (Caijing [2014] No. 13), for financial instruments such as convertible corporate bonds issued, the Company, based on the contractual terms of the financial instruments issued and their economic substance as reflected in the contracts rather than in legal form only, and in conjunction with the definitions of financial assets, financial liabilities and equity instruments, classifies such financial instruments or their components as financial assets, financial liabilities or equity instruments upon initial recognition.

At the balance sheet date, for financial instruments classified as equity instruments, their interest expense or dividend distribution is treated as profit distribution of the Company, and their repurchase or cancellation is treated as a change in equity; for financial instruments classified as financial liabilities, their interest expense or dividend distribution is treated as a borrowing cost, and their gains or losses arising from their repurchase or redemption are recognised in profit or loss for the current

period.

26. Revenue

(1) Principles of revenue recognition

Revenue from a contract between the Company and a customer is recognised when the customer obtains control of the underlying commodity when the following conditions are simultaneously met: the parties to the contract have approved the contract and have committed themselves to performing their respective obligations; the contract specifies the rights and obligations of the parties to the contract with respect to the transferred commodity or the provision of services; the contract has clear payment terms with respect to the transferred commodity; the contract has a commercial substance in the sense that the performance of the contract will change the Company's risk, time distribution or amount of future cash flows; and it is probable that the consideration to which the Company is entitled as a result of the transfer of goods to customers will be recovered. On the commencement date of the contract, the Company evaluates the contract, identifies each individual performance obligation contained in the contract, and determines whether each individual performance obligation is performed within a certain period of time or at a certain time point.

It belongs to performance within a period when satisfying any one of the following conditions. Otherwise, it belongs to performance at a time point.

① The client obtains and consumes corresponding economic benefits while the Company performs its obligations; ② The client is able to control in-process commodities or services in the process of performance by the Company; ③ Commodities or services in the process of performance by the Company have irreplaceable usage, and the Company has, within the entire contract period, the right to collect money for the part performed so far.

For the contract performance obligations fulfilled within a certain period of time, the Company recognizes revenue according to the performance progress during that period of time. When the contract performance progress cannot be reasonably

determined, if the cost incurred is expected to be compensated, the revenue shall be recognized according to the amount of cost incurred until the performance progress can be reasonably determined. For the contract performance obligations fulfilled at a certain time point, revenue is recognized at the time point when the customer obtains the control over the relevant goods or services. The Company shall take the following signs into consideration while judging whether the client has obtained the control right of commodity or not: ① The Company has the right of current collection over such commodity. In other words, the client is obligated to pay for this commodity currently; ② The Company has already transferred legal ownership of this commodity to the client. In other words, the client has legal ownership of this commodity; ③ The Company has already transferred this commodity to the client. In other words, the client has already occupied this commodity in real material; ④ The Company has already transferred to the client main risks and remunerations related to the ownership of this commodity. In other words, the client has already obtained main risks and remunerations related to the ownership of this commodity; ⑤ The client has already accepted this commodity; ⑥ Other signs indicating that the client has already obtained the control right of this commodity

(2) Principles of revenue measurement

① The Company measures revenue based on the transaction price allocated to each individual performance obligation. The transaction price is the amount of consideration that the Company expects to have the right to receive due to the transfer of goods or services to the customer, excluding the amounts collected on behalf of a third party and the amounts expected to be returned to the customer.

② If there is variable consideration in the contract, the Company will determine the best estimate of the variable consideration according to the expected value or the most likely amount, but the transaction price including the variable consideration shall not exceed the amount of the accumulated recognized income that is likely to have no major reversal when the relevant uncertainty is eliminated.

③ If there is a significant financing component in the contract, the Company will determine the transaction price based on the amount payable that is assumed to be paid in cash when the customer obtains the control over the goods or services. The difference between the transaction price and the contract consideration is amortized by the effective interest method during the contract term. On the commencement date of the contract, the Company expects that the interval between the customer's acquisition of control of the goods or services and the customer's payment of price will not exceed one year, regardless of the significant financing components in the contract.

④ If the 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 separate selling price of the goods promised under each individual performance obligation on the contract commencement date.

(3) Specific method of revenue recognition

The Company mainly sells crude oil, chemical products, PTA, Nylon chips, PET chips, polyester yarns, etc., and the sales shall be the fulfilment of contract performance obligation at a certain time point. In combination with the Company's actual production and management features, its internal product sales revenues shall be confirmed in accordance with the following conditions: The Company has already delivered corresponding products to the client in accordance with the contract agreement; the amount of product sales revenues has been determined already; the Company has already taken back relevant loans or obtained the receipt voucher, and relevant economic interests are likely to flow in; the product control right has already been transferred to the acquirer; product-related costs can be measured reliably. For exported goods, the income is recognized when the goods are declared for export. For the sales of trade goods, the income is recognized when the Company has delivered the goods property in goods to the purchaser in accordance with the contract

provisions. For the goods in the Company's overseas subsidiary international trade business, the income is recognized according to the time point for the transfer of goods risk as set out in the contract.

27. Contract cost

Contract costs are classified as contract performance costs and contract acquisition costs.

Costs incurred by the Company's enterprises to perform contracts are recognised as an asset as contract performance costs when both of the following conditions are met:

- (1) The cost is directly related to a current or anticipated acquired contract and includes direct labour, direct materials, manufacturing overheads (or similar costs), costs explicitly attributable to the customer, and other costs incurred solely in connection with that contract;
- (2) The cost increases the resources of the business that will be used in the future to meet its performance obligations;
- (3) The cost is expected to be recovered.

Incremental costs incurred by the Company to acquire a contract that are expected to be recovered are recognised as an asset as contract acquisition costs; however, such assets are amortised over a period not exceeding one year and may be charged to profit or loss as incurred.

Assets related to contract costs are amortised using the same basis as revenue recognition for the goods or services to which the asset relates.

If the carrying amount of an asset related to contract costs is more than the difference between the following two items, the Company will make an allowance for impairment and recognise an asset impairment loss for the excess:

- (1) the remaining consideration expected to be received for the transfer of goods or services related to the asset;
- (2) the estimated costs to be incurred for the transfer of the related goods or services.

In the event of a subsequent reversal of the provision for impairment of an asset, the

carrying amount of the asset after the reversal shall not exceed the carrying amount of the asset at the date of the reversal, assuming that no provision for impairment had been made.

28. Government grants

Government grant refers to monetary or non-monetary assets the Company receives from the government for free, but excludes funds invested in the Company by the government, which enjoys the owners' equity in the same as a fund owner. Government grants are divided into asset-related government grants and income-related government grants. Governmental subsidies obtained by the Company to structure or form long-term assets in other ways shall be defined as asset-related subsidies, and other governmental subsidies as income-related subsidies. If the target of a government grant is not specified in relevant government documents, the grant is divided into income- and asset-related subsidy in the following manners: (1) if the project is defined in relevant government document, the subsidy is divided in accordance with the relative proportions of the expense allocated for asset and expenditure, provided that the division is reviewed against the proportions on each balance sheet date and adjusted if necessary; (2) if only a general direction on the use of the subsidy but no specific project is stated in relevant government documents, the subsidy is recognized as income-related subsidy. If a government grant is a monetary asset, it shall be measured in the light of the received or receivable amount. Government grants in the form of non-monetary assets are measured at fair value or, if the fair value cannot be reliably obtained, at its nominal amount. Government grants measured at nominal amounts shall be directly included into current profit and loss.

The Company usually recognizes and measures government grants at by the amount actually received. However, the financial support funds that meet the relevant conditions stipulated by the financial support policy with conclusive evidence at the end of the period shall be measured according to the amount receivable. Government

grant to be measured at the amount receivable must meet all the following conditions:

(1) The amount of the government grant receivable has been confirmed by a formal document from competent government authority or can be reasonably calculated following relevant regulations of formally issued financial fund management measures and there is no significant uncertainty as to the amount to be received;(2) the government grant is based on a financial support program and its financial fund management measures formally implemented and disclosed following the Regulations on Open Government Information, and the said measures are inclusive (open to all eligible entities) rather than specifically formulated for certain entities; (3) a deadline for the disbursement has been announced in relevant documents and guaranteed with financial budget so that the receipt of the amount is reasonably certain;(4) the Company is expected to satisfy other conditions that may be required for such subsidy (if any).

Asset-related government grant is recognized as a deferred income, which is included into current profit and loss in instalments over the life of use of relevant assets in a reasonable and systematic way. Income-related government grant, if used to cover relevant future expenses or losses, is recognized as a deferred income and is included into current profit and loss in the period when such expenses and losses are recognized, or, if used to cover related expenses and losses that have been incurred, is directly included into current profit and loss.

If government grants include both asset-related and income-related grants, different accounting methods may be applied for different parts of the grants; government grants that cannot be differentiated are accounted for as income-related.

Government grants related to the daily operations of the Company are included in other income or used to offset relevant costs and expenses and those irrelevant to the daily operations are recorded as non-operating income.

When the recognized government subsidy needs to be returned, if there is a relevant deferred income balance, the book balance of the relevant deferred income will be offset, and the excess will be included in the current profit and loss; in other cases, it will be directly included in the current profit and loss.

29. Deferred income tax assets/deferred income tax liabilities

Deferred tax assets or deferred tax liabilities are recognised based on the difference between the carrying amount of an asset or liability and its tax basis (if the tax basis of an item not recognised as an asset or liability can be determined in accordance with the provisions of the tax laws, the difference between such tax basis and its carrying amount) calculated at the tax rate that is expected to apply in the period in which the asset is recovered or the liability is settled.

Deferred tax assets are recognised to the extent that it is probable that taxable income will be available against which deductible temporary differences can be utilised. Deferred tax assets not recognised in prior periods are recognised when, at the balance sheet date, it is probable that sufficient taxable income will be available in future periods to allow the deductible temporary differences to be utilised.

The carrying amount of deferred tax assets is reviewed at the balance sheet date and written down to the extent that it is more likely than not that sufficient taxable income will not be available to allow the benefit of the deferred tax assets to be utilised in future periods. The amount of the write-down is reversed when it is more likely than not that sufficient taxable income will be available.

The Company's current income tax and deferred income tax are recorded as income tax expense or benefit in profit or loss, excluding income tax arising from: business combinations; and transactions or events that are recognised directly in equity.

When there is a legal right to settle the financial statements on a net basis, and the

intention is to settle the financial statements on a net basis, or when the acquisition of assets and settlement of liabilities are carried out simultaneously, the Company's current income tax assets and current income tax liabilities are presented at the net amounts after offsetting.

30. leases

(1) The Company as Lessee

The main categories of the Company's leased assets are buildings and structures, land use rights and machinery and equipment.

On the commencement date of the lease term, the Company recognises a right-of-use asset and a lease liability for leases other than short-term leases and leases of low-value assets, and recognises depreciation expense and interest expense, respectively, over the lease term.

The Company accrues lease payments for short-term leases and low-value asset leases on a straight-line basis over the lease term in each period.

① Right-of-Use Assets

A right-of-use asset is the right of the lessee to use the leased asset during the lease term. At the commencement date of the lease term. Right-of-use assets are initially measured at cost. This cost includes: (i) the initial measurement amount of the lease liability; (ii) the amount of lease payments made on or before the commencement date of the lease term, net of the amount relating to the lease incentive already enjoyed if a lease incentive exists; (iii) the initial direct costs incurred by the lessee; and (iv) the costs expected to be incurred by the lessee to dismantle and remove the leased asset, to reinstate the site on which the leased asset is located, or to restore the leased asset to the condition agreed under the terms of the lease.

The Company classifies and provides depreciation on right-of-use assets using the

straight-line method. For leases where it is reasonably certain that ownership of the leased asset will be obtained at the end of the lease term, depreciation is calculated over the estimated remaining useful life of the leased asset. For leases where it is not reasonably certain that ownership will be obtained at the end of the lease term, depreciation is calculated over the shorter of the lease term and the remaining useful life of the leased asset.

The Company determines whether impairment of right-of-use assets has occurred and conducts accounting treatment in accordance with the relevant provisions of *Accounting Standards for Business Enterprises No. 8 – Asset Impairment*.

② Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments outstanding at the commencement date of the lease term. Lease payments include: (i) fixed payments (including substantially fixed payments), net of amounts related to lease incentives, if any; (ii) variable lease payments that depend on indices or ratios; (iii) amounts expected to be paid based on the residual value of guarantees provided by the lessee; (iv) the exercise price of a purchase option if the lessee is reasonably certain that the option will be exercised; and (v) amounts required to be paid upon exercise of a termination option, provided that the lease term reflects that the lessee will exercise the termination option; and (vi) amounts required to be paid upon exercise of a termination option if the lease term reflects that the lessee will exercise the option. (v) Payments to be made upon exercise of the option to terminate the lease, provided that the lease term reflects that the lessee will exercise the option to terminate the lease;

The Company uses the interest rate embedded in the lease as the discount rate; if the interest rate embedded in the lease cannot be reasonably determined, the Company's incremental borrowing rate is used as the discount rate. The Company calculates the interest expense on the lease liability for each period during the lease term based on a

fixed periodic rate, which is included in finance costs. This periodic rate is the discount rate used by the Company or a revised discount rate.

Variable lease payments that are not included in the measurement of the lease liability are recognised in profit or loss when they are actually incurred.

When there is a change in the Company's evaluation of the renewal option, the option to terminate the lease or the option to purchase, the lease liability is remeasured at the present value of the lease payments after the change and at a revised discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly. When there is a change in the substantive lease payments, the amount expected to be payable for the residual value of the guarantee, or variable lease payments that depend on an index or rate, the lease liability is remeasured at the present value calculated using the changed lease payments and the original discount rate, and the carrying amount of the right-of-use asset is adjusted accordingly.

③ Short-term leases and leases of low-value assets

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases and leases of low-value assets, and to recognize the related lease payments in profit or loss or in the cost of the related assets on a straight-line basis in each period during the lease term. Short-term leases are leases with a term of less than 12 months at the commencement date of the lease term and do not include an option to purchase. Low-value asset leases are leases that have a lower value when the individual leased asset is a new asset.

(2) The Company as lessor

① Operating lease

The straight-line method is adopted by the Company to confirm the lease receipts as rental income in different periods within the lease term. Variable lease payment related to operating lease that is not recorded into lease receipts shall be recorded into

current profits and losses upon the occurrence.

② Finance lease

Since the commencement date of the lease term, the Company shall confirm the amount of finance lease receivable, and derecognize finance lease assets. The amount of finance lease receivable shall be initially measured by net lease investment (sum of present value of unguaranteed balance and un-received lease receipts since the commencement date of the lease term after being discounted in accordance with the interest rate implicit in lease). In addition, interest incomes within the lease term shall be calculated and conformed in accordance with fixed periodic rate. Upon its occurrence, variable lease payment not measured as lease liabilities shall be recorded into current profits and losses, or into related asset cost.

(3) Sale-and-leaseback

① Company as lessee

The Company assesses whether the transfer of assets in a sale and leaseback transaction is a sale in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14, "Revenue"*.

If the transfer of assets in a sale and leaseback transaction is a sale, the Company measures the right-of-use asset resulting from the sale and leaseback at the portion of the original asset's carrying value that relates to the right-of-use acquired through the leaseback and recognises the related gain or loss only for the right transferred to the lessor.

If the transfer of an asset in a sale-and-leaseback transaction is not a sale, the company continues to recognise the transferred asset, and at the same time recognises a financial liability equal to the transfer proceeds and accounts for the financial liability in accordance with *Accounting Standards for Business Enterprises No. 22, "Recognition and Measurement of Financial Instruments"*.

② Company as lessor

The Company assesses whether the transfer of assets in a sale and leaseback transaction is a sale in accordance with the provisions of *Accounting Standards for Business Enterprises No. 14, "Revenue"*.

If the transfer of assets in a sale and leaseback transaction is a sale, the Company accounts for the purchase of assets in accordance with other applicable corporate accounting standards and for the lease of assets in accordance with *Accounting Standards for Business Enterprises No. 21 - Leasing*.

If the transfer of assets in a sale and leaseback transaction is not a sale, the company does not recognise the transferred assets, but recognises a financial asset equal to the transfer proceeds and accounts for the financial asset in accordance with *Accounting Standards for Business Enterprises No. 22 - Recognition and Measurement of Financial Instruments*.

31. Other significant accounting policies and accounting estimates

(1) Hedge accounting

① Hedges include fair value hedges, cash flow hedges, and hedges of net investments in foreign operations.

② Hedge accounting is applied to hedging instruments that meet the following conditions: (1) the hedging relationship consists solely of the eligible hedging instrument and hedged instrument; (2) at the inception of the hedge, the Company formally designates the hedging instrument and hedged item and prepares written documentation regarding the hedging relationship and the Company's risk management strategy and risk management objectives for engaging in the hedge; and (3) the hedging relationship meets the hedge effectiveness requirements.

The Company determines that a hedging relationship meets the requirements for hedge effectiveness when the following conditions are simultaneously met: (1) an economic relationship exists between the hedged item and the hedging instrument; (2) the impact of credit risk does not dominate the change in value resulting from the economic relationship between the hedged item and the hedging instrument; and (3) the hedge ratio of the hedging relationship is equal to the ratio of the number of hedged items that the Company is actually hedging to the actual number of hedging instruments hedged against the Company, but not to the actual number of hedging instruments hedged against the Company. The ratio of the actual number of instruments hedged does not reflect an imbalance in the relative weights of the hedged item and the hedging instrument.

The Company evaluates whether a hedging relationship meets the hedge effectiveness requirements on an ongoing basis at the hedge inception date and in subsequent periods. If a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective for which the hedging relationship was designated remains unchanged, the Company rebalances the hedging relationship.

③ Hedge accounting treatment

A. Fair value hedges

a. Gains or losses arising from hedging instruments are recognised in profit or loss. If the hedging instrument is a hedge of a non-trading equity instrument (or component thereof) that has been elected to be measured at fair value through other comprehensive income, the gain or loss arising from the hedging instrument is included in other comprehensive income.

b. Gains or losses arising from the hedged item's exposure are recognised in profit or loss for the period, and the carrying amount of the recognised hedged item that is not measured at fair value is adjusted. If the hedged item is a debt instrument (or its component) measured at fair value through other comprehensive income, the gain or

loss arising from the hedged risk exposure is recognised in profit or loss for the current period without adjusting the carrying value; if the hedged item is an investment in non-trading equity instruments (or its component) measured at fair value through other comprehensive income, the gain or loss arising from the hedged risk exposure is recognised in other comprehensive income for the current period. Gains or losses arising from the hedged risk exposure are recognised in other comprehensive income without any adjustment to the carrying amount.

If the hedged item is a firm commitment (or a component of a firm commitment) that has not yet been recognised, the cumulative change in the fair value of the hedged item attributable to the hedged risk subsequent to the designation of the hedging relationship is recognised as an asset or a liability, with the related gain or loss being recognised in profit or loss in each of the relevant periods. When an asset is acquired or a liability is assumed as a result of the fulfilment of a firm commitment, the initial recognition amount of the asset or liability is adjusted to include the cumulative change in fair value of the hedged item recognised.

If the hedged item is a financial instrument (or its component) measured at amortised cost, the company amortises the adjustment to the carrying amount of the hedged item at the effective interest rate recalculated at the date of commencement of amortisation and recognises it in profit or loss for the period. If the hedged item is a debt instrument (or its component) that is measured at fair value through other comprehensive income, the cumulative recognised hedging gains or losses are amortised in the same manner and recognised in profit or loss, but the carrying value of the debt instrument (or its component) is not adjusted.

B. Cash flow hedges

a. The portion of the gain or loss on the hedging instrument that is an effective hedge is recognised as a cash flow hedge reserve in other comprehensive income, while the ineffective portion is recognised in profit or loss. The amount of the cash flow hedge

reserve is recognised as the lower of: (i) the cumulative gain or loss on the hedging instrument from the beginning of the hedge; and (ii) the cumulative change in the present value of the expected future cash flows of the hedged item from the beginning of the hedge.

b. When the hedged item is an anticipated transaction and the anticipated transaction results in the subsequent recognition of a non-financial asset or non-financial liability by the Company, or when the anticipated transaction of the non-financial asset and non-financial liability results in a firm commitment for which fair value hedge accounting is applicable, the Company transfers the amount of the cash flow hedge reserve that would otherwise have been recognised in other comprehensive income to the amount initially recognised for that asset or liability.

c. For other cash flow hedges, the amount of cash flow hedge reserve originally recognised in other comprehensive income is transferred out to profit or loss in the same period in which the hedged forecast transaction affects profit or loss.

C. Hedges of net investment in foreign operations

The portion of gains or losses arising from hedging instruments that are effective hedges is recognised in other comprehensive income and transferred out to current profit or loss upon disposal of the foreign operation; the portion of gains or losses arising from hedging instruments that are ineffective hedges is recognised in current profit or loss.

(2) Repurchase of Shares

If the Company acquires shares for the purpose of reducing registered capital or rewarding employees, the amount actually paid for the shares is treated as treasury stock and recorded in the register of treasury stock. If the repurchased shares are cancelled, the difference between the total par value of the shares calculated on the basis of the nominal value of the cancelled shares and the number of shares cancelled and the amount actually paid for the repurchase is charged to capital surplus, and if

capital surplus is not sufficient to be charged to capital surplus, it is charged to retained earnings; if the award of the repurchased shares to the Company's employees is an equity-settled share payment, the cost of shares and the accumulated amount of capital surplus (other capital surplus) during the waiting period are treated as treasury shares and recorded in the register of treasury stock. The cost of treasury stock delivered to employees and the cumulative amount of capital surplus (other capital surplus) during the waiting period are cancelled when the employees receive the purchase price of the Company's shares by exercising their options, and the capital surplus (share premium) is adjusted for the difference.

32.Changes in significant accounting policies and estimates

(1) Changes in Accounting Policies

① The "Ministry of Finance: Implementation Q&A on Enterprise Accounting Standards-Accounting Treatment Related to Standard Warehouse Receipt Transactions" issued by the Ministry of Finance on July 8, 2025, stipulates that where enterprises frequently enter into contracts for the purchase and sale of standard warehouse receipts on futures trading venues to earn price differences without taking physical delivery of the commodities underlying such warehouse receipts, these contracts for buying and selling standard warehouse receipts shall be regarded as financial instruments. For standard warehouse receipts that are held for short-term sale after acquisition, sales revenue shall not be recognized; instead, the difference between the consideration received and the carrying amount of the standard warehouse receipts shall be recognized in "investment income." Standard warehouse receipts that remain unsold at the end of the period shall be presented as "other current assets."

In accordance with the requirements of the above implementation Q&A on standard warehouse receipts, the company is required to make corresponding changes to its accounting policies and perform accounting treatments as required. This change in accounting policy will not have a material impact on the company's financial position,

operating results, or cash flows, and does not impair the interests of the company or its shareholders.

② December 5, 2025, The Ministry of Finance issued *Interpretation No. 19 of the Enterprise Accounting Standards* (Cai Kuai [2025] No. 32), which stipulates the following: "Accounting treatment for compensatory assets in business combinations not under common control," "Accounting treatment for related capital reserves when disposing of a subsidiary originally acquired through a business combination under common control," "Derecognition of financial liabilities settled through electronic payment systems," "Assessment of contractual cash flow characteristics of financial assets and related disclosures," and "Disclosures for equity instruments designated as measured at fair value through other comprehensive income," among other provisions.

The Company has adopted *Interpretation No. 19 of the Enterprise Accounting Standards* as of January 1, 2026.

(2) Changes in Accounting Estimates

There were no changes in accounting estimates during the reporting period.

IV. Taxes

1. Main tax categories and tax rates

Tax Category	Specific Tax Rate
Value-added tax	The output taxes of taxable income shall be calculated at a tax rate of 13%, 9% and 6%, and the VAT shall be calculated and paid based on the difference after deducting the amount of input tax that can be deducted for the current period.
Urban maintenance and construction tax	To be paid at 7%, 5% of the actually paid turnover tax. Education surcharge
Education surcharge	To be paid at 3% of the actually paid turnover tax.
Local education surcharge	To be paid at 2% of the actually paid turnover tax.

Enterprise income tax	Calculated and paid at 25%, 18.5%, 17%, 16.5%, 15%, 5% and 2.5% of taxable income.
-----------------------	--

The Company has different enterprise income tax rate taxpayers, and the specific conditions are as follows:

Name of tax payer	Income tax rate
Domestic subsidiary	25%, 20% and 15%
Hong Kong Tianyi International Holding Co., Ltd.	16.5%
Good Park International Investment Co., Ltd.	
Hong Kong Yisheng Petrochemical Investment Co., Ltd.	
	For offshore trade, the offshore profits tax exemption can be applied for.
Hengyi Industry International Co., Ltd.	The Company is approved to join the Singapore Global Trader Programme (GTP), so is entitled to the preferential enterprise income tax rate and payment of enterprise income tax at a tax rate of 5% from 2022 to 2026.
Hengyi Industries Sdn. Bhd.	18.5%
Hengyi International Logistics Co., Ltd.	17%

2. Tax incentives and approvals

(1) According to the Announcement on Issuing the Measures for the *Administration of Preferential Value-Added Tax Policies for Promoting the Employment of Disabled Persons* (Announcement No. 33 [2016] of the State Administration of Taxation) released by the State Administration of Taxation, Zhejiang Hengyi Polymer Co., Ltd. (Hereinafter “the Polymer Company”), a holding subsidiary of the Company, enjoyed the preferential VAT policy of immediate refund upon payment for the employment of disabled persons.

(2) Pursuant to the relevant provisions of the Announcement of the Ministry of Finance and the State Administration of Taxation on the Policy of Value-added Tax Credits for Enterprises in the Advanced Manufacturing Sector (Announcement No. 43 of 2023), from 1 January 2023 to 31 December 2027, enterprises in the advanced manufacturing sector are allowed to offset the payable value-added tax (VAT) by adding 5% to the creditable input tax amount for the current period.

(3) Zhejiang Shuangtu New Materials (hereinafter referred to as "Shuangtu New Materials"), a wholly-owned subsidiary of the Company, was certified as High and New Technology Enterprises by the Department of Science and Technology of Zhejiang Province and the Department of Finance of Zhejiang Province jointly issued by the State Administration of Taxation of Zhejiang Province. In accordance with the *Enterprise Income Tax Law of the People's Republic of China* and the *Regulations for the Implementation of the Enterprise Income Tax Law of the People's Republic of China*, Shuangtu New Materials was entitled to a reduction of 15% in enterprise income tax from 01 January 2023 to 31 December 2025.

(4) The Company's wholly-owned subsidiary, Suqian Yida New Materials Co., Ltd. (hereinafter referred to as "Suqian Yida"), obtained the "High-tech Enterprise Certificate" jointly issued by the Jiangsu Provincial Department of Science and Technology, Jiangsu Provincial Department of Finance, and the Jiangsu Provincial Taxation Bureau of the State Administration of Taxation on November 19, 2024. Suqian Yida was recognized as a high-tech enterprise, with the certificate valid for three years. According to the *Enterprise Income Tax Law of the People's Republic of China* and the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China*, Suqian Yida is eligible for a reduced enterprise income tax rate of 15% from January 1, 2024, to December 31, 2026.

(5)The Company's majority-owned subsidiary, Haining Hengyi New Materials Co., Ltd. (hereinafter referred to as "Haining New Materials"), and wholly-owned subsidiary, Jiaxing Yipeng Chemical Fiber Co., Ltd. (hereinafter referred to as "Jiaxing Yipeng"), obtained the "High-tech Enterprise Certificate" jointly issued by the Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance, and the Zhejiang Provincial Taxation Bureau of the State Administration of Taxation on December 6, 2024. Both Haining New Materials and Jiaxing Yipeng were recognized as high-tech enterprises, with the certificates valid for three years. According to the "*Enterprise Income Tax Law of the People's Republic of China* " and the "*Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China* ," Haining New Materials and Jiaxing Yipeng are eligible for a reduced enterprise income tax rate of 15% from January 1, 2024, to December 31, 2026.

(6)Our company's wholly-owned subsidiaries, Zhejiang Hengyi High-Tech Materials Co., Ltd. (hereinafter referred to as "Hengyi High-Tech Materials"), Zhejiang Hengyi Petrochemical Research Institute Co., Ltd. (hereinafter referred to as "Research Institute"), and our controlled subsidiary, Shaoxing Shengong Packaging Co., Ltd. (hereinafter referred to as "Shengong Packaging"), obtained on December 19, 2025, the *High-Tech Enterprise Certificate* jointly issued by the Department of Economy and Information Technology of Zhejiang Province, the Department of Finance of Zhejiang Province, and the Zhejiang Provincial Office of the State Taxation Administration. They were recognized as high-tech enterprises, with a validity period of three years. Pursuant to the *Enterprise Income Tax Law of the People's Republic of China* and the *Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China*, the enterprise income tax for Hengyi High-Tech Materials, the Research Institute, and Shengong Packaging shall be levied at a reduced rate of 15% for the period from January 1, 2025, to December 31, 2027.

(7) Our company's controlled subsidiary, Zhejiang Yisheng Petrochemical Co., Ltd. (hereinafter referred to as "Zhejiang Yisheng"), obtained on December 26, 2025, the High-Tech Enterprise Certificate jointly issued by Ningbo Municipal Science and Technology Bureau, Ningbo Municipal Finance Bureau, and Ningbo Municipal Office of the State Taxation Administration. It was recognized as a high-tech enterprise, with a validity period of three years. Pursuant to the Enterprise Income Tax Law of the People's Republic of China and the Implementation Regulations of the Enterprise Income Tax Law of the People's Republic of China, the enterprise income tax for Zhejiang Yisheng shall be levied at a reduced rate of 15% for the period from January 1, 2025, to December 31, 2027.

(8) In accordance with the Announcement on Continuing the Western Development Enterprise Income Tax Preferential Policy (Announcement No. 23 of 2020) issued by the Ministry of Finance, the State Administration of Taxation, and the National Development and Reform Commission, from January 1, 2021, to December 31, 2030, enterprises engaged in encouraged industries located in the western region are subject to a reduced enterprise income tax rate of 15%. Our company's wholly-owned subsidiary, Guangxi Hengyi New Materials Co., Ltd. (hereinafter referred to as "Guangxi New Materials"), enjoys this preferential policy.

(9) On March 15, 2019, our company's controlled subsidiary, Hengyi Industrial International Pte. Ltd., was approved to join the Singapore Global Trader Programme (GTP). According to the approval document dated December 31, 2021, Hengyi Industrial International Pte. Ltd. was further granted Approved Global Trading Company Status, enjoying a preferential enterprise income tax rate of 5% from 2022 to 2026.

(10) On March 1, 2025, our company's wholly-owned subsidiary, Hengyi Logistics International Pte. Ltd., was granted the Maritime Sector Incentive – Approved International Shipping Enterprise (MSI-AIS) status. Eligible shipping business income is entitled to a 10-year exemption from income tax starting from March 1, 2025.

(11) Our company's controlled subsidiary, Hengyi Industries (Brunei) Sdn. Bhd., qualifies as a pioneer enterprise for the PMB petrochemical project in Brunei, and is entitled to an 11-year tax exemption, i.e., exemption from corporate income tax and exemption from import duties on machinery and raw materials.

(12) Pursuant to the Announcement on Further Supporting the Development of Small and Micro Enterprises and Individual Businesses (Announcement No. 12 of 2023) issued by the Ministry of Finance and the State Administration of Taxation, for the year 2025, the taxable income of our company's wholly-owned subsidiaries, Hainan Hengjing Trading Co., Ltd. and Jiaying Hengyu Trading Co., Ltd., and our controlled subsidiary, Hangzhou Lanbiao Testing Service Co., Ltd., shall be calculated at 25% of the actual taxable income, and subject to enterprise income tax at a rate of 20%.

(13) In accordance with the Notice on Policies Concerning Urban Land Use Tax for Employers of Persons with Disabilities (Cai Shui [2010] No. 121, Article 1), Polymer Company enjoyed a 100% reduction in urban land use tax for the year 2025 due to employing persons with disabilities.

(14) Pursuant to the Notice on Exemption from Local Water Conservancy Construction Fund (Gui Cai Shui [2022] No. 11) issued by the Finance Department of Guangxi Zhuang Autonomous Region, from April 1, 2022, to December 31, 2026 (tax period), all taxpayers in Guangxi Zhuang Autonomous Region are exempted from

local water conservancy construction fund. Our company, Guangxi New Materials, our wholly-owned subsidiary Guangxi Hengyi Shunqi Trading Co., Ltd., and our controlled subsidiary Guangxi Pilot Free Trade Zone Yihai Port Services Co., Ltd. enjoy this preferential policy.

(15) According to the Notice on Further Supporting Tax Policies for Self-employed Retired Soldiers Starting Businesses and Seeking Employment (Cai Shui [2019] No. 21) and the Announcement on Further Supporting Tax Policies for Key Groups Starting Businesses and Seeking Employment (Announcement No. 14 of 2023 by the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources and Social Security, and the Ministry of Agriculture and Rural Affairs), for employers who hire self-employed retired soldiers, sign a labor contract for a period of one year or more, and pay social insurance premiums in accordance with the law, starting from the month of signing the contract and paying social insurance, the actual number of such employees shall be used to deduct value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge, and enterprise income tax in sequence at a fixed standard of RMB 9,000 per person per year within three years. In 2025, Hengyi High-Tech Materials, the Research Institute, Shuangtu New Materials, Haining New Materials, Jiaying Yipeng, and our wholly-owned subsidiaries Zhejiang Hengyi Petrochemical Co., Ltd. (hereinafter referred to as "Hengyi Co., Ltd."), Zhejiang Hengyi Petrochemical Sales Co., Ltd., Zhejiang Hengyi Engineering Management Co., Ltd. (hereinafter referred to as "Hengyi Engineering"), and our controlled subsidiary Fujian Yijin Chemical Fiber Co., Ltd. (hereinafter referred to as "Fujian Yijin") enjoy this tax preferential policy.

(16) According to the Notice on Further Supporting and Promoting Tax Policies for Key Groups Starting Businesses and Seeking Employment (Cai Shui [2019] No. 22) and the Announcement on Further Supporting Tax Policies for Key Groups Starting Businesses and Seeking Employment (Announcement No. 15 of 2023 by the Ministry of Finance, the State Administration of Taxation, the Ministry of Human Resources

and Social Security, and the Ministry of Agriculture and Rural Affairs), taxpayers shall calculate the total tax reduction amount based on the number of key group employees hired and their actual working months. Within the total tax reduction amount, a fixed standard of RMB 7,800 per person per year is used to deduct value-added tax, urban maintenance and construction tax, education surcharge, and local education surcharge on a monthly basis. In 2025, Hengyi High-Tech Materials, Hengyi Co., Ltd., Hengyi Engineering, Shuangtu New Materials, the Research Institute, Haining New Materials, Jiaxing Yipeng, Zhejiang Yisheng, and our wholly-owned subsidiary Hangzhou Yitong New Materials Co., Ltd., and our controlled subsidiary Haining Hengyi Thermal Power Co., Ltd. (hereinafter referred to as "Haining Thermal Power") enjoy this tax preferential policy.

V. Notes to items of consolidated financial statements

Unless otherwise specified, for the following note items (including the main item notes to the Company's financial statements), the "end of the period" refers to December 31, 2025, the "end of previous year" refers to December 31, 2024, the "current period" refers to 2025, and the "previous period" refers to 2024.

1. Monetary funds

Item	Ending balance	Ending balance of
Cash on hand	186,656.98	698,184.72
Bank deposit	5,949,450,645.37	8,871,666,704.37
Other monetary funds	4,798,745,893.84	4,220,809,658.37
Total	10,748,383,196.19	13,093,174,547.46
Wherein: The total amount of funds deposited abroad	2,990,431,404.63	2,586,487,126.04

Note: As of December 31, 2025, the Company's monetary funds with restricted use amounted to RMB 4,056,430,307.07, including: letter of credit deposits of RMB 2,451,554,139.79, acceptance draft deposits of RMB 1,268,045,219.59, invoice financing deposits of RMB 96,487,704.11, pledged notes collection proceeds of RMB

10,004,777.78, restricted time deposits of RMB 202,547,380.10, futures margin of RMB 16,342,887.80, and other restricted funds of RMB 11,448,197.90.

2.Held-for- trading financial assets

Item	Ending balance	Ending balance of previous year
Financial assets measured at fair value through profit and loss	351,705,848.79	153,091,745.24
Wherein: Derivative financial assets	351,705,848.79	153,091,745.24
Specified as financial assets measured by fair value and whose changes included in current profits and losses	0.00	0.00
Total	351,705,848.79	153,091,745.24
Wherein: Portion reclassified to other non-current financial assets	0.00	0.00

3.Derivative financial assets

Item	Ending balance	Ending balance of
Foreign exchange derivatives	0.00	0.00
Commodity derivatives	75,274,098.58	4,783,678.80
Total:	75,274,098.58	4,783,678.80

Cash-flow hedge:

In order to avoid the risk of cash flow changes related to commodity prices in product sales that are likely to occur in the future, the Company designates a series of commodity futures and paper market contracts held by it as hedging instruments for expected commodity sales. Commodity futures and paper market contracts designated as hedging instruments have an economic relationship with the expected sales of commodities under the hedging. The hedge ratio is reasonable, if the hedge ratio of hedging relationship is the same as the hedge ratio set from the perspective of risk management.

In order to avoid the risk of cash flow changes related to foreign currency borrowings in the future, the Company designates a series of foreign currency derivative contracts

held by the Company as hedging instruments for foreign currency borrowings. The underlying assets of foreign currency derivatives designated as hedging instruments have an economic relationship with the hedged foreign currency borrowings. The hedge ratio is reasonable, if the hedge ratio of hedging relationship is the same as the hedge ratio set from the perspective of risk management.

In this year, an amount of RMB 13,131,536.56 was recorded into stockholders' equity as cash- flow hedge reserves in the Company. Details are described as follows:

Item	Current-period Quantity
Total gains of fair value recorded into stockholders' equity	20,224,259.79
Minus: Deferred income tax from the gains of fair value	863,368.28
Minus: Other comprehensive income is reclassified into current profit and loss	561,450.00
Minus: Deferred income tax reclassified into current profit and loss	140,362.50
Minus: Assigned to Minority Shareholders after Tax	5,808,267.45
Net profits from cash-flow hedge	13,131,536.56

4. Notes receivable

(1) Classified presentation of notes receivable

Item	Ending balance	Ending balance of previous year
Bank acceptance bills	36,103,550.69	6,833,997.24
Commercial acceptance bills	0.00	0.00
Domestic letter of credit	0.00	0.00
Subtotal	36,103,550.69	6,833,997.24
Minus: Provision for bad debts	0.00	0.00
Total	36,103,550.69	6,833,997.24

(2) Pledged notes receivable at the end of the year

There was no pledged notes receivable at the end of the year.

(3) The amount of endorsed or discounted notes receivable that become mature after

the date of balance sheet at the end of the year

Item	Ending balance of those derecognized	Ending balance of those not derecognized
Bank acceptance bills	990,378,393.50	0.00

(4) Notes converted to accounts receivable at the year end due to the non-performance of the drawer

There are not notes converted to accounts receivable at the year end due to the non-performance of the drawer.

5.Accounts Receivable

(1) Disclosure by aging

Aging	Ending balance	Ending balance of previous year
Within 1 year	6,959,718,218.05	5,936,909,719.60
Wherein: Within 6 months	6,958,011,126.13	5,934,976,646.98
7-12 months	1,707,091.92	1,933,072.62
1-2 years	1,719,755.72	10,854,722.72
2-3 years	1,137,723.29	952,317.00
Over three years	9,860,569.76	9,091,513.28
Subtotal	6,972,436,266.82	5,957,808,272.60
Minus: Provision for bad debts	11,030,712.73	13,514,987.12
Total	6,961,405,554.09	5,944,293,285.48

(2) Presented based on bad debt reserve provision method

Category	Ending balance				
	Book Balance		Provision for bad debts		Book Balance
	Amount	Proportion (%)	Amount	Allotment rate (%)	
Accounts receivable with single provision for bad debt	8,510,212.00	0.12	8,510,212.00	100.00	0.00

Category	Ending balance				
	Book Balance		Provision for bad debts		Book Balance
	Amount	Proportion (%)	Amount	Allotment rate (%)	
Wherein: Hangzhou Hengchuang Chemical Fibre Co., Ltd.	8,510,212.00	0.12	8,510,212.00	100.00	0.00
Receivables with bad debt provision made as per different groups	6,963,926,054.82	99.88	2,520,500.73	0.04	6,961,405,554.09
Wherein: The credit risk characteristic of this portfolio of receivables is defined by account receivable aging.	6,963,926,054.82	99.88	2,520,500.73	0.04	6,961,405,554.09
Total	6,972,436,266.82	100.00	11,030,712.73	0.16	6,961,405,554.09

(Continued)

Category	Ending balance of previous year				
	Book Balance		Provision for bad debts		Book Balance
	Amount	Proportion (%)	Amount	Allotment rate (%)	
Accounts receivable with single provision for bad debt	9,359,133.29	0.16	9,359,133.29	100.00	0.00
Wherein: Hangzhou Hengchuang Chemical Fibre Co., Ltd.	8,510,212.00	0.14	8,510,212.00	100.00	0.00
A A YARN MILLS LTD/SAYEM	848,921.29	0.01	848,921.29	100.00	0.00
Receivables with bad debt provision made as per different groups	5,948,449,139.31	99.84	4,155,853.83	0.07	5,944,293,285.48

Category	Ending balance of previous year				
	Book Balance		Provision for bad debts		Book Balance
	Amount	Proportion (%)	Amount	Allotment rate (%)	
Wherein: This credit risk characteristic of this portfolio of receivables is defined by account receivable aging.	5,948,449,139.31	99.84	4,155,853.83	0.07	5,944,293,285.48
Total	5,957,808,272.60	100.00	13,514,987.12	0.23	5,944,293,285.48

① Accounts receivable with single provision for bad debt

Accounts Receivable (by Unit)	Ending balance			
	Book balance	Bad debt provision	Allotment rate	Reason for provision
Hangzhou Hengchuang Chemical Fibre Co., Ltd.	8,510,212.00	8,510,212.00	100%	Expected to be less likely recovered

(Continued)

Accounts Receivable (by Unit)	Ending balance of previous year			
	Book balance	Bad debt provision	Allotment rate	Reason for provision
Hangzhou Hengchuang Chemical Fibre Co., Ltd.	8,510,212.00	8,510,212.00	100%	Expected to be less likely to be recovered
A A YARN MILLS LTD/SAYEM.	848,921.29	848,921.29	100%	Expected to be less likely to be recovered
Total	9,359,133.29	9,359,133.29	--	--

② Accounts receivable with bad debt provision made based on aging combination

Aging	Ending balance		
	Accounts receivable	Bad debt provision	Allotment rate (%)
Within 6 months	6,958,011,126.13	0.00	0.00
7-12 months	1,707,091.92	85,354.59	5.00

1-2 years	1,719,755.72	515,926.73	30.00
2-3 years	1,137,723.29	568,861.65	50.00
Over three years	1,350,357.76	1,350,357.76	100.00
Total	6,963,926,054.82	2,520,500.73	--

(Continued)

Aging	Ending balance of previous year		
	Accounts receivable	Bad debt provision	Allotment rate (%)
Within 6 months	5,934,976,646.98	0.00	0.00
7-12 months	1,933,072.62	96,653.63	5.00
1-2 years	10,005,801.43	3,001,740.42	30.00
2-3 years	952,317.00	476,158.50	50.00
Over three years	581,301.28	581,301.28	100.00
Total	5,948,449,139.31	4,155,853.83	--

(3)Bad debt preparation

Category	Ending balance of previous year	Amount of changes in current period			Ending balance
		Provision	Amount recovered or written back	Resell or write off	
Accounts receivable with single provision for bad debt	9,359,133.29	0.00	431,103.55	417,817.74	8,510,212.00
Credit risk characteristic of this portfolio of receivables is defined by account receivable aging.	4,155,853.83	3,048,525.78	3,968,120.81	715,758.07	2,520,500.73
Total	13,514,987.12	3,048,525.78	4,399,224.36	1,133,575.81	11,030,712.73

Among them: Significant amounts of bad debt provisions recovered or reversed during the current period.

Company name	Recovered or reversed amount	Recovery method:
A A YARN MILLS LTD/SAYEM	431,103.55	Collection of receivables

(4)The status of accounts receivable actually written off in this period

Item	Write-off amount
Actual written-off accounts receivable	1,308,575.8

(5)The top five ending amounts (totals by borrower) of accounts receivable

The top five ending amounts (totals by borrower) of the Company's accounts receivable amounted to RMB 2,268,757,401.73 in total, accounting for 32.54% of the year-end balance of accounts receivable, and the corresponding year-end balance of the provision for bad debts was RMB 0.00.

6.Accounts receivable financing

(1) Classified presentation of receivables financing

Item	Ending balance	Ending balance of previous year
Notes receivable	31,968,266.76	8,782,497.35
Accounts receivable	0.00	0.00
Total	31,968,266.76	8,782,497.35

(2)Changes in increase or decrease of financing of receivables in the current period and changes in fair value

Item	Ending balance of previous year		Changes in current period		Ending balance	
	Cost	Changes of fair value	Cost	Changes of fair value	Cost	Changes of fair value
Notes receivable	8,782,497.35	0.00	23,185,769.41	0.00	31,968,266.76	0.00
Accounts receivable	0.00	0.00	0.00	0.00	0.00	0.00
Total	8,782,497.35	0.00	23,185,769.41	0.00	31,968,266.76	0.00

(3)The amount of endorsed or discounted accounts receivable that become mature after the date of balance sheet at the end of the year.

Item	Ending balance of those derecognized	Ending balance of those not derecognized
Bank acceptance bills	2,710,693,784.55	0.00
Domestic letter of credit	135,615,680.00	0.00

Item	Ending balance of those	Ending balance of those not
	derecognized	derecognized
Total	2,846,309,464.55	0.00

(4)Other description

During the current period, the Company discounted bank acceptance bills of RMB 2,877,209,372.13 (RMB 2,232,443,983.65 in the previous year) under the financing of receivables to banks. Main risks (e.g. interest rate risk) and remunerations related to these bank acceptance bills have been transferred to the bank. Therefore, the Company shall derecognize discounted immature bank acceptance bills. According to the cashing agreement, if the banker's acceptance failed to be cashed upon maturity, the bank has the right to ask the Company to pay off the unsettled balance. Therefore, the Company continued to involve in cashing the banker's acceptance. On December 31, 2025, the cashed but not mature banker's acceptance was RMB 1,875,250,449.67 in total (RMB 1,289,014,668.95 on December 31, 2024).

7.Advance payment**(1)Presentation of advance payment based on aging**

Aging	Ending balance		Ending balance of previous year	
	Amount	Proportion (%)	Amount	Proportion (%)
Within 1 year	611,957,255.85	98.37	1,526,591,190.88	97.19
1-2 years	5,362,185.86	0.86	21,504,563.01	1.37
2-3 years	2,397,275.54	0.39	13,714,211.05	0.87
Over three years	2,362,003.42	0.38	8,951,749.01	0.57
Total	622,078,720.67	100.00	1,570,761,713.95	100.00

(2)Important advance payment with aging >1 year

At the end of the term, there was no important advance payment with aging >1 year in the Company.

(3)Advance payment with top five ending balance collected by object of prepayment

The top five ending amounts (totals by prepayment objects) of the Company's

advance payments amounted to RMB 317,539,010.12, accounting for 51.04% in the total balance of prepayments at the year-end balance.

8. Other receivables

Item	Ending balance	Ending balance of previous year
Interest receivable	0.00	0.00
Dividends receivable	0.00	0.00
Other receivables	96,122,937.92	262,407,082.57
Total	96,122,937.92	262,407,082.57

(1) Other receivables

① Disclosure by aging

Aging	Ending balance	Ending balance of previous year
Within 1 year	24,312,242.14	195,420,165.44
1-2 years	3,971,389.74	45,931,111.91
2-3 years	43,849,180.83	1,427,868.49
Over three years	56,414,902.72	59,251,722.27
Subtotal	128,547,715.43	302,030,868.11
Minus: Bad debt provision	32,424,777.51	39,623,785.54
Total	96,122,937.92	262,407,082.57

② Classification based on nature of fund

Nature of account	Ending balance	Ending balance of previous year
Receivables and payable such as advances from entities beyond the scope of consolidation	10,027,763.22	68,078,241.54
Combination of tax refunds receivable and other government subsidies	5,949,047.22	10,263,489.71
Portfolio of deposits and security	55,074,956.63	159,967,909.41
Employee loan and petty cash	4,168,181.33	9,646,041.63

Other groups	53,327,767.03	54,075,185.82
Subtotal	128,547,715.43	302,030,868.11
Minus: Bad debt provision	32,424,777.51	39,623,785.54
Total	96,122,937.92	262,407,082.57

③ Accrual of bad debt reserves

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss of the future twelve months	Expected credit loss over the lifetime (no credit impairment has occurred)	Expected credit loss over the lifetime (credit impairment has occurred)	
Balance at end of previous year	11,521,009.72	31,700.00	28,071,075.82	39,623,785.54
Book balance of other receivables at the end of the previous year:				
- Transferred to Stage 2	0.00	--	--	0.00
- Transferred to Stage 3	0.00	0.00	--	0.00
- Transferred back to Stage 2	--	--	0.00	0.00
- Transferred back to Stage 1	--	0.00	0.00	0.00
Provision in current period	310,997.71	0.00	0.00	310,997.71
Roll-back in current period	7,498,305.74	11,700.00	0.00	7,510,005.74
Write-off in current period	0.00	0.00	0.00	0.00

Cancellation after verification in current period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Ending balance	4,333,701.69	20,000.00	28,071,075.82	32,424,777.51

④ Situation of bad debt reserves

Category	Ending balance of previous year	Amount of changes in current period			Ending balance
		Provision	Amount recovered or written back	Write-off or Cancellation after Verification and Others	
Receivables and payables such as advances from entities beyond the scope of consolidation	2,042,347.25	26,905.04	1,768,419.39	0.00	300,832.90
Portfolio of deposits and security	8,019,843.20	217,086.58	5,461,862.14	0.00	2,775,067.64
Employee loan and petty cash	289,381.21	63,235.83	227,571.59	0.00	125,045.45
Other groups	29,272,213.88	3,770.26	52,152.62	0.00	29,223,831.52
Total	39,623,785.54	310,997.71	7,510,005.74	0.00	32,424,777.51

⑤ Other receivables with top five ending balance collected by debtor

Name of organization	Nature of account	Ending balance	Aging	Proportions in the total other accounts receivable at the year ended (%)	Bad debt provision Ending balance
China (Guangxi) Pilot Free	Deposit	40,000,000.00	2-3 years	31.12	2,000,000.00

Name of organization	Nature of account	Ending balance	Aging	Proportions in the total other accounts receivable at the year ended (%)	Bad debt provision Ending balance
Trade Zone Qinzhou Port Area Investment Service Centre					
Wang XX	Claim for indemnity	1,719,275.62	Within 1 year	21.75	27,956,250.71
		26,236,975.09	2-3 year		
Fulida Group and Xinghui Chemical Fibre Group Co., Ltd.	Compensation	3,970.00	Within 1 year	19.35	1,243,970.02
		35,157.60	1-2 years		
		1,260,157.61	2-3 years		
		23,580,115.13	Over 3 years		
Hangzhou Xiaoshan District Taxation Bureau	VAT refund	5,949,047.22	Within 1 year	4.63	0.00
SINOTRANS (B)SDN BHD	Advance payment	4,325,378.86	Within 1 year	3.36	129,761.37
Total	—	103,110,077.13	—	80.21	31,329,982.10

Note: The relevant description on balance formation of the Company's "other receivables - Wang" and full provision for bad debts at the end of current period can be found in Note XII. 2 (1).

⑥Accounts receivable involving government grants

Name of organization	Name of government grants	Ending balance	Aging at the end of the period	Time, amount and basis of estimated collection
----------------------	---------------------------	----------------	--------------------------------	--

Hangzhou Xiaoshan District Taxation Bureau	VAT refund	5,949,047.22	Within 1 ye ars	Before May, 2026
---	------------	--------------	--------------------	------------------

Note: As of the date of this financial report, RMB 5,723,793.10 has been recovered from "VAT refunds".

9. Inventory

(1) Classification of inventory

Item	Ending balance		
	Book balance	Inventory depreciation reserves/Impairment reserves for contract performance cost	Book value
Materials in transit	1,281,120,920.32	0.00	1,281,120,920.32
Raw materials	5,329,198,991.06	2,818,486.85	5,326,380,504.21
Goods in process	933,422,225.99	1,089,156.70	932,333,069.29
Commodity stocks	5,818,009,912.06	44,940,404.16	5,773,069,507.90
Contract performance cost	0.00	0.00	0.00
Total	13,361,752,049.43	48,848,047.71	13,312,904,001.72

(Continued)

Item	Ending balance of previous year		
	Book balance	Inventory depreciation reserves/Impairment reserves for contract performance cost	Book value
Materials in transit	1,132,593,583.62	0.00	1,132,593,583.62
Raw materials	4,915,655,553.20	334,764.20	4,915,320,789.00
Goods in process	953,201,280.01	6,681,067.38	946,520,212.63
Commodity stocks	5,432,963,593.45	27,546,541.09	5,405,417,052.36
Contract performance cost	7,585,477.49	0.00	7,585,477.49
Total	12,441,999,487.77	34,562,372.67	12,407,437,115.10

(2) Inventory depreciation reserves

Item	Ending balance of previous year	Increase in current period		Decrease in current period		Ending balance
		Provision	Others	Write-back or write-off	Others	
Materials in transit	0.00	0.00	0.00	0.00	0.00	0.00
Raw materials	334,764.20	2,818,486.85	0.00	334,764.20	0.00	2,818,486.85
Goods in process	6,681,067.38	1,106,248.38	0.00	6,636,600.63	61,558.43	1,089,156.70
Commodity stocks	27,546,541.09	45,268,109.51	0.00	27,446,848.38	427,398.06	44,940,404.16
Total	34,562,372.67	49,192,844.74	0.00	34,418,213.21	488,956.49	48,848,047.71

Note: The reason for the reversal of inventory write-downs during this period by the company is the external sale of inventory for which inventory write-downs had been previously recognized.

10. Non-current assets due within one year

Item	Ending balance	Ending balance of previous year
Long-term receivables due within one year	14,337,675.80	68,036,685.67

11. Other current assets

Item	Ending balance	Ending balance of previous year
Unamortized expense	156,243,098.87	171,024,774.64
Input tax retained	315,905,050.64	503,270,173.56
Excess tax paid	23,089,446.63	6,279,179.63
Input VAT pending certification	743,105,431.01	451,951,222.16
Others	577,987.40	457,063.42
Total	1,238,921,014.55	1,132,982,413.41

12. Long-term receivable

Long-term accounts receivable

Item	Ending balance	Ending balance of previous year
------	----------------	---------------------------------

	Book balance	Impairment Reserve	Book value	Book balance	Impairment Reserve	Book value
Financing lease	19,083,354.48	0.00	19,083,354.48	86,100,208.02	0.00	86,100,208.02
Wherein: Unrealized financing income	-916,645.52	0.00	-916,645.52	-2,730,448.66	0.00	-2,730,448.66
Long-term deposits	5,720,298.07	0.00	5,720,298.07	5,576,906.36	0.00	5,576,906.36
Minus: Portion due within one year	14,337,675.80	0.00	14,337,675.80	68,036,685.67	0.00	68,036,685.67
Total	10,465,976.75	0.00	10,465,976.75	23,640,428.71	0.00	23,640,428.71

13. Long-term equity investments

Item	Ending balance			Ending balance of previous year		
	Book balance	Impairment Reserve	Book value	Book balance	Impairment Reserve	Book value
Investments in joint ventures and associates	13,631,219,310.67	0.00	13,631,219,310.67	13,911,759,800.05	0.00	13,911,759,800.05

Investments in joint ventures and associates

Investee	Ending balance of previous year	Changes of increase or decrease in current period				
		Additional investment	Negative investment	Investment profits and losses recognized under the equity method	Other comprehensive income adjustment	Changes in other equity
I. Joint ventures						

Investee	Ending balance of previous year	Changes of increase or decrease in current period				
		Additional investment	Negative investment	Investment profits and losses recognized under the equity method	Other comprehensive income adjustment	Changes in other equity
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	1,168,044,945.89	0.00	0.00	-149,455,323.12	0.00	0.00
Hainan Yisheng Petrochemical Co., Ltd.	3,528,808,582.49	0.00	0.00	-28,608,525.54	8,740,960.05	0.00
Subtotal	4,696,853,528.38	0.00	0.00	-178,063,848.66	8,740,960.05	0.00
II. Associated companies						
Dalian Yisheng Investment Co., Ltd.	2,009,322,238.22	0.00	0.00	-50,322,871.56	-889,374.33	0.00
Zhejiang Yisheng New Materials Co., Ltd.	873,774,635.78	0.00	0.00	-162,481,897.00	-1,450,374.94	0.00
China Zheshang Bank Co., Ltd.	6,153,049,761.71	0.00	0.00	423,723,288.90	-131,617,200.00	0.00
Ningbo Jinhou Industry Investment Co., Ltd.	13,850,798.62	0.00	0.00	-216,200.30	0.00	0.00
Dongzhan Shipping Co., Ltd.	164,908,837.34	0.00	0.00	1,814,070.36	-1,912,234.14	0.00
Subtotal	9,214,906,271.67	0.00	0.00	212,516,390.40	-135,869,183.41	0.00
Total	13,911,759,800.05	0.00	0.00	34,452,541.74	-127,128,223.36	0.00

(Continued)

Investee	Changes of increase or decrease in current period			Ending balance	Impairment reserves Ending balance
	Announcement of release Cash dividend or profit	Provisions for impairment reserves	Others		
I. Joint ventures					
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	36,156,357.15	0.00	0.00	982,433,265.62	0.00
Hainan Yisheng Petrochemical Co., Ltd.	0.00	0.00	0.00	3,508,941,017.00	0.00
Subtotal	36,156,357.15	0.00	0.00	4,491,374,282.62	0.00
II. Associated companies					
Dalian Yisheng Investment Co., Ltd.	0.00	0.00	0.00	1,958,109,992.33	0.00
Zhejiang Yisheng New Materials Co., Lt	0.00	0.00	0.00	709,842,363.84	0.00
China Zheshang Bank Co., Ltd.	151,708,450.61	0.00	0.00	6,293,447,400.00	0.00
Ningbo Jinhou Industry Investment Co., Ltd.	0.00	0.00	0.00	13,634,598.32	0.00
Dongzhan Shipping Co., Ltd.	0.00	0.00	0.00	164,810,673.56	0.00
Subtotal	151,708,450.61	0.00	0.00	9,139,845,028.05	0.00
Total	187,864,807.76	0.00	0.00	13,631,219,310.67	0.00

14. Other equity instrument investments

(1) Investment in other equity instruments

Item	Ending balance	Ending balance of previous year
Zhejiang Hengchuang Advanced Functional Fibre Innovation Center Co., Ltd.	600,000.00	600,000.00
Jiangsu New Horizon Advanced Functional Fibre Innovation Center Co., Ltd.	5,000,000.00	5,000,000.00
Total	5,600,000.00	5,600,000.00

15. Fixed assets

Item	Ending balance	Ending balance of previous year
Fixed assets	41,957,467,964.81	43,686,502,928.39
Liquidation of fixed assets	111,817.52	104,000.00
Total	41,957,579,782.33	43,686,606,928.39

(1)Fixed assets**①Information of fixed assets**

Item	Houses and buildings	Structures	Machinery equipment	Transportation equipment	Office facilities and others	Total
I. Original book value						
1. Ending balance (previous year)	13,396,272,197.38	1,557,990,506.31	52,125,855,600.45	371,503,112.48	351,255,344.91	67,802,876,761.53
2. Increase in current period	590,166,239.87	106,208,213.24	1,159,861,047.65	4,477,571.02	30,201,194.65	1,890,914,266.43
(1) Acquisition	82,046,107.54	10,611,819.70	132,697,663.11	4,476,544.47	27,885,619.99	257,717,754.81
(2)Transfer from construction in progress	508,120,132.33	95,596,393.54	1,016,745,603.26	1,026.55	2,315,574.66	1,622,778,730.34
(3)Translation of foreign currency statements	0.00	0.00	0.00	0.00	0.00	0.00
(4)Reclassification of fixed assets	0.00	0.00	9,175,328.45	0.00	0.00	9,175,328.45
(5)Other	0.00	0.00	1,242,452.83	0.00	0.00	1,242,452.83
3、 Decrease in current period	172,931,353.10	2,715.28	535,762,890.66	5,230,450.16	5,707,956.19	719,635,365.39
(1)Disposal or retirement	0.00	0.00	70,225,521.90	2,759,195.59	4,245,865.74	77,230,583.23

2025 Annual Report of Hengyi Petrochemical Co., Ltd.

Item	Houses and buildings	Structures	Machinery equipment	Transportation equipment	Office facilities and others	Total
(2)Transfer to construction in progress	0.00	0.00	18,412,252.88	0.00	0.00	18,412,252.88
(3)Translation of foreign currency statements	163,756,024.65	2,715.28	447,125,115.88	2,471,254.57	1,462,090.45	614,817,200.83
(4)Reclassification of fixed assets	9,175,328.45	0.00	0.00	0.00	0.00	9,175,328.45
(5)Others	0.00	0.00	0.00	0.00	0.00	0.00
4. Balance at the end of current year	13,813,507,084.15	1,664,196,004.27	52,749,953,757.44	370,750,233.34	375,748,583.37	68,974,155,662.57
II.Accumulated depreciation						
1. Ending balance (previous year)	2,187,702,856.67	866,691,027.45	20,557,359,653.73	249,773,970.73	254,846,324.56	24,116,373,833.14
2. Increase in current period	343,910,814.94	91,531,250.51	2,523,715,979.57	33,640,164.21	54,778,746.57	3,047,576,955.80
(1) Provision	343,910,814.94	91,531,250.51	2,522,623,099.30	33,640,164.21	54,778,746.57	3,046,484,075.53
(2)Conversion of foreign currency statements	0.00	0.00	0.00	0.00	0.00	0.00
3、 Decrease in current period	0.00	0.00	1,092,880.27	0.00	0.00	1,092,880.27
(1)Disposal or retirement	20,112,383.96	1,919.45	117,141,107.69	4,607,488.22	5,400,191.86	147,263,091.18
(2)Transfer to construction in progress	0.00	0.00	30,395,619.25	2,578,177.59	4,025,583.12	36,999,379.96
(3)Translation of	0.00	0.00	6,587,663.09	0.00	0.00	6,587,663.09

2025 Annual Report of Hengyi Petrochemical Co., Ltd.

Item	Houses and buildings	Structures	Machinery equipment	Transportation equipment	Office facilities and others	Total
foreign currency statements						
(4)Reclassification of fixed assets	19,019,503.69	1,919.45	80,157,825.35	2,029,310.63	1,374,608.74	102,583,167.86
4. Balance at the end of current year	1,092,880.27	0.00	0.00	0.00	0.00	1,092,880.27
III. Impairment reserves						
1. Ending balance (previous year)	0.00	0.00	0.00	0.00	0.00	0.00
2. Increase in current period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00	0.00
3. Decrease in current period	0.00	0.00	0.00	0.00	0.00	0.00
(1) Disposal or retirement	0.00	0.00	0.00	0.00	0.00	0.00
4. Balance at the end of current year	0.00	0.00	0.00	0.00	0.00	0.00
IV. Book value						
1. Book value at the end of this year	11,302,005,796.50	705,975,645.76	29,786,019,231.83	91,943,586.62	71,523,704.10	41,957,467,964.81
2. Book value at the end of the previous year	11,208,569,340.71	691,299,478.86	31,568,495,946.72	121,729,141.75	96,409,020.35	43,686,502,928.39

② Temporarily idle fixed assets

Item	Original Book Value	Accumulated depreciation	Impairment reserves	Book value
Houses and buildings	33,540,318.87	22,313,069.77	0.00	11,227,249.10
Structures	151,810,528.29	129,243,432.05	0.00	22,567,096.24
Machinery equipment	2,064,864,642.80	1,824,812,495.47	0.00	240,052,147.33
Transportation equipment	1,837,104.56	1,742,369.37	0.00	94,735.19
Office equipment and others	540,960.52	484,955.28	0.00	56,005.24
Total	2,252,593,555.04	1,978,596,321.94	0.00	273,997,233.10

③ Situation of fixed assets with uncompleted certificate of title

Item	Book value	Reasons for failure to complete relevant affairs of property right certificate
Fujian Yi Jin Chemical Fibre Co., Ltd.	35,842,084.97	In process
Guangxi Hengyi New Material Co., Ltd	69,392,152.78	In process
Guangxi Pilot Free Trade Zone Yihai Port Co., Ltd.	6,585,644.84	In process
Haining Hengyi Thermal Power Co., Ltd.	136,773,664.23	In process
Suqian Hengyuan Thermal Energy Co., Ltd.	161,591,164.61	In process
Hangzhou Yitong New Materials Co., Ltd.	288,231,483.84	In process
Suqian Yida New Materials Co., Ltd.	354,673,255.26	In process
Taicang Yifeng Chemical Fibre Co., Ltd.	11,789,708.46	Property obtained by auction, in progress
Zhejiang Shuangtu New Materials	6,716,052.09	Makeshift house

Co., Ltd.		
(2)Liquidation of fixed assets		
Machinery equipment	Ending balance	Ending balance of previous year
Machinery equipment	111,817.52	104,000.00

16.Construction in progress

Item	Ending balance	Ending balance of previous year
Construction in progress	14,898,218,248.55	8,314,604,283.57
Engineering materials	58,858,008.41	398,287,215.20
Total	14,957,076,256.96	8,712,891,498.77

(1)In-process construction

① Situation of in-process construction

Item	Ending balance			Ending balance of previous year		
	Book balance	Impairment Reserve	Book value	Book balance	Impairment reserves	Book value
Phase II of the Brunei Refinery Project	3,039,059,335.31	0.00	3,039,059,335.31	2,930,636,892.41	0.00	2,930,636,892.41
Guangxi Jijin Project (Phase I)	9,874,568,650.35	0.00	9,874,568,650.35	4,614,778,432.82	0.00	4,614,778,432.82
Suqian Yida Phase II Capacity Expansion Project	478,084,550.31	0.00	478,084,550.31	42,928,837.52	0.00	42,928,837.52

2025 Annual Report of Hengyi Petrochemical Co., Ltd.

Haining Polyester Filament Capacity Expansion Project	429,985,024.85	0.00	429,985,024.85	0.00	0.00	0.00
Hangzhou Yitong's Functional Fiber New Material Upgrading and Renovation Project	460,188,998.98	0.00	460,188,998.98	435,059,043.34	0.00	435,059,043.34
Others	616,331,688.75	0.00	616,331,688.75	291,201,077.48	0.00	291,201,077.48
Total	14,898,218,248.55	0.00	14,898,218,248.55	8,314,604,283.57	0.00	8,314,604,283.57

② Changes of major construction projects in progress in current period

Item	Budget (RMB 10,000)	Ending balance of previous year	Increase in current period amount	Amount of transferred into fixed assets in current period	Other decrease in current period	Ending balance
Phase II of the refining- petrochemical project in Brunei	\$1,365,389.00	2,930,636,892.41	176,268,583.79	0.00	67,846,140.89	3,039,059,335.31
Hangzhou Yitong's Annual Production of 1.4 Million Tons Functional Fiber New Material Upgrading and Renovation Project	1,054,737.57	4,614,778,432.82	5,433,288,312.91	173,498,095.38	0.00	9,874,568,650.35
Guangxi Jijin Project (Phase I)	385,000.00	42,928,837.52	490,806,533.91	55,650,821.12	0.00	478,084,550.31

Suqian Yida Phase II Capacity Expansion Project	92,960.00	0.00	429,985,024.85	0.00	0.00	429,985,024.85
The project of centralized heating for Suqian Yida Project	300,000.00	435,059,043.34	831,782,641.41	806,652,685.77	0.00	460,188,998.98
Others	--	291,201,077.48	915,898,676.71	586,977,128.07	3,790,937.37	616,331,688.75
Total	--	8,314,604,283.57	8,278,029,773.58	1,622,778,730.34	71,637,078.26	14,898,218,248.55

(Continued)

Project name	Proportion of project accumulated investment in budget (%)	Progress of Works (%) Project progress	Interest capitalization accumulative amount	Wherein: Interest for the current period Capitalized amount	Capitalization rate of interest in current period (%)	Sources of funds
Phase II of the refining-petrochemical project in Brunei	3.17	3.17%	0.00	0.00	--	Other sources
Hangzhou Yitong's Annual Production of 1.4 Million Tons Functional Fiber New Material Upgrading and Renovation Project	95.68	95.00%	381,937,635.55	180,122,835.95	3.52	Loans from financial institutions and other sources
Guangxi Jijin Project (Phase I)	41.52	46.38%	29,741,058.10	4,770,039.75	5.64	Raised funds and other sources
Suqian Yida Phase II Capacity Expansion Project	46.25	53.00%	394,749.26	394,749.26	2.50	Loans from financial institutions and other sources

The project of centralized heating for Suqian Yida Project	42.23	46.42%	6,732,064.95	6,732,064.95	4.05	Loans from financial institutions and other sources
Others	--	--	0.00	0.00	--	Other sources
Total	--	--	418,805,507.86	192,019,689.91	--	--

(2)Engineering materials

Item	Ending balance			Ending balance of previous year		
	Book balance	Impairment reserves	Book value	Book balance	Impairment reserves	Book value
Special materials	47,426,267.77	0.00	47,426,267.77	60,081,003.13	0.00	60,081,003.13
Special equipment	11,431,740.64	0.00	11,431,740.64	338,206,212.07	0.00	338,206,212.07
Total	58,858,008.41	0.00	58,858,008.41	398,287,215.20	0.00	398,287,215.20

17.Right-of-use assets

Item	Houses and buildings	Machinery equipment	Land use right	Total
I. Original book value				
1. Ending balance (previous year)	79,206,377.69	0.00	428,306,492.91	507,512,870.60
2. Increase in current period	17,507,061.24	0.00	286,665,677.13	304,172,738.37
(1) Increase in rental income	18,290,463.29	0.00	300,822,876.75	319,113,340.04
(2) Conversion of foreign currency statements	-783,402.05	0.00	-14,157,199.62	-14,940,601.67
3. Decrease in current period	11,173,591.38	0.00	0.00	11,173,591.38
(1) Decrease due to	11,173,591.38	0.00	0.00	11,173,591.38

Item	Houses and buildings	Machinery equipment	Land use right	Total
contract expiration				
(2)Conversion of foreign currency statements	0.00	0.00	0.00	0.00
4.Balance at the end of current year	85,539,847.55	0.00	714,972,170.04	800,512,017.59
II.Accumulated depreciation				
1.Ending balance (previous year)	32,969,943.42	0.00	63,122,497.59	96,092,441.01
2.Increase in current period	21,979,804.80	0.00	73,364,767.61	95,344,572.41
(1) Provision	21,979,804.80	0.00	73,364,767.61	95,344,572.41
(2)Conversion of foreign currency statements	0.00	0.00	0.00	0.00
3. Decrease in current period	11,660,840.25	0.00	2,534,968.26	14,195,808.51
(1)Decrease due to contract expiration	11,173,591.38	0.00	0.00	11,173,591.38
(2)Conversion of foreign currency statements	487,248.87	0.00	2,534,968.26	3,022,217.13
4.Balance at the end of current year	43,288,907.97	0.00	133,952,296.94	177,241,204.91
III. Impairment reserves				
1.Ending balance (previous year)	0.00	0.00	0.00	0.00
2. Increase in current period	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00

Item	Houses and buildings	Machinery equipment	Land use right	Total
3. Decrease in current period	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00
4. Balance at the end of current year	0.00	0.00	0.00	0.00
IV. Book value				
1. Book value at the end of this year	42,250,939.58	0.00	581,019,873.10	623,270,812.68
2. Book value at the end of the previous year	46,236,434.27	0.00	365,183,995.32	411,420,429.59

18. Intangible assets

(1) Situation of intangible assets

Item	Land use right	Patents and Licences	Mark	Software and others	Total
I. Original book value					
1. Ending balance (previous year)	2,782,060,439.73	670,111,856.35	19,740.00	175,546,165.05	3,627,738,201.13
2. Increase in current period	525,600.00	548,902.89	0.00	4,669,663.07	5,744,165.96
(1) Acquisition	525,600.00	0.00	0.00	5,957,739.78	6,483,339.78
(2) Internal R&D	0.00	8,457,414.02	0.00	0.00	8,457,414.02
(3) Conversion of foreign currency statements	0.00	-7,908,511.13	0.00	-1,288,076.71	-9,196,587.84
3. Decrease in current period	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00
(2) Others	0.00	0.00	0.00	0.00	0.00
4. Balance at the end of	2,782,586,039.73	670,660,759.24	19,740.00	180,215,828.12	3,633,482,367.09

Item	Land use right	Patents and Licences	Mark	Software and others	Total
current year					
II..Accumulated amortization					
1.Ending balance (previous year)	392,383,531.79	487,370,202.51	19,740.00	112,886,922.61	992,660,396.91
2.Increase in current period	64,207,536.81	32,415,364.06	0.00	15,846,829.32	112,469,730.19
(1)Provision	64,207,536.81	36,967,540.52	0.00	16,622,651.96	117,797,729.29
(2)Conversion of foreign currency statements	0.00	-4,552,176.46	0.00	-775,822.64	-5,327,999.10
3. Decrease in current period	0.00	0.00	0.00	0.00	0.00
(1)Disposal	0.00	0.00	0.00	0.00	0.00
(2)Others	0.00	0.00	0.00	0.00	0.00
4.Balance at the end of current year	456,591,068.60	519,785,566.57	19,740.00	128,733,751.93	1,105,130,127.10
III. Impairment reserves					
1.Ending balance (previous year)	0.00	0.00	0.00	0.00	0.00
2.Increase in current period	0.00	0.00	0.00	0.00	0.00
(1) Provision	0.00	0.00	0.00	0.00	0.00
3.Decrease in current period	0.00	0.00	0.00	0.00	0.00
(1) Disposal	0.00	0.00	0.00	0.00	0.00
4. Balance at the end of current year	0.00	0.00	0.00	0.00	0.00
IV. Book value					
1.Book value at the end of	2,325,994,971.13	150,875,192.67	0.00	51,482,076.19	2,528,352,239.99

Item	Land use right	Patents and Licences	Mark	Software and others	Total
this year					
2. Book value at the end of the previous year	2,389,676,907.94	182,741,653.84	0.00	62,659,242.44	2,635,077,804.22

Note: As of the end of this period, intangible assets developed through the company's internal research and development accounted for 0.33% of the total balance of intangible assets.

(2) Situation of intangible assets with limited ownership or use right

Item	Book value at the end of the period	Amortization amount in current period	Reason for restriction
Land use right	658,347,888.67	20,416,386.70	Mortgage guarantee

19. Development expenditure

Item	Ending balance of previous year	Increase in current period		Decrease in current period		Ending Balance
		Internal development expenditures	Others	Recognized as Intangible assets	Transferred to current profit and loss	
3000 t/a Caprolactam Gas-Phase Rearrangement and Crystallization Project	74,998,918.93	31,145,846.56	0.00	0.00	0.00	106,144,765.49
2000 t/a (35%) Hydrogen Peroxide Project	5,457,990.75	2,999,423.27	0.00	8,457,414.02	0.00	0.00
Key Technologies and Industrialization for Green Polyester Preparation	3,566,768.25	19,408,717.91	0.00	0.00	0.00	22,975,486.16
Green Production Process Project for Nylon (Polyamide)	5,169,966.92	14,914,385.27	0.00	0.00	0.00	20,084,352.19
Foaming project	0.00	3,394,092.99	0.00	0.00	0.00	3,394,092.99
Total	89,193,644.85	71,862,466.00	0.00	8,457,414.02	0.00	152,598,696.83

20. Goodwill

(1) Original book value of goodwill

Name or formation of investee goodwill matters	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
		Business combination	Disposal	
Zhejiang Shuangtu New Material Co., Ltd.	221,865,586.69	0.00	0.00	221,865,586.69

(2) Impairment test process of goodwill

In November 2018, with an amount of RMB 2,105,000,000, the Company purchased all stocks of Zhejiang Shuangtu New Materials Co., Ltd., and amortized the merger prices in accordance with relevant accounting standards. On the combination date, the fair value is RMB 1,883,134,400 for the acquiree's net identifiable assets. As a result, an amount of RMB 221,865,600 goodwill is formed in the consolidated accounting statement.

This year, the Company assessed the recoverable amount of goodwill and conducted impairment tests on various asset groups related to goodwill. In the process of goodwill impairment test, the Company determined the composition of the assets of the asset groups related to the goodwill reflected in the Company's consolidated financial statements and their book value of RMB 1,421,643,800 based on the consolidated financial statement as on December 31, 2025 and the assets and operating conditions of the merged party Shuangtu. It is found after impairment test that the present value of the expected future cash flow of this goodwill and related asset group on December 31, 2025 was RMB 1,551,000,000, and no impairment occurred. Details are as follows:

Unit: 10,000

Item	Book number of consolidated statements
Fixed assets	100,928.73
Construction in progress	1,115.42
Intangible assets	17,912.03

Item	Book number of consolidated statements
Long-term unamortized expenses	21.64
Goodwill recognized in consolidated statements	22,186.56
Subtotal of book value of asset groups containing goodwill	142,164.38
Value of goodwill not recognized as attributable to minority shareholders' equity	0.00
Total adjusted book value of asset groups containing goodwill	142,164.38
Present value (recoverable amount) of the estimated future cash flow of the asset group	155,100.00

Note: For the present value (recoverable amount) of the expected future cash flow of the asset groups above, the results of assessment set out in the HYZXPBZ [2026] No. A01-0047 Asset Appraisal Report issued by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. on April 10, 2026 were used.

The recoverable amount of the asset groups above is determined according to the present value of the expected future cash flow. Based on its current operating conditions, business characteristics and market supply & demand and upon an overall analysis and consideration of various factors such as residual service life of main assets included in the asset group, the acquirer is estimated to enter a stable period in 2031. Therefore, the predictive period is determined from January 2026 to December 2030 (five years in total), and the discount rate of 9.33% is adopted.

Important assumptions for goodwill impairment test:

- ① Assumption of orderly transaction: Orderly transaction refers to the transaction that related assets or liabilities have usual marketing activities within a period of time prior to the measurement date.
- ② Assumption of open market: It means that assets can be traded freely in the fully competitive market, and that its price depends on independent buyer's and seller's value judgment under certain market supply and demand conditions. It is an assumption about the conditions of the target assets market and about the influence of

assets under relatively complete market conditions.

③ Going concern assumption: Assume no unforeseeable factor leading to a failure to continue operations, when the entrusted asset group is continuously operated in accordance with the current situation, purpose, usage mode and management level on the base date;

④ No significant change in the existing editions of applicable national laws & regulations and macro-economic situation; No unforeseeable significant change in external economic environment (e.g. interest rate, exchange rate, tax base & rate and policy collection expenses);

⑤ Assume that the Company's current business model can be continuously maintained in the future, and predict the future cash flow of assets based on current asset conditions, excluding the prediction of the future cash flow related to restructuring or modification that will probably occur in the future and that has not been promised yet;

⑥ The Client, the Acquired Party, and other relevant parties have provided all materials related to this appraisal that are true, complete, accurate, and valid.

⑦ It is assumed that, after the valuation base date, the asset group will generate net cash flows evenly over each year.

⑧ It is assumed that, after the valuation base date, the management of the Acquired Party is responsible, stable, and capable of fulfilling their duties.

⑨ The financial reports, transaction data, etc., of the comparable companies relied upon by the appraisers are all true and reliable.

21. Long-term deferred expenses

Item	Ending balance of previous year	Increase in current period	Amortization amount in current period	Other decreases in amount	Ending balance
Renovation costs	9,185,460.93	3,555,170.63	3,213,419.60	0.00	9,527,211.96
Storage tank use right transfer fees	319,444.58	0.00	147,435.96	0.00	172,008.62
Catalyst	356,222,394.52	67,268,486.51	84,076,227.06	30,737,637.85	308,677,016.12

Item	Ending balance of previous year	Increase in current period	Amortization amount in current period	Other decreases in amount	Ending balance
Others	8,321,647.14	609,308.53	2,973,149.44	1,138,915.09	4,818,891.14
Total	374,048,947.17	71,432,965.67	90,410,232.06	31,876,552.94	323,195,127.84

22. Deferred income tax assets/ deferred income tax liabilities

(1) Details of deferred income tax assets

Item	Ending balance		Ending balance of previous year	
	Deductible temporary difference	Deferred income tax assets	Deductible temporary difference	Deferred income tax assets
Impairment loss on credit assets	41,450,065.29	6,373,988.69	45,825,256.04	7,672,883.02
Asset impairment reserves	14,717,106.10	2,885,790.28	9,638,402.58	2,215,522.66
Changes in fair value of held-for-trading financial assets	11,110,368.76	2,088,598.31	12,454,536.69	3,113,634.17
Unrealized Profit from Internal Transactions	635,370.05	158,842.51	16,063.32	2,409.50
Accrued expenses	434,793.25	85,316.84	430,823.27	84,721.34
Deferred income	167,185,787.47	25,771,063.01	102,456,553.49	18,387,169.51
Deductible tax losses	1,380,700,274.15	258,408,433.79	1,404,860,636.46	267,039,485.91
Lease liability	6,442,338.07	1,078,268.81	6,666,907.12	1,693,217.52
Cash flow hedge	510,671.03	76,600.65	0.00	0.00
Total	1,623,186,774.17	296,926,902.89	1,582,349,178.97	300,209,043.63

(2) Details of deferred income tax liabilities

Item	Ending balance		Ending balance of previous year	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities

Item	Ending balance		Ending balance of previous year	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Appreciation of assets appraisal for business merger not under the same control	224,390,961.93	33,658,644.29	241,294,333.13	36,194,149.97
Changes in fair value of held-for-trading financial assets	8,516,170.47	1,277,425.57	4,418,800.00	1,095,934.00
Deduction differences of fixed assets before one-off income tax	121,037,698.04	21,727,062.99	143,505,404.15	25,828,897.14
Right-to-use assets	8,570,579.85	1,392,333.04	7,951,196.95	1,987,799.24
Unrealized profit from internal transactions	4,887,276.42	1,205,652.43	30,939,981.42	2,761,847.58
Cash-flow hedging	6,266,459.53	939,968.93	561,450.00	140,362.50
Total	373,669,146.24	60,201,087.25	428,671,165.65	68,008,990.43

(3) Details of unconfirmed deferred income tax assets

Item	Ending balance	Ending balance of previous year
Deductible temporary difference	243,080,456.19	200,876,259.18
Deductible losses	3,283,549,155.77	2,705,273,094.78
Total	3,526,629,611.96	2,906,149,353.96

(4) Deductible losses of unconfirmed deferred income tax assets will be mature in the following years

Year	Ending balance	Ending balance of previous year
2025	--	3,193,760.64
2026	408,986,910.03	444,503,261.08
2027	481,784,900.84	587,179,946.19
2028	528,344,091.33	528,344,796.98
2029	882,185,778.41	1,142,051,329.89
2030 and beyond	982,247,475.16	--
Total	3,283,549,155.77	2,705,273,094.78

23. Other non-current assets

Item	Ending balance	Ending balance of previous year
Payment for long-term assets	755,751,581.67	2,464,018,778.19
Input VAT credit arising from the acquisition of long-term assets that is expected to be non-deductible within the next year	674,212,587.23	0.00
Taxes for right-of-use assets	1,868,036.65	2,001,467.85
Others	304,950.00	37,908,939.74
Total	1,432,137,155.55	2,503,929,185.78

24. Short-term borrowing

(1) Classification of short-term loans

Item	Ending balance	Ending balance of previous year
Pledge loan	13,672,626,116.00	13,294,139,000.00
Mortgage loan	563,300,000.00	400,000,000.00
Guarantee loan	25,254,186,840.72	23,221,159,389.97

Item	Ending balance	Ending balance of previous year
Fiduciary loan	111,000,000.00	1,034,228,430.65
Loan interest	95,127,973.83	81,666,551.41
Total	39,696,240,930.55	38,031,193,372.03

Note: For asset classes and amounts of mortgaged loans, please refer to Note V.67.
For detailed category and amount of assets pledged for loan, please refer to Notes V.67.

25.Held-for-trading financial liabilities

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
Trading financial liabilities	2,546,598.89	348,031.13	2,484,148.10	410,481.92
Wherein:Exchangeable bonds issued	0.00	0.00	0.00	0.00
Derivative financial liabilities	2,546,598.89	348,031.13	2,484,148.10	410,481.92
Others	0.00	0.00	0.00	0.00
Refers to financial liabilities classified as at fair value through profit or loss	0.00	0.00	0.00	0.00
Total	2,546,598.89	348,031.13	2,484,148.10	410,481.92

26.Derivative financial liabilities

Item	Ending balance	Ending balance of previous year
Foreign exchange derivative instruments	790,580.79	0.00
Total	790,580.79	0.00

27.Notes payable

Category	Ending balance	Ending balance of previous year
Commercial acceptance bills	110,000,000.00	0.00
Bank acceptance bills	1,090,782,927.95	209,520,837.33
Domestic letter of credit	2,445,379,600.00	939,861,800.00
Total	3,646,162,527.95	1,149,382,637.33

28.Accounts payable

(1) Presentation of accounts payable

Item	Ending balance	Ending balance of previous year
Within 1 year	5,526,176,673.31	5,460,906,933.99
1-2 years	262,869,738.97	386,697,052.36
2-3 years	111,039,032.94	146,144,505.84
Over three years	393,784,033.28	522,644,661.85
Total	6,293,869,478.50	6,516,393,154.04

(2) There were no significant accounts payable with an aging of over one year during the current period

29. Contract liabilities

(1) Situation of contract liabilities

Item	Ending balance	Ending balance of previous year
Advance receipts for non-performance of contracts	801,728,565.33	1,386,822,788.84
Minus: Those included in other current liabilities (Note V.34)	82,878,755.23	133,419,904.46
Total	718,849,810.10	1,253,402,884.38

(2) The amounts and reasons for significant changes in the book value during the current period

Item	Amount for change	Reason for change
Advances for contracts not yet fulfilled	-534,553,074.28	Decrease in advance payments received

30. Payroll payable

(1) Presentation of payroll payable

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
I. Short-term remuneration	179,648,721.58	2,814,130,169.01	2,797,260,104.36	196,518,786.23

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
II. post-employment benefits- defined contribution plans	2,994,767.31	153,143,023.87	153,816,786.04	2,321,005.14
III. Termination benefits	0.00	7,353,793.55	7,353,793.55	0.00
IV. Other benefits due within one year	0.00	0.00	0.00	0.00
Total	182,643,488.89	2,974,626,986.43	2,958,430,683.9 5	198,839,791.37

(2) Presentation of short-term salaries

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
1. Wage, bonus, allowances and subsidies	177,000,987.26	2,564,277,752.98	2,547,091,035.58	194,187,704.66
2. Employee welfare expenses	106,527.38	98,745,356.71	98,851,884.09	0.00
3. Social insurance charges	626,648.45	84,341,395.50	84,315,124.41	652,919.54
Wherein: Medical insurance	589,174.80	74,651,550.55	74,625,964.23	614,761.12
Industrial injury insurance premiums	37,473.65	8,751,644.72	8,750,959.95	38,158.42
Birth insurance premiums	0.00	938,200.23	938,200.23	0.00
4. Housing fund	34,020.04	43,278,659.26	43,273,314.62	39,364.68
5. Labor union dues and personnel education fund	1,880,538.45	22,842,658.59	23,084,399.69	1,638,797.35
6. Short-term compensated absences	0.00	0.00	0.00	0.00
7. Short-term profit-sharing plan	0.00	0.00	0.00	0.00
8. Others	0.00	644,345.97	644,345.97	0.00
Total	179,648,721.58	2,814,130,169.01	2,797,260,104.36	196,518,786.23

(3) Presentation of defined contribution plans

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
1. Basic pension insurance	2,963,735.80	148,944,114.16	149,619,184.30	2,288,665.66
2. Unemployment insurance expenses	31,031.51	4,198,909.71	4,197,601.74	32,339.48
3. Enterprise annuities	0.00	0.00	0.00	0.00
Total	2,994,767.31	153,143,023.87	153,816,786.04	2,321,005.14

31. Tax payable

Item	Ending balance	Ending balance of previous year
Value-added tax	326,000,435.42	403,029,956.29
Enterprise income tax	108,971,427.57	39,307,649.29
Urban maintenance and construction tax	4,730,897.78	4,758,116.28
Education surcharge	2,097,686.33	2,100,734.50
Land use tax	23,073,288.25	23,140,928.35
Property tax	48,107,935.25	46,445,253.07
Individual income tax	2,383,623.75	2,031,775.82
Stamp tax	25,163,903.65	28,451,319.26
Local education surcharge	1,398,457.55	1,400,489.68
Disabled security fund	934,336.08	996,901.48
Others	606,749.19	125,993.90
Total	543,468,740.82	551,789,117.92

32. Other payable

Item	Ending balance	Ending balance of previous year
Interests payable	0.00	0.00
Dividends payable	32,000,000.00	0.00
Other payable	158,305,773.41	211,562,059.73

Total	190,305,773.41	211,562,059.73
-------	----------------	----------------

(1) Dividends payable

Item	Ending balance	Ending balance of previous year
Common stock dividends	32,000,000.00	0.00
Total	32,000,000.00	0.00

(2) Other payables

① Listed by nature of amount

Item	Ending balance	Ending balance of previous year
Receivables and payables	8,997,842.72	2,419,833.00
Deposit and security fund	88,582,819.99	141,282,807.23
Unliquidated expense funds	42,064,424.24	43,737,082.16
Agency fund	14,645,626.02	18,514,126.39
Others	4,015,060.44	5,608,210.95
Total	158,305,773.41	211,562,059.73

② Listed by aging

Item	Ending balance	Ending balance of previous year
Within 1 year	94,567,126.40	138,483,052.83
1-2 years	17,678,103.96	27,398,652.83
2-3 years	15,658,761.62	8,937,441.54
Over three years	30,401,781.43	36,742,912.53
Total	158,305,773.41	211,562,059.73

③ There was no significant accounts payable with aging exceeding 1 year during the

current period.

33. Non-current liabilities due within one year

Item	Ending balance	Ending balance of previous year
Long-term loans and interests mature within one year (Notes V. 35)	6,338,837,686.47	5,984,942,535.90
Bonds payable and interests mature within one year (Notes V. 36)	1,986,029,346.17	13,206,855.21
Lease liabilities mature within one year (Notes V. 37)	22,522,728.82	16,180,159.32
Long-term payables and interests mature within one year (Notes V5. 38)	1,224,872,645.47	884,692,763.68
Total	9,572,262,406.93	6,899,022,314.11

34. Other current liabilities

Item	Ending balance	Ending balance of previous year
Taxes of items for write-off	82,878,755.23	133,419,904.46

36. Long-term borrowings

Item	Ending balance	Ending balance of previous year
Mortgage loan	7,940,030,623.26	11,531,501,020.31
Guarantee loan	11,451,439,787.48	9,927,554,274.90
Interests payable	30,138,997.28	29,974,724.71
Minus: Long-term loans and interests due within one year (Notes V, 32)	6,338,837,686.47	5,984,942,535.90

Total	13,082,771,721.55	15,504,087,484.02
-------	-------------------	-------------------

Note: For asset classes and amounts of mortgaged loans, please refer to Note V. 67.

For detail category and amount of assets pledged for loan, please refer to Notes V.67.

36. Bonds payable

(1) Bonds payable

Item	Ending balance	Ending balance of previous year
Corporate bonds	2,744,059,932.27	4,494,979,631.55

(2) Increase/decrease in bonds payable (excluding other financial instruments divided into financial liabilities, such as preferred stock and perpetual bond)

Bond name	Nominal Value	Date of issue	Bond Deadline	Issue Amount	Ending balance of previous year
Hengyi Convertible Bond 127022	2,000,000,000.00	2020-10-16	6 years	1,508,831,199.68	1,880,900,159.45
Hengyi Convertible Bond 127067	3,000,000,000.00	2022-07-21	6 years	2,303,101,412.70	2,627,286,327.31
Subtotal	5,000,000,000.00	--		3,811,932,612.38	4,508,186,486.76
Minus: Partial year-end balance due within one year (Note V. 33)	--	--		--	13,206,855.21
Total	5,000,000,000.00	--		3,811,932,612.38	4,494,979,631.55

(Continued)

Bond name	Issuance in current period	Accrued interest at face value	Discounted amortization	Repayment or stock conversion in current period	Interest paid in current period	Ending balance
Hengyi Convertible Bond 127022	0.00	32,516,936.08	-80,275,745.72	44,500.00	29,996,854.	1,963,651,48

					50	6.75
Hengyi Convertible Bond 127067	0.00	28,631,727.52	-122,584,975.66	66,800.00	11,998,438.80	2,766,437.79
Subtotal	0.00	61,148,663.60	-202,860,721.38	111,300.00	41,995,293.30	4,730,089.27
Minus: Partial year-end balance due within one year (Note V. 33)	--	--	--	--	--	1,986,029.34
Total	0.00	61,148,663.60	-202,860,721.38	111,300.00	41,995,293.30	2,744,059.93

37. Lease liabilities

Item	Ending balance of previous year	Increase in current period			Decrease in current period	Ending balance
		New Lease	Interest for the current period	Others		
Land use right	449,824,598.04	300,822,876.75	245,848.25	0.00	153,332,094.86	843,163,605.71
Buildings	22,495,155.82	18,486,313.89	995,865.08	0.00	22,189,610.19	19,787,724.60
Minus: Lease liabilities due within one year (Note V. 33.)	16,180,159.32	--	--	--	--	22,522,728.82
Total	456,139,594.54	319,309,190.64	246,844.09	0.00	175,521,705.05	840,428,601.49

38. Long-term payable

Item	Ending balance	Ending balance of previous year
Long-term payables	1,230,833,378.87	1,070,496,662.83
Special payables	0.00	0.00
Total	1,230,833,378.87	1,070,496,662.83

(1) Long-term payable

Item	Ending balance	Ending balance of previous year
Financing lease payable	2,455,706,024.34	1,955,189,426.51
Minus: Partial balance due within one year (Note V. 33)	1,224,872,645.47	884,692,763.68
Total	1,230,833,378.87	1,070,496,662.83

39. Estimated liabilities

Item	Ending balance of previous year	Ending balance	Reason
Pending action	2,630,823.25	434,793.28	See Notes XI, 12 for details.

40. Deferred income

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance	Reason
Government grants	258,536,200.16	101,113,801.17	30,271,809.92	329,378,191.41	Assets-related
Government grants	10,485,590.78	2,469,300.00	4,864,572.28	8,090,318.50	Income-related
Total	269,021,790.94	103,583,101.17	35,136,382.20	337,468,509.91	

41. Share capital

Item	Ending balance of previous year	Increase/decrease in current period (+, -)					Ending balance
		Issue of new shares	Bonus shares	Capital reserve converted into share capital	Others	Subtotal	
Sum of shares	3,666,314,207.00	0.00	0.00	0.00	-63,692,486.00	-63,692,486.00	3,602,621,721.00

Note 1: The conversion period for "Hengyi Convertible Bond" (Bond Code: 127022) is from April 22, 2021, to October 15, 2026, and the conversion period for "Hengyi Convertible Bond 2" (Bond Code: 127067) is from January 30, 2023, to July 20, 2028. In the year 2025, a total of 455 "Hengyi Convertible Bond" units were converted, resulting in a total conversion into 4,851 shares of "Hengyi Petrochemical" stock; a total of 668 "Hengyi Convertible Bond 2" units were converted, resulting in a total conversion into 6,415 shares of "Hengyi Petrochemical" stock. The company increased its share capital by RMB 11,266.00 and simultaneously increased "Capital Reserve - Share Premium" by RMB 116,553.83.

Note 2: In the current period, due to the change in the purpose of the second share repurchase to the cancellation of registered capital, the company reduced its share capital by RMB 63,703,752.00 and simultaneously reduced its capital reserve – share premium by RMB 559,893,788.23.

42. Other equity instruments

Outstanding Financial Instruments	Ending balance of previous year		Increase in current period		Decrease in current period		Ending balance	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Equity part of convertible	49,994,763.00	1,159,002,779.38	0.00	0.00	1,113.00	25,801.86	49,993,650.00	1,158,976,977.52

corporate bonds								
-----------------	--	--	--	--	--	--	--	--

Note: For the equity part of convertible corporate bonds decreased in current period, please refer to Note V. 41.

43.Capital surplus

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
Capital premiums	10,933,478,848.68	116,553.83	559,897,685.05	10,373,697,717.46
Other capital reserves	149,418,985.47	3,374.50	0.00	149,422,359.97
Capital reserves generated by simulation of shareholding structure and quantity	-2,329,301,104.61	0.00	0.00	-2,329,301,104.61
Total	8,753,596,729.54	119,928.33	559,897,685.05	8,193,818,972.82

Note 1: During this period, the capital reserve - share premium increased by RMB 116,553.83. Refer to Note V. 41.

Note 2: During the current period, capital reserve – share premium decreased by RMB 559,897,685.05, of which (i) a decrease of RMB 3,896.82 in capital reserve – share premium arose from handling fees related to share repurchases, and (ii) a decrease of RMB 559,893,788.23 in capital reserve – share premium resulted from the cancellation of treasury shares from the second phase of share repurchase.

Note 3: During the current period, capital reserve – others increased by RMB 3,374.50, which was recognized in capital reserve in the consolidated financial statements due to an increase in losses of Shuangtu New Materials arising from a pending lawsuit with a customer of the company prior to its acquisition.

44.Treasury stock

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance

Stock repurchases via centralized bidding	2,676,639,183.21	23,748,601.00	623,597,540.23	2,076,790,243.98
---	------------------	---------------	----------------	------------------

Note 1: During this reporting period, the company repurchased shares through a centralized bidding transaction method, increasing treasury stock by RMB 23,748,601.00.

Note 2: During the current reporting period, treasury shares decreased by RMB 623,597,540.23. See Note V.41 and Note V.43.

45. Other comprehensive income

Item	At end of the previous year Balance	Amount incurred in current period					Ending Balance
		Amount incurred before income tax for the current period	Minus: Recorded into other comprehensive income in the earlier stage and rolled into current profits and losses	Minus: Income tax expenses	Assigned to Parent Company after tax	Assigned to minority shareholders after tax	
I.Other comprehensive income that cannot be re-classified into profit and loss	2,808,315.39	-415,800.00	0.00	0.00	-415,800.00	0.00	2,392,515.39
Wherein:Re-measurement profits or losses of a defined benefit plan	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Item	At end of the previous year Balance	Amount incurred in current period					Ending Balance
		Amount incurred before income tax for the current period	Minus: Recorded into other comprehensive income in the earlier stage and rolled into current profits and losses	Minus: Income tax expenses	Assigned to Parent Company after tax	Assigned to minority shareholders after tax	
Other comprehensive income cannot be recognized in profit and loss by equity law	2,808,315.39	-415,800.00	0.00	0.00	-415,800.00	0.00	2,392,515.39
II.Other comprehensive income to be re-classified into profit and loss	952,953,108.71	-415,358,598.88	421,087.50	863,368.28	-424,408,157.87	7,765,103.21	528,544,950.84
Wherein: Other comprehensive income can be recognized in profit and loss under equity	243,829,712.99	-126,712,423.36	0.00	0.00	-129,334,711.38	2,622,288.02	114,495,001.61

Item	At end of the previous year Balance	Amount incurred in current period					Ending Balance
		Amount incurred before income tax for the current period	Minus: Recorded into other comprehensive income in the earlier stage and rolled into current profits and losses	Minus: Income tax expenses	Assigned to Parent Company after tax	Assigned to minority shareholders after tax	
method							
Effective part of cash-flow hedge profits and losses	421,087.50	20,224,259.79	421,087.50	863,368.28	13,131,536.56	5,808,267.45	13,552,624.06
Exchange differences from translation of financial statements	708,702,308.22	-308,870,435.31	0.00	0.00	-308,204,983.05	-665,452.26	400,497,325.17
Total (other comprehensive income)	955,761,424.10	-415,774,398.88	421,087.50	863,368.28	-424,823,957.87	7,765,103.21	530,937,466.23

46. Appropriative reserve

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
Production safety expenses	0.00	47,161,622.97	47,161,622.97	0.00

Note: Both increase and decrease in special reserves in this reporting period are

calculated and utilized production safety expenses.

47. Earned surplus

Item	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance
Legal surplus	807,136,900.99	0.00	0.00	807,136,900.99

Note: In accordance with the *Company Law* and the *Articles of Association of the Company*, the Company shall withdraw legal surplus by 10% of its net profits. Legal surplus will not be withdrawn any more, when its accumulated amount reaches over 50% of the Company's registered capital.

48. Undistributed profit

Item	Current Period	Prior Period
Undistributed profits at the end of previous year before adjustment	12,076,878,979.32	12,181,660,569.68
Total amount of undistributed profits at the end of the previous year after adjustment (+/-)	0.00	0.00
Undistributed profits at the end of the previous year after adjustment	12,076,878,979.32	12,181,660,569.68
Plus: Net profits assigned to the parent company's shareholders in current period	258,331,586.27	233,939,342.84
Minus: Legal surplus withdrawal	0.00	0.00
Withdrawal of any legal surplus	0.00	0.00
Withdrawal of common risk reserves	0.00	0.00
Common stock dividends payable	165,017,526.75	338,720,933.20
Dividends transferred to capital	0.00	0.00
Plus: Others	0.00	0.00

Undistributed profits at the end of the period	12,170,193,038.84	12,076,878,979.32
--	-------------------	-------------------

49. Operating income and operating cost

Item	Amount incurred in current period		Amount incurred in previous period	
	Revenue	Cost	Revenue	Cost
Main business	111,723,270,156.31	106,804,082,274.51	123,785,076,621.57	119,334,496,026.74
Other businesses	1,804,223,463.32	1,598,354,936.33	1,678,160,476.60	1,537,644,356.77
Total	113,527,493,619.63	108,402,437,210.84	125,463,237,098.17	120,872,140,383.51

50. Tax and associated charge

Item	Amount incurred in current period	Amount incurred in previous period
Consumption tax	4,644,019.24	2,198,490.85
Urban maintenance and construction tax	20,236,017.23	19,258,890.98
Education surcharge	9,623,911.03	8,943,615.08
Property tax	58,030,871.54	56,172,781.10
Land use tax	28,670,937.17	28,848,721.27
Vehicle and vessel use tax	118,408.93	132,251.06
Stamp tax	99,385,248.62	114,182,311.58
Local education surcharge	6,330,649.65	5,962,410.04
Others	3,730,709.06	1,488,994.95
Total	230,770,772.47	237,188,466.91

Note: For detail payment standard for various taxes and surcharges, please refer to Note IV. "Taxes".

51. Selling expenses

Item	Amount incurred in current period	Amount incurred in previous period
------	-----------------------------------	------------------------------------

Item	Amount incurred in current period	Amount incurred in previous period
Import & export charges	82,383,956.48	83,630,784.57
Staff Salaries	106,381,073.95	104,995,983.19
Insurance	13,414,939.06	13,011,788.86
Storage charges	8,318,378.81	4,758,643.63
Business entertainment	2,137,941.89	2,135,258.45
Travel expenses	4,712,528.73	5,146,569.34
Vehicle expenses	825,808.49	958,711.83
Rental expenses	384,160.80	3,308.16
Office expenses	1,682,747.63	3,566,414.84
Handling charges	4,699,678.44	13,683,330.20
Agency fees	9,518,093.78	4,107,539.38
Others	7,103,813.87	7,764,068.93
Total	241,563,121.93	243,762,401.38

52. Administration expenses

Item	Amount incurred in current period	Amount incurred in previous period
Staff Salaries	415,127,977.62	402,358,417.97
Intangible assets amortization cost	39,558,215.54	40,142,770.43
Fixed assets depreciation expenses	240,427,848.97	249,635,542.46
Business entertainment	10,536,845.64	11,169,779.68
Vehicle expenses	16,133,026.12	13,589,765.67
Safety and Environmental Protection Fee	14,728,861.68	16,404,094.46
Office expenses	6,123,257.60	6,656,605.78
Agency fees	20,774,203.00	24,200,722.76
Travel expenses	20,509,011.57	15,712,688.32

Item	Amount incurred in current period	Amount incurred in previous period
Rental expenses	23,338,546.12	23,044,995.19
Repair charges	93,970,545.09	109,772,563.89
Premiums for property insurance	44,095,377.14	42,389,019.78
Transportation and storage fees	41,904,595.79	46,158,021.03
Operating licence fee	12,085,993.49	11,770,439.53
Others	97,245,250.58	89,846,195.41
Total	1,096,559,555.95	1,102,851,622.36

53.R&D expenses

Item	Amount incurred in current period	Amount incurred in previous period
Direct investment cost	486,584,996.70	430,505,771.47
Staff Salaries	193,545,232.20	151,995,162.81
Depreciation expenses	54,416,361.98	50,943,926.05
Technical development cost	1,099,835.84	13,849,728.84
Other expenses	81,845,168.03	76,071,200.86
Total	817,491,594.75	723,365,790.03

54.Financial expenses

Item	Amount incurred in current period	Amount incurred in previous period
Interest expense	2,335,854,053.95	2,938,880,617.79
Minus: Interest income	99,150,581.08	208,017,001.29
Profit or loss on exchange	305,222,489.93	-110,500,609.39
Bank charges	269,561,947.29	263,482,148.90

Total	2,811,487,910.09	2,883,845,156.01
-------	------------------	------------------

55.Other income

Item	Amount incurred in current period	Amount incurred in previous period	Amount included in non-recurring profits and losses for the current period
Government Grants Related to Assets	26,671,409.92	18,395,989.26	0.00
Government Grants Related to Revenue	193,219,973.66	173,857,795.38	120,188,913.66
Additional Deduction of Input VAT for Advanced Manufacturing Industry	282,563,762.76	118,222,022.67	0.00
Refund of Handling Fees for Withholding Personal Income Tax	532,317.13	331,157.10	0.00
Total	502,987,463.47	310,806,964.41	120,188,913.66

56.Investment income

Item	Amount incurred in current period	Amount incurred in previous period
Income from long-term equity investment checked with equity method	33,415,742.85	351,824,646.06
Investment income generated by disposal of long-term equity investment	0.00	56,084.57
Investment income generated by disposal of held-for-trading financial assets	60,545,444.56	129,458,217.62
Others	-175,000.00	0.00
Total	93,786,187.41	481,338,948.25

57.Income from fair value changes

Source of income from fair value changes	Amount incurred in	Amount incurred in
--	--------------------	--------------------

	current period	previous period
Financial assets measured at fair value through profit and loss	-43,100,364.58	-18,902,912.33
Wherein: Income from fair value change generated by derivative financial instruments	-43,100,364.58	-18,902,912.33
Financial liabilities measured by fair value and whose changes included in current profits and losses	-416,923.44	0.00
Hedging business	6,106,790.71	341,472.00
Total	-37,410,497.31	-18,561,440.33

58.Credit impairment losses

Item	Amount incurred in current period	Amount incurred in previous period
Bad debt loss on receivables	1,346,243.18	-3,153,283.65
Bad debt loss on other receivables	7,150,813.13	-3,236,268.87
Total	8,497,056.31	-6,389,552.52

59. Assets impairment loss

Item	Amount incurred in current period	Amount incurred in previous period
Loss on inventory depreciation	-49,192,844.74	-34,344,817.62
Impairment loss on fixed assets	692.04	0.00
Total	-49,192,152.70	-34,344,817.62

60.Income from assets disposal

Item	Amount incurred in current period	Amount incurred in previous period	Amount included in non-recurring profits and losses for the current period
Gains or losses from disposal of fixed assets	-3,890,399.51	-51,236,437.06	-3,890,399.51
Gains or losses from disposal of intangible assets	0.00	-350,177.83	0.00
Gains or losses from disposal of engineering materials	4,477,550.30	0.00	4,477,550.30
Total	587,150.79	-51,586,614.89	587,150.79

61.Non-operating income

Item	Amount incurred in current period	Amount incurred in previous period	Amount included in non-recurring profits and losses for the current period
Gains from damage and scrapping of non-current assets	6,120.00	3,136.75	6,120.00
Wherein: Fixed assets	6,120.00	3,136.75	6,120.00
Governmental subsidies irrelevant to daily enterprise activities	355,619.00	588,072.12	355,619.00
Income from indemnities and fines	14,168,924.12	5,108,368.58	14,168,924.12
Non-payable current accounts	6,421,832.16	914,895.21	6,421,832.16
Others	2,208,750.03	2,924,598.24	2,208,750.03
Total	23,161,245.31	9,539,070.90	23,161,245.31

62.Non-operating expenses

Item	Amount incurred in current period	Amount incurred in previous period	Amount included in non-recurring profits and losses for the current period
Loss on damage and scrapping of non-current assets	2,477,870.25	17,820,127.41	2,477,870.25
Wherein: Fixed assets	1,012,005.99	17,820,127.41	1,012,005.99
Long-term deferred expenses – Catalyst	1,465,864.26	0.00	1,465,864.26
Expenditure of donation	610,000.00	509,300.00	610,000.00
Late fees, penalties and liquidated damages	14,039,191.23	16,540,050.40	14,039,191.23
Others	558,778.13	26,514,462.67	558,778.13
Total	17,685,839.61	61,383,940.48	17,685,839.61

63. Income tax expenses

(1) Table of income tax expenses

Item	Amount incurred in current period	Amount incurred in previous period
Income tax expenses in current period	162,332,082.26	71,736,486.70
Deferred income tax expenses	-5,249,363.72	23,518,599.71
Total	157,082,718.54	95,255,086.41

(2) Accounting profit and income tax expense adjustment process

Item	Amount incurred in current period
Total profits	451,914,067.27
Income tax expenses calculated by legal/applicable tax rate	112,978,516.82
Influence of subsidiary applicable to different tax rates	-165,325,937.82

Item	Amount incurred in current period
Influence of adjustment to income tax in previous periods	34,888,855.90
Influence of nontaxable income	-25,802,897.04
Influence of non-deductible cost, expense and loss	59,531,357.22
Influence of deductible loss on the use of previously unconfirmed deferred income tax assets	-13,152,157.76
Influence of deductible temporary difference or deductible loss on unconfirmed deferred income tax assets in current period	202,196,148.67
The remeasurement of deferred tax assets/liabilities at the beginning of the period reflects the impact of enacted changes in tax rates	7,581,787.19
Influence of weighted deduction cost, expense and other items allowed to deduct by tax law	-59,393,033.43
Others	3,580,078.79
Income tax expenses	157,082,718.54

64. Other comprehensive income

See Notes V. 45 for detail.

65. Items in cash flow statement

(1) Reception of other cash related to business activities

Item	Amount incurred in current period	Amount incurred in previous period
Receivables and payables	6,140,357.72	18,697,911.64
Margin and deposit	47,047,926.98	80,847,630.41
Government grants	228,911,972.40	200,591,701.92
Interest income	97,939,145.47	181,786,742.59
Indemnities and fines	56,202,686.77	4,778,172.24
Judicial freezing	13,554,250.85	25,169,796.00

Bank bill margin	62,300,000.00	14,414,467.76
Others	11,815,488.10	4,569,918.80
Total	523,911,828.29	530,856,341.36

(2) Payment of other cash related to business activities

Item	Amount incurred in current period	Amount incurred in previous period
Bank service charges	218,408,181.50	211,911,325.04
Entertainment expenses	12,707,591.08	13,212,628.19
Vehicle expenses	17,676,225.91	15,210,717.96
Safety and environmental protection fees	15,025,277.59	16,919,662.82
Deposits and guarantees	61,482,765.98	115,956,758.65
Insurance premiums	57,992,799.44	50,873,786.14
Transportation, warehousing & handling costs	55,231,615.17	70,060,321.14
Third-party agency fees	35,579,697.27	31,608,766.74
Travel expenses	26,312,806.79	21,164,104.71
Leasing expenses	28,035,970.91	22,608,839.45
Judicial freeze	17,109,814.13	488,776.55
Office expenses	8,352,700.28	10,576,243.66
Import/export fees (Port charges, inspection fees)	52,833,168.40	66,627,304.60
Repair and maintenance costs	136,577,514.21	58,933,151.05
Operating license fees	12,085,993.48	11,774,612.61
Utilities	14,547,551.54	16,841,465.14
IT system maintenance & operation costs	7,672,289.02	7,249,694.85
Security and fire protection expenses	9,831,727.86	8,020,263.77
Consumables and materials	8,006,796.24	7,460,183.90
CSR expenses	6,402,880.60	8,715,231.43
Others	70,109,588.36	90,781,841.57

Total	871,982,955.76	856,995,679.97
-------	----------------	----------------

(3) Reception of other cash related to investment activities

Item	Amount incurred in current period	Amount incurred in previous period
Income from consigned loan and interest on capital lending by related parties	0.00	18,453,086.65
Futures margin recovery	51,552,456.64	237,895,540.64
VAT Credit Refund During Project Construction Period	0.00	88,635,663.12
Total	51,552,456.64	344,984,290.41

(4) Payment of other cash related to investment activities

Item	Amount incurred in current period	Amount incurred in previous period
Futures margin recovery	314,104,855.33	50,495,239.10
Total	314,104,855.33	50,495,239.10

(5) Reception of other cash related to financing activities

Item	Amount incurred in current period	Amount incurred in previous period
Withdrawal of monetary funds pledged for financing	1,912,538,876.32	3,656,083,599.80
Collection of financing leaseback	1,716,600,000.00	1,864,533,558.93
Interbank borrowing from Hengyi Group	3,749,280,000.00	5,759,650,000.00
Selling treasury stock to an employee stock ownership plan	0.00	245,668,112.69
Total	7,378,418,876.32	11,525,935,271.42

(6) Payment of other cash related to financing activities

Item	Amount incurred in current period	Amount incurred in previous period
Monetary funds pledged for financing	2,843,341,500.81	1,326,783,127.29
Repayment of loan principal and interest of Hengyi Group	3,749,280,000.00	5,759,650,000.00
Stock repurchases	23,752,497.82	817,854,843.72
Rental expenses and commission charges paid for financing leaseback	1,266,059,511.04	1,268,438,688.16
loan processing fee	56,475,062.01	96,922,080.86
Expenses Related to Issuing Shares	0.00	220,000.00
Rental expenses paid for lease liabilities	29,358,671.35	30,508,100.08
Purchase of Minority Shareholders' Equity	0.00	519,255,616.44
Others	0.00	160,200.19
Total	7,968,267,243.03	9,819,792,656.74

66. Further information about cash flow statements

(1) Further information about cash flow statement

Further Information	Amount incurred in current period	Amount incurred in previous period
1. Adjust net profit to operating cash flow:		
Net profit	294,831,348.73	-65,753,190.72
Plus: Asset impairment reserves	49,192,152.70	34,344,817.62
Impairment loss on credit assets	-8,497,056.31	6,389,552.52
Depreciation of fixed assets	3,024,702,755.57	3,049,213,417.43
Depreciation of right-of-use assets	43,739,783.40	36,243,749.75
Amortization of intangible assets	79,918,592.97	80,426,071.41
Amortization of long-term deferred expenses	88,731,250.93	111,285,665.40

Further Information	Amount incurred in current period	Amount incurred in previous period
Loss on disposal of fixed assets, intangible assets and other long-term assets (income listed with “-”)	-587,150.79	51,586,614.89
Loss on scrapping of fixed assets (income listed with “-”)	2,471,750.25	17,816,990.66
Loss on fair value change (income listed with “-”)	37,410,497.31	18,561,440.33
Financial cost (income listed with “-”)	2,271,951,301.40	2,558,835,534.12
Investment losses (income listed with “-”)	-93,786,187.41	-481,338,948.25
Decrease in deferred income tax assets (increase listed with “+”)	3,358,741.39	39,368,535.95
Increase in deferred income tax liabilities (decrease listed with “-”)	-8,608,105.11	-15,849,936.24
Decrease in inventory (increase listed with “-”)	-1,133,094,005.06	691,038,869.39
Decrease in operating receivables (increase listed with “-”)	-549,946,039.31	-502,741,148.89
Increase in operating payables (decrease listed with “-”)	524,559,029.28	370,959,597.58
Others	-913,201.33	-3,376,077.19
Net cash flow from operating activities	4,625,435,458.61	5,997,011,555.76
2.Significant investment and financing activities involving no cash receipt and payment:		
Conversion of debt into capital	0.00	0.00
Convertible corporate bonds mature within one year	0.00	0.00

Further Information	Amount incurred in current period	Amount incurred in previous period
Fixed assets under financing lease	0.00	0.00
3.Net changes in cash and cash equivalents:		
Ending balance of cash	6,691,952,889.12	10,060,888,620.31
Minus: Cash balance at the end of previous year	10,060,888,620.31	8,518,118,122.12
Plus: Ending balance of cash equivalents	0.00	0.00
Minus: Cash equivalent balance at the end of previous year	0.00	0.00
Net increase in cash and cash equivalents	-3,368,935,731.19	1,542,770,498.19

(2)Composition of cash and cash equivalents

Item	Ending balance	Ending balance of previous year
I. Cash	6,691,952,889.12	10,060,888,620.31
Wherein: Cash on hand	186,656.98	698,184.72
Bank deposit payable at any time	5,938,222,488.58	8,871,165,316.07
Other monetary fund payable at any time	753,543,743.56	1,189,025,119.52
Payable due from Central Bank	0.00	0.00
Deposits in other banks	0.00	0.00
Due from banks	0.00	0.00
II. Cash Equivalents	0.00	0.00
Wherein: Bond investments mature within three months	0.00	0.00
III. Ending balance of cash and cash equivalents	6,691,952,889.12	10,060,888,620.31
Wherein: Cash and cash equivalents used by the parent company or group subsidiaries under certain limitation	0.00	0.00

(3)Classification of changes in liabilities arising from financing activities from opening to closing balances

Item	Beginning balance	Increase during the period		Decrease during the period		Ending balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Bank Borrowings	59,520,223,391.95	53,809,809,146.46	11,861,960,802.15	53,488,784,414.55	12,585,358,587.44	59,117,850,338.57
Other payable -Dividends payable	0.00	0.00	197,017,526.75	165,017,526.75	0.00	32,000,000.00
Bonds payable(including within one year)	4,508,186,486.76	0.00	264,009,384.98	41,995,293.30	111,300.00	4,730,089,278.44

Item	Beginning balance	Increase during the period		Decrease during the period		Ending balance
		Changes in cash	Non-cash changes	Changes in cash	Non-cash changes	
Lease liabilities(including within one year)	472,319,753.86	0.00	566,153,281.50	29,358,671.35	146,163,033.70	862,951,330.31
Long-term accounts payable(including within one year)	1,955,189,426.51	1,716,600,000.00	0.00	1,265,559,511.04	-49,476,108.87	2,455,706,024.34
Total	66,455,919,059.08	55,526,409,146.46	12,889,140,995.38	54,990,715,416.99	12,682,156,812.27	67,198,596,971.66

(4)Not classified as cash and cash equivalents in monetary funds

Item	Amount incurred in current period	Amount incurred in previous period	Reason
Credit Letter Margin	2,451,554,139.79	2,078,071,659.97	Not Available for Immediate Use
Bank Acceptance Bill Margin	1,268,045,219.59	777,004,071.80	Not Available for Immediate Use
Guarantee Margin	0.00	62,300,000.00	Not Available for Immediate Use
Restricted Time Deposit	202,547,380.10	0.00	Not Available for Immediate Use
Invoice Financing Margin	96,487,704.11	0.00	Not Available for Immediate Use
Pledged Bill Collection Funds	10,004,777.78	67,499,029.87	Not Available for Immediate Use
Judicial Frozen Funds	30,000.00	493,888.30	Not Available for Immediate Use

Futures Margin	16,342,887.80	35,614,900.27	Not Available for Immediate Use
Other Restricted Funds	11,418,197.90	11,302,376.94	Not Available for Immediate Use
Totals	4,056,430,307.07	3,032,285,927.15--	

(5) Supplier Financing Arrangements

① Terms and Conditions of Supplier Financing Arrangements

The company enters into an agreement with the bank and suppliers for interest-bearing domestic factoring services: Suppliers apply to transfer their accounts receivable claims, arising from the sale of goods to the company, to the bank. After the bank approves the documentation, the financing funds are promptly transferred to the account designated by the company. Financing interest and related costs are settled in a lump sum by the company when the bank disburses the financing funds. The company commits to unconditionally remit the corresponding amount to the bank's designated account on the due date and complete the repayment.

② Presentation Items in the Balance Sheet and Related Information

Presentation Items	Closing balance	Closing balance of previous year
Short-term Borrowings	622,000,000.00	262,300,000.00
Including: Funds received by suppliers from the financing provider	622,000,000.00	262,300,000.00

③ Payment Due Date Interval

The company typically adopts a prepayment method for the settlement of (PTA) raw material purchases, which does not fall under financing arrangements and involves no liabilities. For short-term borrowings under financing arrangements, the company pays the supplier through the factoring institution, and subsequently repays the factoring institution within 365 days. The financing arrangement effectively extends the company's actual payment period.

④ Non-Cash Changes in the Current Period

There are no impacts from business combinations or foreign exchange rate fluctuations in the above changes in the Company's financial liabilities. Due to supplier financing arrangements, the Company derecognized accounts payable and recognized short-term borrowings of RMB 622,000,000.00 in 2025, and derecognized accounts payable and recognized short-term borrowings of RMB 412,300,000.00 in 2024.

(6) Significant activities and financial impacts that do not involve current cash inflows or outflows but affect the company's financial position or may impact the company's cash flows in the future.

Presentation Items	Amount incurred in current period	Amount incurred in previous period
Amount of commercial bills endorsed and transferred	3,063,566,060.83	2,442,758,092.26
Including: Payment for goods	3,016,938,765.41	2,377,338,291.09
Payment for purchase of fixed assets and other long-term assets	46,627,295.42	65,419,801.17

67.Assets with limited ownership or use right

Item	Book value at the end of the period	Reason for restriction
Monetary funds	3,849,836,862.62	Margin
Monetary funds	30,000.00	Judicial freezing
Monetary funds	202,547,380.10	Restricted Time Deposit
Monetary funds	4,016,064.35	Other Restricted Funds
Long-term equity investments	4,841,113,384.11	Mortgage, pledge borrowing
Fixed assets	2,536,462,547.61	Leaseback financing lease
Fixed assets	18,813,373,559.06	Mortgage loan
Intangible assets	658,347,888.67	Mortgage loan
Total	30,905,727,686.52	

68.Monetary items in foreign currency

(1) Monetary items in foreign currency

Monetary funds			
Wherein: USD	310,063,081.08	7.0288	2,179,371,384.33
EUR	42,541.10	8.2355	350,347.23
HKD	3,853,407.94	0.9032	3,480,398.05
BND	13,548,785.88	5.4586	73,957,402.60
SGD	845,999.63	5.4586	4,617,973.58
JPY	43.00	0.0449	1.93
CHF	23,011,500.00	8.8020	202,547,380.10
Accounts receivable			
Wherein: USD	513,290,486.14	7.0288	3,607,816,168.98
BND	36,929,399.44	5.4586	201,582,819.78
Other receivables			
Wherein: USD	185,476.97	7.0288	1,303,680.53
EUR	1,779,600.00	0.9032	1,607,334.72
BND	2,565,290.14	5.4586	14,002,892.76
Long-term receivables			
Wherein: BND	1,047,978.00	5.4586	5,720,492.71
Short-term loans			
Wherein: USD	928,699,711.04	7.0288	6,527,644,528.97
BND	178,347,407.32	5.4586	973,527,157.60
Accounts payable			
Wherein: USD	279,944,452.80	7.0288	1,967,673,569.84
EUR	1,943,990.96	8.2355	16,009,737.55
BND	2,328,272.00	5.4586	12,709,105.54
Other payable			
Wherein:USD	5,272,842.27	7.0288	37,061,753.75
BND	937,301.23	5.4586	5,116,352.49
MYR	749.91	1.7319	1,298.77
Non-current liabilities due			

within one year			
Wherein: USD	123,901,920.67	7.0288	870,881,820.01
BND	2,296,934.70	5.4586	12,538,047.75
SGD	976,088.76	5.4586	5,328,078.11
Lease liabilities			
Wherein: BND	153,642,312.20	5.4586	838,671,925.39
Long-term loans			
Wherein: USD	517,969,311.00	7.0288	3,640,702,693.16
EUR	57,736,021.00	8.2355	475,485,000.95

(2)Explanation of Overseas Operating Entity

Company	Principal Place of Business	Functional currency	Basis for selection
Hong Kong Tianyi International Holding Co., Ltd.	Hong Kong	USD	The main currency used in the operating environment
Hong Kong Hengyi Logistics Co., Ltd.	Hong Kong	USD	The main currency used in the operating environment
Good Park International Investment Co., Ltd.	Hong Kong	USD	The main currency used in the operating environment
Hong Kong Yisheng Petrochemical Investment Co., Ltd.	Hong Kong	USD	The main currency used in the operating environment
Hengyi Industries Sdn. Bhd.	Brunei	USD	The main currency used in the operating environment
Hengyi Industries International (Singapore) Co., Ltd.	Singapore	USD	The main currency used in the operating environment
Hengyi International Logistics Co., Ltd.	Singapore	USD	The main currency used in the operating environment

69.Hedging

Please refer to Notes V (3. Notes to derivative financial assets).

70.Lease

(1)The Company as Lessee

① Refer to Notes V, 17 and 37 of this Note for right-of-use assets and lease liabilities.

②Charged to current year's profit or loss

Item	Charged to profit or loss for the year	
	Presentation of items	Amount
Interest on lease liabilities	Financial expense	31,087,226.20
Short-term lease costs (simplified treatment applied)	Administrative expenses, selling expenses, Operating costs, etc.	25,043,577.53
Lease costs for low-value assets (simplified treatment applied)	Administrative expense	1,687,408.00
Sale and leaseback transactions	Financial expense	115,928,975.56

③Cash flow outflows related to leases

Item	Category of cash flow	Amount for the year
Cash payments for principal and interest on lease liabilities	Cash outflows from financing activities	29,358,671.35
Payments made on short-term leases and low-value assets (simplified treatment applies)	Cash outflows from operating activities	29,933,016.73
Total	--	59,291,688.08

④Other information

A. At the end of the reporting period, the Company's right-of-use assets mainly consisted of buildings and structures and land use rights, of which land use rights included:

- a. 260 hectares of land use rights for production area: the leased land is located in Pulau Grande Mora, Brunei Darussalam, with a lease period of 30 years (from 26 March 2017 to 27 March 2047), with the possibility of applying for a renewal of the lease for a period of 30 years prior to expiry.
- b. 69.7978 hectares of Western Irrigation, Wharf and other land use rights: the leasehold land is situated in Pulau Grande Mora, Brunei Darussalam for a term of 27 years (from 1 November 2019 to 27 March 2047) with the possibility of applying for

a renewal of the lease for a period of 30 years prior to expiry.

c.260 hectares of land use rights for Phase II of Brunei Refinery Project: the leased land is located in Pulau Grande Mora, Brunei Darussalam, with a lease period of 30 years (from 23 April 2011 to 22 April 2051), with the possibility of applying for a renewal of the lease for a period of 30 years prior to expiry.

B.Sale and leaseback transactions

Some subsidiaries of the Company entered into leasing agreements with financial leasing companies to carry out financial leasing business by way of sale and leaseback of their own specialised production equipment as leased goods. The Company has been using the above assets since the beginning and has agreed to a forward retention in the said contract, indicating that the financial leasing company did not obtain control of the relevant goods at the point of sale, and therefore the transfer of assets in the transaction is not a sale.

Effect of sale and leaseback transactions on current cash flows:

Item	Category of cash flow	Amount for the year
Finance leaseback receipts	Cash inflow from financing activities	1,716,600,000.00
Lease payments and handling fees paid for financing sale and leaseback transactions	Cash outflow from financing activities	1,266,059,511.04

(2)The Company as Lessor

①Charged to profit or loss for the year

Item	Charged to profit or loss for the year	
	Presentation of items	Amount
Lease income	Other operating income	8,726,901.13
Total	--	8,726,901.13

②Major operating lease assets

Item	Carrying value at end of period
Houses and buildings	145,516,449.70
Land use right	33,724,514.76

Item	Carrying value at end of period
Site	Not applicable (Note)

Note: Haining Hengyi New Material Co., Ltd, Suqian Yida New Materials Co., Ltd. and other subsidiaries lease out certain areas within their factories to external parties and charge the tenants for site usage fees in accordance with the lease agreements.

VI.R&D expenditure**1.R&D expenditure incurred during the period**

Item	Amount for the current period	Prior period amount
Direct input costs	493,707,741.92	433,221,121.72
Salary of employees	208,303,170.41	160,847,283.31
Depreciation	76,260,388.87	71,025,663.20
Technology development costs	7,670,321.27	14,140,990.98
Other expense	103,412,438.28	87,940,573.07
Total	889,354,060.75	767,175,632.28
Wherein:Expensed R&D expenditure	817,491,594.75	723,365,790.03
Capitalised R&D expenditure	71,862,466.00	43,809,842.25

(1)Expensed R&D expenditure

Item	Amount for the current period	Prior period amount
Direct input costs	486,584,996.70	430,505,771.47
Salary of employees	193,545,232.20	151,995,162.81
Depreciation	54,416,361.98	50,943,926.05
Technology development costs	1,099,835.84	13,849,728.84
Other expense	81,845,168.03	76,071,200.86
Total	817,491,594.75	723,365,790.03

(2)Capitalised R&D expenditure

Item	Amount for the current period	Prior period amount
Direct input costs	7,122,745.22	2,715,350.25
Salary of employees	14,757,938.21	8,852,120.50
Depreciation	21,844,026.89	20,081,737.15
Technology development costs	6,570,485.43	291,262.14
Other expense	21,567,270.25	11,869,372.21
Total	71,862,466.00	43,809,842.25

2.Status of capitalised development projects

Item	Beginning balance	Increase in current period	Decrease in current period	Closing balance
3000t/a Caprolactam Gas Phase Reworking and Crystallisation Project	74,998,918.93	31,145,846.56	0.00	106,144,765.49
2000 t/a Hydrogen Peroxide Project (35%)	5,457,990.75	2,999,423.27	8,457,414.02	0.00
Key Technologies and Industrialization for Green Polyester Preparation	3,566,768.25	19,408,717.91	0.00	22,975,486.16
Green Nylon Production Process Project	5,169,966.92	14,914,385.27	0.00	20,084,352.19
Foaming Project	0.00	3,394,092.99	0.00	3,394,092.99
Total	89,193,644.85	71,862,466.00	8,457,414.02	152,598,696.83

The research and application development of bio-based PTT elastic memory fiber series products for this period has been converted into current expenses.

(1) Status of significant capitalised development projects

Item	R&D progress	Estimated completion time	Projected manner of generation of economic benefits	Point of commencement of capitalisation	Specific basis

3000t/a Caprolactam Gas Phase Reworking and Crystallisation Project	The first stage of the pilot testing task has been completed	December 12, 2026	Formulate a technical process package and core patented technologies, authorize external usage, and collect licensing fees and technical service fees.	July, 2022	The pilot device is operating stably, and the product indicators meet the standards
2000 t/a Hydrogen Peroxide Project (35%)	Pilot test completed.	June 30, 2025	Formulate a technical process package and core patented technologies, authorize external usage, and collect licensing fees and technical service fees.	January, 2024	The pilot device is operating stably, and the product indicators meet the standards
Key Technologies and Industrialization for Green Polyester Preparation	Pilot test in progress	December 12, 2026	Develop a process technology package and apply it to workshop production	March, 2024	Completion of pilot plant construction.

Green Nylon Production Process Project	The first stage of the pilot testing task has been completed	December 12, 2026	Develop a process technology package and apply it to workshop production	January, 2024	The pilot device is operating stably, and the product indicators meet the standards
Foaming Project	Start pilot test	December 12, 2026	Develop a process technology package and apply it to workshop production	July, 2025	Completion of pilot plant construction.

(2)Changes in the provision for impairment of development expenditures and impairment testing

As at 31 December 2025, the Company's development expenditure was not impaired.

VII. Interests in other entities

1. Composition of enterprise group

Name of subsidiary	Main Place of Business	Domicile	Nature of business	Shareholding ratio		Gaining method
				Direct	Indirect	
Zhengjiang Hengyi Petrochemical Co., Ltd.	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	100.00	0.00	Establishment or Investment
Zhengjiang Hengyi Polymer Co.,	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	0.00	60.00	Business merger under the same control
Zhengjiang Yisheng Petrochemical Co., Ltd.	Ningbo	Ningbo	Manufacturing of petrochemical products	0.00	70.00	Business merger under the same control
Zhengjiang Yixin Chemical Fibre Co., Ltd.	Hangzhou	Hangzhou	Commerce and trade	0.00	70.00	Establishment or Investment
Hong Kong Yisheng Petrochemical Investment Co., Ltd.	Hong Kong	Hong Kong	Trade and consulting	0.00	70.00	Establishment or Investment
Zhejiang Hengyi High-Tech Materials Co., Ltd.	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	0.00	100.00	Establishment or Investment
Ningbo Hengyi Trading Co., Ltd.	Ningbo	Ningbo	Commerce and trade	0.00	70.00	Establishment or Investment
Hong Kong Tianyi International Holding Co., Ltd.	Hong Kong	Hong Kong	Trade and investment	0.00	100.00	Establishment or Investment
Good Park International Investment Co., Ltd.	Hong Kong	Hong Kong	Trade and investment	0.00	100.00	Establishment or Investment

Name of subsidiary	Main Place of Business	Domicile	Nature of business	Shareholding ratio (%)		Gaining method
				Direct	Indirect	
Hengyi Industries Sdn. Bhd.	Brunei	Brunei	Manufacturing of petrochemical products	0.00	70.00	Business merger under the same control
Ningbo Hengyi Engineering Management Co., Ltd.	Ningbo	Ningbo	Engineering management	0.00	70.00	Business merger under the same control
Hengyi Industry International (Singapore) Co., Ltd.	Singapore	Singapore	Commerce and trade	0.00	70.00	Establishment or Investment
Zhejiang Hengyi Petrochemical Sales Co., Ltd.	Hangzhou	Hangzhou	Commerce and trade	0.00	100.00	Establishment or Investment
Haining Hengyi New Materials Co., Ltd.	Haining	Haining	Manufacturing of chemical fibre products	0.00	100.00	Establishment or Investment
Haining Hengyi Thermal Power Co., Ltd.	Haining	Haining	Electri & heat production and supply	0.00	90.00	Establishment or Investment
Suqian Yida New Materials Co., Ltd.	Suqian	Suqian	Manufacturing of chemical fibre products	0.00	100.00	Establishment or Investment
Fujian Yijin Chemical Fibre Co., Ltd.	Quanzhou , Fujian Province	Quanzhou , Fujian Province	Manufacturing of chemical fibre products	0.00	90.00	Establishment or Investment
Shaoxing Shengong Packaging Co., Ltd.	Shaoxing	Shaoxing	Wrap page production and processing	0.00	51.00	Establishment or Investment
Zhejiang Hengyi Logistics Co., Ltd.	Hangzhou	Hangzhou	Logistics transportation	0.00	100.00	Business merger under the same control

Name of subsidiary	Main Place of Business	Domicile	Nature of business	Shareholding ratio (%)		Gaining method
				Direct	Indirect	
Zhejiang Hengyi International Trade Co., Ltd.	Hangzhou	Hangzhou	Commerce and trade	100.00	0.00	Establishment or Investment
Zhejiang Hengkai Energy Co., Ltd.	Hangzhou	Hangzhou	Commerce and trade	0.00	60.00	Establishment or Investment
Zhejiang Hengyi Engineering Management Co., Ltd.	Hangzhou	Hangzhou	Engineering management	100.00	0.00	Establishment or Investment
Zhejiang Hengyi Petrochemical Research Institute Co., Ltd.	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	100.00	0.00	Establishment or Investment
Jiaxing Yipeng Chemical Fibre Co., Ltd.	Jiaxing	Jiaxing	Manufacturing of chemical fibre products	100.00	0.00	Business merger under the same control
Taicang Yifeng Chemical Fibre Co., Ltd.	Taicang	Taicang	Manufacturing of chemical fibre products	100.00	0.00	Business merger under the same control
Zhejiang Shuangtu New Materials Co., Ltd.	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	100.00	0.00	Business merger not under the same control
Hong Kong Hengyi Logistics Co., Ltd.	Hong Kong	Hong Kong	Logistics transportation	0.00	100.00	Establishment or Investment
Hengyi International Logistics Co., Ltd.	Singapore	Singapore	Logistics transportation	0.00	100.00	Establishment or Investment
Haining Junbo Shengming Trading Co., Ltd.	Haining	Haining	Commerce and trade	0.00	100.00	Establishment or Investment
Hangzhou Yitong New Materials Co., Ltd.	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	0.00	100.00	Establishment or Investment

Name of subsidiary	Main Place of Business	Domicile	Nature of business	Shareholding ratio (%)		Gaining method
				Direct	Indirect	
Shaoxing Hengyi Logistics Co., Ltd.	Shaoxing	Shaoxing	Logistics transportation	0.00	100.00	Establishment or Investment
Guangxi Hengyi Environmental Technology Co., Ltd.	Qinzhou Guangxi	Qinzhou Guangxi	Science and technology service	0.00	100.00	Establishment or Investment
Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd.	Hangzhou	Hangzhou	Commercial service industry	0.00	75.00	Establishment or Investment
Hainan Hengjing Trading Co., Ltd.	Hainan Province	Hainan Province	Commerce and trade	0.00	100.00	Establishment or Investment
Guangxi Hengyi Shunqi Trading Co., Ltd.	Qinzhou Guangxi	Qinzhou Guangxi	Commerce and trade	0.00	100.00	Establishment or Investment
Hangzhou Lantai New Materials Co., Ltd.	Hangzhou	Hangzhou	Manufacturing of chemical fibre products	0.00	74.00	Establishment or Investment
Jiaxing Hengyu Trading Co., Ltd.	Jiaxing	Jiaxing	Commerce and trade	0.00	100.00	Establishment or Investment
Guangxi Hengyi New Materials Co., Ltd.	Qinzhou, Guangxi	Qinzhou, Guangxi	Manufacturing of chemical fibre products	0.00	100.00	Business merger under the same control
Zhejiang Xiaoyi Supply Chain Management Co., Ltd.	Hangzhou	Hangzhou	Commercial service industry	0.00	100.00	Establishment or Investment
Ningbo Shengmao Trading Co., Ltd.	Ningbo	Ningbo	Commerce and trade	0.00	70.00	Establishment or Investment
Suqian Hengyuan Thermal Energy Co., Ltd.	Suqian	Suqian	Electric & heat production and supply	0.00	100.00	Establishment or Investment

Name of subsidiary	Main Place of Business	Domicile	Nature of business	Shareholding ratio		Gaining method
				Direct	Indirect	
Suqian Huida Port Co., Ltd.	Suqian	Suqian	Water transportation industry	0.00	100.00	Establishment or Investment
Guangxi Free Trade Zone Yihai Port Co., Ltd.	Qinzhou	Qinzhou	Water transportation industry	0.00	66.00	Establishment or Investment
Hangzhou Lanxing Chemical Fibre Oiling Agent Co., Ltd.	Hangzhou	Hangzhou	Wholesale business	0.00	80.00	Establishment or Investment
Lianyungang Junbo Shengda Logistics Co., Ltd.	Lianyungang	Lianyungang	Road transportation industry	0.00	100.00	Establishment or Investment
Hangzhou Lantong Technology Co., Ltd.	Hangzhou	Hangzhou	Manufacture of chemical materials and products	0.00	80.00	Establishment or Investment
Hangzhou Lanfang High-tech Material Co., Ltd.	Hangzhou	Hangzhou	Manufacture of chemical materials and products	0.00	75.00	Establishment or Investment
Hangzhou Lanshun Technology Co., Ltd.	Hangzhou	Hangzhou	Chemical fibre manufacturing	0.00	70.00	Establishment or Investment
Hangzhou Lanbiao Testing Service Co., Ltd.	Hangzhou	Hangzhou	Professional and technical services	0.00	70.00	Establishment or Investment
Hangzhou Yixian Energy Technology Co., Ltd.	Hangzhou	Hangzhou	Energy storage technical services, etc.	100.00	0.00	Establishment or Investment
Hangzhou Lanjin New Material Technology Co., Ltd.	Hangzhou	Hangzhou	Manufacture of chemical materials and products	0.00	75.00	Establishment or Investment

Name of subsidiary	Main Place of Business	Domicile	Nature of business	Shareholding ratio (%)		Gaining method
				Direct	Indirect	
Zhejiang Hengyi Resource Recycling Technology Co., Ltd.	Hangzhou	Hangzhou	Resource Regeneration	0.00	100.00	Establishment or Investment
Wenzhou Hengyi Resource Regeneration Co., Ltd.	Wenzhou	Wenzhou	Resource Regeneration	0.00	100.00	Establishment or Investment
Jingzhou Hengyi Resource Recycling Co., Ltd.	Jingzhou	Jingzhou	Resource Regeneration	0.00	100.00	Establishment or Investment
Hangzhou Xiaoneng Thermal Energy Co., Ltd.	Hangzhou	Hangzhou	Electric & heat production and supply	0.00	57.00	Establishment or Investment
Hubei Hengyi Green Materials Co., Ltd.	Jingzhou	Jingzhou	chemical fibre manufacturing	0.00	100.00	Establishment or Investment

2. Combination of enterprises not under the same control

In current period, there was no combination of enterprises not under the same control in the Company.

3. Business merger under the same control

In current period, there was no business merger under the same control in the Company.

4. Disposal of Subsidiary

The Company did not dispose of any subsidiaries during the current period.

5. Consolidation Scope Change due to Other Reasons

In the current year, our company has invested in and established the following 2 subsidiaries, with details as follows:

The Company's subsidiary, Zhejiang Hengyi Polymer Co., Ltd., invested in and established Hangzhou Xiaoneng Thermal Power Co., Ltd., with a shareholding ratio of 95%.

The Company's subsidiary, Hengyi Co., Ltd., invested in and established Hubei Hengyi Green New Materials Co., Ltd., with a shareholding ratio of 100%.

Therefore, the Company has added the aforementioned two controlled subsidiaries to the scope of consolidation during the current reporting period.

6. Transactions in which the share of ownership interest in subsidiary changes and the subsidiary is still controlled

During the current period, the Company did not have any transactions in which its ownership interests in subsidiaries changed while it still controlled those subsidiaries.

7. Interests held by minority shareholders in subsidiaries

(1) Important non-wholly owned subsidiaries

Name of subsidiary	Minority shareholders' shareholding ratio (%)	Profits and losses assigned to minority shareholder in current period	Dividends distributed to minority shareholder in current period	Balance of minority shareholders' equities at the end of current period
Ningbo Hengyi Trading Co., Ltd.	30.00	-68,344,439.78	0.00	-28,760,335.57
Zhejiang Hengyi Polymer Co., Ltd.	40.00	13,973,605.39	32,000,000.00	347,375,489.57
Zhejiang Yisheng Petrochemical Co., Ltd.	30.00	1,169,067.55	0.00	2,824,800,919.78
Hengyi Industries Sdn. Bhd.	30.00	72,724,793.81	0.00	2,755,244,395.21
Fujian Yi Jin Chemical Fibre Co., Ltd.	10.00	6,008,191.63	0.00	24,736,467.22

(2) Main financial information about Important Non-wholly Owned Subsidiaries

Unit: 10,000

Name of subsidiary	Ending balance					
	Current Assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities

2025 Annual Report of Hengyi Petrochemical Co., Ltd.

Name of subsidiary	Ending balance					
Ningbo Hengyi Trading Co., Ltd.	30,993.57	365,188.69	396,182.27	392,544.74	0.00	392,544.74
Zhejiang Hengyi Polymer Co., Ltd.	205,179.11	36,355.79	241,534.90	133,003.75	21,687.30	154,691.05
Zhejiang Yisheng Petrochemical Co., Ltd.	1,779,253.04	238,858.41	2,018,111.45	982,374.56	115,902.68	1,098,277.24
Hengyi Industries Sdn. Bhd.	1,175,973.48	2,693,377.37	3,869,350.85	2,423,688.78	517,428.61	2,941,117.40
Fujian Yi Jin Chemical Fibre Co., Ltd.	56,542.13	138,309.22	194,851.34	111,751.54	8,118.33	119,869.88

(Continued)

Name of subsidiary	Ending balance of previous year					
	Current Assets	Non-current assets	Total assets	Current liabilities	Non-current liabilities	Total liabilities
Ningbo Hengyi Trading Co., Ltd.	49,701.56	367,279.13	416,980.69	391,435.78	0.00	391,435.78
Zhejiang Hengyi Polymer Co., Ltd.	199,308.31	35,318.57	234,626.88	143,110.68	165.73	143,276.41
Zhejiang Yisheng Petrochemical Co., Ltd.	1,800,794.35	274,196.16	2,074,990.51	1,057,354.66	98,423.00	1,155,777.66
Hengyi Industries Sdn. Bhd.	1,222,468.61	2,783,815.94	4,006,284.55	2,401,983.57	680,892.37	3,082,875.93
Fujian Yi Jin Chemical Fibre Co., Ltd.	75,612.25	151,521.90	227,134.15	143,765.92	14,394.95	158,160.87

(Continued)

Name of subsidiary	Amount incurred in current period				Balance of previous period			
	Operating income	Net profit	Total comprehensive income	Operating cash flow	Operating income	Net profit	Total comprehensive income	Operating cash flow

Name of subsidiary	Amount incurred in current period				Balance of previous period			
Ningbo Hengyi Trading Co., Ltd.	694,729.22	-22,781.48	-21,907.38	834.24	1,405,008.71	-27,150.28	-29,896.70	-1,207.95
Zhejiang Hengyi Polymer Co., Ltd.	345,081.72	3,493.38	3,493.38	-23,110.55	343,049.72	-199.32	-199.32	32,485.29
Zhejiang Yisheng Petrochemical Co., Ltd.	1,211,077.21	389.69	621.36	-207,683.92	1,524,658.32	21,458.79	21,318.52	140,022.71
Hengyi Industries Sdn. Bhd.	4,213,961.94	24,241.60	4,824.83	32,519.13	4,620,525.72	-100,332.04	-86,335.82	351,066.62
Fujian Yi Jin Chemical Fibre Co., Ltd.	411,601.03	6,008.19	6,008.19	12,830.68	412,247.15	11,433.20	11,433.20	9,204.72

8. Equities in cooperative enterprise or associated enterprise

(1) Significant joint ventures or associated enterprises

Name of cooperative enterprise or associated enterprise	Main place of business	Domicile	Nature of business	Shareholding ratio (%)		Accountant arrangement method for investment in cooperative enterprise or associated enterprise
				Direct	Indirect	
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Hangzhou	Hangzhou	Chemical raw materials and chemical products manufacturing industry	0.00	50.00	Equity method
Dalian Yisheng Investment Co., Ltd.	Dalian	Dalian	Trade and investment	0.00	30.00	Equity method

Name of cooperative enterprise or	Main place	Domicile	Nature of business	Shareholding ratio (%)		Accountant
Hainan Yisheng Petrochemical Co., Ltd.	Hainan	Hainan	Chemical raw materials and chemical products manufacturing industry	0.00	50.00	Equity method
China Zheshang Bank Co., Ltd.	Hangzhou	Hangzhou	Finance	0.00	3.54	Equity method
Zhejiang Yisheng New Materials Co., Ltd.	Ningbo	Ningbo	Chemical raw materials and chemical products manufacturing industry	0.00	49.00	Equity method

Note: The Company holds 3.54% stocks of China Zheshang Bank Co., Ltd., and sent a representative to CZB's BOD. The Company enjoys substantial right of participation in decision making. The Company may exert significant impact on CZB by such representative's participating in CZB's financial and business policy formulation.

(2) Main financial information about important cooperative enterprises

Unit: 10,000

Item	Ending balance/ amount in current period		Balance at end of the previous year/ amount in previous period	
	Caprolactam	Hainan Yisheng	Caprolactam	Hainan Yisheng
	Current assets	168,889.13	948,478.92	163,969.51
Wherein: Cash and cash equivalents	31,721.47	192,398.47	16,085.93	121,594.92
Non-current assets	455,410.44	1,091,362.44	492,168.92	1,158,520.83
Total assets	624,299.57	2,039,841.36	656,138.43	1,971,626.16
Current liabilities	322,591.18	917,278.13	334,757.76	808,981.60
Non-current liabilities	109,093.40	439,620.36	91,643.35	475,520.81

Item	Ending balance/ amount in current period		Balance at end of the previous year/ amount in previous period	
	Caprolactam	Hainan Yisheng	Caprolactam	Hainan Yisheng
Total liabilities	431,684.58	1,356,898.49	426,401.10	1,284,502.41
Minority stockholders' equity	148.50	0.00	148.50	0.00
Stockholders' equity attributable to parent company	192,466.50	682,942.87	229,588.83	687,123.74
Net assets calculated by shareholding ratio	96,233.25	341,471.44	114,794.41	343,561.87
Adjusting events				
- Goodwill	0.00	0.00	0.00	0.00
- Unrealized profit of internal transaction	0.00	-311.04	0.00	-414.72
- Others	2,010.08	9,733.71	2,010.08	9,733.71
Carrying value of equity investments in joint ventures	98,243.33	350,894.10	116,804.49	352,880.86
Fair value of JV equity investment with public offer	--	--	--	--
Operating income	577,676.53	2,547,439.62	771,525.16	3,213,406.32
Financial expenses	8,562.16	29,925.33	11,362.35	14,666.91
Income tax expenses	-12,270.15	-1,443.31	3,777.50	2,639.94
Net profit	-29,877.56	-5,929.06	11,491.71	14,380.19
Net profits of discontinuing operation	0.00	0.00	0.00	0.00
Other comprehensive income	0.00	1,748.19	0.00	-5,492.83
Total comprehensive income	-29,877.56	-4,180.87	11,491.71	8,887.35

Item	Ending balance/ amount in current period		Balance at end of the previous year/ amount in previous period	
	Caprolactam	Hainan Yisheng	Caprolactam	Hainan Yisheng
Dividends from JV received this year	3,615.64	0.00	2,220.79	0.00

(3) Main financial information about important associated enterprises

Unit: 10,000

Item	Ending balance/ amount in current period			Balance at end of the previous year/ amount in previous period		
	Yisheng Investment	Yisheng New Materials	China Zheshang Bank	Yisheng Investment	Yisheng New Materials	China Zheshang Bank
Current assets	482,822.57	241,236.43	--	714,738.20	227,414.65	--
Non-current assets	1,029,768.38	806,419.19	--	1,052,990.63	846,071.99	--
Total assets	1,512,590.96	1,047,655.62	348,109,200.00	1,767,728.83	1,073,486.64	332,553,900.00
Current liabilities	618,536.59	673,253.28	--	883,681.03	680,150.07	--
Non-current liabilities	161,104.38	229,536.28	--	131,225.34	215,014.95	--
Total liabilities	779,640.96	902,789.56	327,375,700.00	1,014,906.37	895,165.02	312,279,600.00
Minority stockholders' equity	98,561.48	0.00	446,700.00	101,363.20	0.00	384,000.00
Stockholders' equity attributable to parent company	634,388.51	144,866.06	20,286,800.00	651,459.26	178,321.63	19,890,300.00
Net assets calculated by shareholding ratio	190,316.55	70,984.37	718,152.72	195,437.77	87,377.59	704,116.62
Adjusting events						

2025 Annual Report of Hengyi Petrochemical Co., Ltd.

Item	Ending balance/ amount in current period			Balance at end of the previous year/ amount in previous period		
	Yisheng	Yisheng New	China	Yisheng	Yisheng New	China Zheshang
	Investment	Materials	Zheshang Bank	Investment	Materials	Bank
- Goodwill	0.00	0.00	0.00	0.00	0.00	0.00
-Unrealized profit of internal transaction	0.00	0.00	0.00	0.00	0.00	0.00
- Others	5,494.45	-0.13	-88,807.83	5,494.45	-0.13	-88,807.83
Book value of equity investment in associated enterprise	195,811.00	70,984.24	629,344.74	200,932.22	87,377.46	615,304.98
Fair value of associated enterprise equity investment with public offer	--	--	295,636.98	--	--	282,994.61
Operating income	2,210,089.06	2,823,988.65	6,251,400.00	3,181,974.27	3,226,652.45	6,765,000.00
Net profit	-19,362.87	-33,159.57	1,356,100.00	-15,349.59	-51,046.53	1,569,300.00
Net profits of discontinuing operation	0.00	0.00	0.00	0.00	0.00	0.00
Other comprehensive income	-509.59	-295.99	-372,200.00	-1,842.22	168.76	294,000.00
Total comprehensive income	-19,872.46	-33,455.57	983,900.00	-17,191.81	-50,877.77	1,863,300.00
Dividends from associated enterprise received this year	0.00	0.00	15,170.85	0.00	0.00	15,948.84

(4)Summary of financial information about unimportant associated enterprises

Unit: 10.000

Item	Ending balance/ amount in current period	Balance at end of the previous year/ amount in previous period
------	--	--

Associated enterprise:		
Total book value of investment	17,844.53	17,875.96
Total (calculated by shareholding ratio)		
- Net profit	159.79	453.76
- Other comprehensive income	-191.22	118.89
- Total comprehensive income	-31.44	572.66

(5) Excess losses in cooperative enterprise or associated enterprise

By the end of December 31, 2025, no excess loss takes place in the Company's cooperative enterprises and associated enterprises.

(6) Unconfirmed commitment related to cooperative enterprise investment

By the end of December 31, 2025, there is no unconfirmed commitment related to cooperative enterprise investment in the Company.

(7) Contingent liabilities related to cooperative enterprise or associated enterprise investment.

By the end of December 31, 2025, there is no contingent liability related to cooperative enterprise or associated enterprise investment in the Company.

9. Equities in structural subjects excluded in the scope of consolidated financial statement

In the Company, there is no equity in structural subject excluded in the scope of consolidated financial statement.

VIII. Government Grants

1. Government grants recognized at the end of the reporting period based on the amount receivable

Project	Amount	Amount recovered after the reporting period
Other receivables	5,949,047.22	5,723,793.10

2. Government grants newly added during the current period

Project	Amount of subsidies newly added in the current period
Government grants related to assets	101,113,801.17
Of which: recognized as deferred income	101,113,801.17
offset against the carrying amount of the asset	0.00
Government grants related to income	473,744,083.14
Of which: recognized as other income	470,919,164.14
recognized as deferred income	2,469,300.00
recognized as non-operating income	355,619.00
Financial subsidies for interest	0.00
Of which: offset against finance costs	0.00
offset against the carrying amount of the asset	0.00
Total	574,857,884.31

3. Liability items involving government grants

Project	Balance at end of the previous year	Amount of subsidies newly added in the current period	Amount credited to other income in the current period	Amount credited to non-operating income in the current period	Amount offset against assets in the current period
Deferred income -related to assets	258,536,200.16	101,113,801.17	26,671,409.92	0.00	0.00
deferred income -related to income	10,485,590.78	2,469,300.00	4,864,572.28	0.00	0.00
Total	269,021,790.94	103,583,101.17	31,535,982.20	0.00	0.00

(Continued)

Project	Amount offset against finance costs in the current period	Other changes	Ending balance	Related to assets/income
Deferred income -related to assets	0.00	3,600,400.00	329,378,191.41	Related to asse ts
deferred income -related to income	0.00	0.00	8,090,318.50	Related to income
Total	0.00	3,600,400.00	337,468,509.91	--

4.Amount of government grants recognized in profit or loss for the current period

Project	Current period amount	Prior period amount
Amount of government grants recognized in other income for the current period	502,455,146.34	286,958,783.08
Amount of government grants recognized in non-operating income for the current period	355,619.00	588,072.12
Impact amount of interest subsidy on total profit for the current period	0.00	23,315,100.00
Total	502,810,765.34	310,861,955.20

IX.Risks related to financial instruments

The Company's main financial instruments include monetary capital, financial assets measured by fair value and whose changes included in current profits and losses, loan, accounts receivable and accounts payable. For detail description of different financial instruments, please refer to related items in Note V. Risks related to these financial instruments and corresponding risk management policies taken by the Company to mitigate such risks are described in detail as follows. The Company's management shall manage and monitor these risk exposures, so as to control above risks within a limited scope.

Sensitivity analysis techniques are used by the Company to analyze probable influence of rational and probable changes in risk variables on current profit and loss or stockholders' equity. Risk variables seldom change separately. Correlation between different variables will have great effect on the final influence amount of a risk variable. Therefore, the following contents are stated upon the assumption that change of every variable takes place independently.

(I) Risk management objective and policy

The Company's risk management objective is to appropriately balance risk and income, minimize adverse impact of risk on the Company's business performance, and maximize benefits of its stockholders and other equity investors. Based on this risk management objective, the Company's basic strategy for the risk management is to determine and analyze different risks, set up an appropriate risk tolerance baseline for risk management, supervise various risks in time and reliably, and control all risks within a limited scope.

1. Market risk

(1) Foreign exchange risk

Foreign exchange risk refers to the risk of loss generated by fluctuations in exchange rate. The Company's foreign exchange risk is mainly correlated with USD and BND. Except the Company's several subsidiaries that purchase and sell in USD, other main business activities of the Company shall be settled in RMB. On December 31, 2025, most assets and liabilities of the Company are of RMB balance (excluding the following assets or liabilities in USD and BND). Foreign exchange risk generated by assets and liabilities in such foreign currency may influence the Company's business performance.

Item	Ending balance		Balance at the end of previous year	
	USD	BND	USD	BND

Cash and cash equivalents	310,063,081.08	13,548,785.88	394,357,716.75	16,516,921.62
Accounts receivable	513,290,486.14	36,929,399.44	460,697,534.16	41,395,520.20
Other receivables	185,476.97	2,565,290.14	17,068,114.96	2,024,462.92
Long-term receivables	0.00	1,047,978.00	0.00	1,047,978.00
Short-term loans	928,699,711.04	178,347,407.32	1,216,942,346.06	76,030,792.23
Accounts payable	279,944,452.80	2,328,272.00	581,163,548.84	2,440,564.38
Other payable	5,272,842.27	937,301.23	4,825,821.02	460,154.34
Non-current liabilities due within one year	123,901,920.67	2,296,934.70	168,491,781.70	1,336,887.90
Long-term loans	517,969,311.00	0.00	599,811,683.66	0.00
Lease liabilities	0.00	153,642,312.20	0.00	84,666,942.57

The Company pays close attention to the influence of exchange rate fluctuations on its foreign exchange risk. In accordance with relevant provisions, the Company shall not be engaged in any transaction of foreign exchange derivatives for the purpose of speculation. Based on normal production and management, all foreign exchange derivatives transactions shall depend on specific business, so as to avoid and prevent corresponding exchange rate or interest rate risks.

Foreign exchange risk sensitivity analysis:

The Company's foreign exchange risk is mainly correlated with changes in the exchange rate between USD & BND and RMB. The following table shows sensitivity analysis upon the assumption of 1% exchange rate change between foreign currency and RMB related to the Company. In the process of sensitivity analysis made by the management, 1% increase or decrease is deemed as rational reflection of probable exchange rate change scope. On the basis of above assumption, under the

circumstance that other variables are maintained unchanged, the influence of probable rational changes in exchange rate on current profit & loss and stockholders' equity (before tax) is shown as follows:

Item	Fluctuation in Exchange Rate	Influence on Current Profit & Loss and Stockholders' Equity (Before Tax)	
		Current Period	Previous Period
Monetary assets (USD)	Appreciation of RMB by 1%	57,884,912.34	62,691,716.03
Monetary liabilities (USD)		-130,439,643.66	-184,830,669.77
Net influence		-72,554,731.32	-122,138,953.74
Monetary assets (USD)	Depreciation of RMB by 1%	-57,884,912.34	-62,691,716.03
Monetary liabilities (USD)		130,439,643.66	184,830,669.77
Net influence		72,554,731.32	122,138,953.74
Monetary assets (BND)	Appreciation of RMB by 1%	2,952,636.08	3,245,249.55
Monetary liabilities (BND)		-18,425,625.89	-8,776,869.26
Net influence		-15,472,989.81	-5,531,619.71
Monetary assets (BND)	Depreciation of RMB by 1%	-2,952,636.08	-3,245,249.55
Monetary liabilities (BND)		18,425,625.89	8,776,869.26
Net influence		15,472,989.81	5,531,619.71

(2)Interest rate risk –cash-flow change risk

The Company's risk at fair value change of financial instruments caused by interest rate change mainly comes from: When the financial market interest rate is at a downward trend, the Company cannot enjoy cost saving for fixed-rate loans that are brought by interest-rate reduction. On the contrary, cost will be increased for its loans at floating interest rates due to rate hiking when the financial market interest rate is at an upward trend. The Company's short-term loans and mid-and-long-term loans account for approximately 50% of its liabilities with interest respectively. Moreover, interest is at a fixed rate for most short-term loans, and floating interest rates for mid-and-long-term loans. According to the Company's management, therefore, the Company's interest rate risk – fair value change risk is insignificant under the current tendency of interest rate change in macroscopic financial market. At present, there is no interest rate hedging policy in the Company.

Interest rate risk sensitivity analysis:

Interest rate risk sensitivity shall be analysed upon the following assumption: influence of market interest rate changes on interest income or expense of financial instruments at variable interest rates. For short-term loans, sensitivity analysis shall be based on continuously circulating borrowing of such loan in an integral accounting year. During sensitivity analysis by the management, increase/ decrease in 50 base points will be deemed as reasonable reflection on the feasible range of interest rate change. On the basis of above assumption, under the circumstance that other variables are maintained unchanged and that the interest rate is increased/decreased by 50 base points, probably rational interest rate changes may have the following influence on current profit & loss and stockholders' equity (before tax):

Item	Interest rate change	Profit increase in current period	Profit decrease in current period
------	----------------------	-----------------------------------	-----------------------------------

Short-term loans and mid-and-long-term liabilities at fixed interest rate	Increase in every 50 base points at an upward trend of interest rate	227,999,527.48	—
Short-term loans and mid-and-long-term liabilities at fixed interest rate	Decrease in every 50 base points at a downward trend of interest rate	—	227,999,527.48
Mid-and-long-term liabilities at floating interest rates	Increase in every 50 base points at an upward trend of interest rate	—	102,126,314.26
Mid-and-long-term liabilities at floating interest rates	Decrease in every 50 base points at a downward trend of interest rate	102,126,314.26	—

(3) Other price risks

The investments held by the Company that are classified as financial assets held for trading are measured at fair value on the balance sheet date. Accordingly, the Company bears the risk of changes in the prices of the relevant assets. The Company has established an Investment Management Department internally, with designated members closely monitoring price fluctuations of investment products. In view of the necessity of futures investment and the characteristics of leverage risk, the Company's board of directors has authorized the Chairman to set up a Futures Leadership Group, which is authorized to take charge of the Company's futures business, formulate the working approach for futures operations, and specify that a Futures Trading Team shall be established within the Investment Management Department to organize and execute trading activities in accordance with the decisions of the Futures Leadership Group. It is further specified that a Futures Settlement Team shall be established within the Financial Management Department to be responsible for fund management, accounting treatment, trade confirmation, and settlement management of the Company's futures business, and that a Futures Supervision Team shall be established within the Audit and Inspection Department to be responsible for risk control of

futures trading and periodic review of trading conduct. Meanwhile, to strengthen the internal control over the futures business and effectively prevent and mitigate various risks that may arise during trade execution and implementation, the Company has formulated the Futures Hedging Business Management System, requiring all personnel involved in futures operations to strictly adhere to relevant regulations and procedures. Personnel involved in futures operations have received specialized training and fully understand the characteristics and risks of the relevant futures products. Therefore, the Company's directors believe that the price risk faced by the Company has been mitigated.

2. Credit risks

Credit risk refers to the risk of financial loss to the other party as one party of financial instruments fails to perform its obligations. The Company's credit risk mainly comes from bank deposit and receivables. In order to control above risk, the Company took the following measures.

In order to lower its credit risk, the Company established a group for determination of credit limit and for credit approval. The policy of payment before delivery is adopted for unapproved clients. In addition, the Company shall also review on every balance sheet date recovery of every single receivable, making sure to withdraw adequate bad debt reserves for uncollectible funds. According to the Company's management, therefore, its credit risk has been reduced substantially.

The Company's working capital is saved in the bank at high credit rating. Therefore, its working capital is at relatively low credit risk.

3. Liquidity risks

According to the Company's management, adequate cash and cash equivalents shall

be prepared to monitor liquidity risk, so as to meet the Company's operation needs and to lower the influence from cash flow fluctuations. The Company's management shall monitor the use of bank loans and make sure to abide by the loan agreement.

The Company takes bank loan as the main source of funding. On December 31, 2025, the Company's available credit line is RMB 347.32 billion (RMB 36.659 billion on December 31, 2024).

Based on maturity of undiscounted residual contract obligations, the Company's financial assets and financial liabilities are analyzed as follows:

Item	Within 6 months	7-12 months	1-3 Years	Over three years
Non-derivative financial assets and liabilities:				
Notes receivable	36,103,550.69	0.00	0.00	0.00
Short-term loans	30,013,242,100.10	9,682,998,830.45	0.00	0.00
Notes payable	3,299,162,527.95	347,000,000.00	0.00	0.00
Long-term loans mature within one year	2,792,786,888.79	3,546,050,797.68	0.00	0.00
Long-term loans	0.00	0.00	7,184,313,536.08	5,898,458,185.47
Accounts receivable financing	31,968,266.76	0.00	0.00	0.00
Derivative financial assets and liabilities:				
Forward foreign exchange contract	-790,580.79	0.00	0.00	0.00
Futures contract	426,569,465.45	0.00	0.00	0.00

Note: For the maturity of the Company's other undiscounted financial assets and liabilities, please refer to corresponding items in Note V to the financial statement for details.

(II) Transfer of financial assets

1. Financial assets transferred but no derecognized integrally

This year, it is unnecessary for the Company to disclose financial assets transferred but no derecognized integrally.

2. Transferred financial assets derecognized integral already but still involving the assignor

In current period, the Company accumulatively discounted an amount of RMB 3,191,176,767.26 bank acceptance bills (RMB 2,542,149,454.39 in 2023). Main risks (e.g. interest rate risk) and remunerations related to these bank acceptance bills have been transferred to the bank. Thus, the Company shall derecognize discounted immature bank acceptance bills. According to the cashing agreement, if the banker's acceptance failed to be cashed upon maturity, the bank has the right to ask the Company to pay off the unsettled balance. Therefore, the Company continued to involve in cashing the banker's acceptance. On December 31, 2025, the cashed but not mature banker's acceptance was RMB 2,140,443,969.67 in total (RMB 1,387,664,668.95 on December 31, 2024).

X. Disclosure of fair value

1. Ending fair value of assets and liabilities measured at fair value

Item	Ending Fair Value			
	The first-tier fair value measurement	The second-tier fair value measurement	The third-tier fair value measurement	Total
I. Continuous fair value measurement				
(I) Held-for-trading financial assets	351,705,848.79	0.00	0.00	351,705,848.79

Item	Ending Fair Value			Total
	The first-tier fair value measurement	The second-tier fair value measurement	The third-tier fair value measurement	
1. Financial assets measured by fair value and whose changes included in current profits and losses	351,705,848.79	0.00	0.00	351,705,848.79
(1) Debt instrument investment	0.00	0.00	0.00	0.00
(2) Equity instrument investment	0.00	0.00	0.00	0.00
(3) Derivative financial assets	351,705,848.79	0.00	0.00	351,705,848.79
2. Specified as financial assets measured by fair value and whose changes included in current profits and losses	0.00	0.00	0.00	0.00
(1) Debt instrument investment	0.00	0.00	0.00	0.00
(2) Equity instrument investment	0.00	0.00	0.00	0.00
(II) Derivative financial assets	75,274,098.58	0.00	0.00	75,274,098.58
Wherein:	75,274,098.58	0.00	0.00	75,274,098.58
(III) Held-for-trading financial liabilities	410,481.92	0.00	0.00	410,481.92
Wherein: Issued bonds held for trading	0.00	0.00	0.00	0.00
Derivative financial liabilities	410,481.92	0.00	0.00	410,481.92
Others	0.00	0.00	0.00	0.00
(IV) Derivative financial liabilities	790,580.79	0.00	0.00	790,580.79

2. Determination basis for market price of continuous and non-continuous first-tier fair value measurement items

The Company's continuous first-tier fair value measurement items mainly include its derivative financial instruments with an active market that can obtain unadjusted offer of the same assets or liabilities in the active market.

XI.Related parties and related-party transaction

1. Information about the Company's parent company

Name of parent company	Domicile	Nature of business	Registered capital	Shareholding ratio of the parent company in the Company (%)	Percentage of the parent company's voting rights in the Company (%)
Zhejiang Hengyi Group Co., Ltd.	Hangzhou	Investment and trade	RMB 51.8 million	47.04	57.64

Note: The Company's ultimate controller is Qiu Jianlin.

2.Information about the Company's subsidiaries

For detailed information, please refer to Notes VII .1.Equities in Subsidiary.

3.Information about the Company's cooperative and associated enterprises

Name of cooperative enterprise or associated enterprise	Main place of business	Domicile	Nature of business	Shareholding ratio (%)		Accountant Arrangement Method for Investment in Cooperative Enterprise or Associated Enterprise
				Direct	Indirect	
Ningbo Jinhou Industry Investment Co., Ltd.	Hangzhou	Ningbo	Investment and consulting	25.00	0.00	Equity method
Dongzhan Shipping Co., Ltd.	Zhoushan	Zhoushan	Water transportation industry	0.00	30.00	Equity method

For important cooperative and associated enterprises of the Company, please refer to

Notes VII (8. Equities in Cooperative or Associated Enterprise).

4.Information about other related parties

Name of Other Related Party	Relationship between Other Related Parties and the Company
Zhejiang Hengyi Polyamide Co., Ltd.	A holding subsidiary of the ultimate parent company
Hangzhou Yichen Chemical Fibre Co., Ltd.	A holding subsidiary of the ultimate parent company
Hangzhou Yiqing Chemical Fibre Co., Ltd.	A holding subsidiary of the ultimate parent company
Hong Kong Yitian Company Limited	A holding subsidiary of the ultimate parent company
Hengyi Industries International (Singapore) Co., Ltd. (Note)	A holding subsidiary of the ultimate parent company
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.	Associated company of ultimate parent company
Haining Hengqi Environmental Protection Technology Co., Ltd.	Joint venture of ultimate parent company
Hong Kong Xinhengrong Co., Ltd.	Wholly-owned subsidiary of a joint venture
Hangzhou Bayi Energy Co., Ltd.	Holding subsidiary of the joint venture
Yisheng Dahua Petrochemical Co., Ltd.	Holding subsidiary of the associated enterprise
Zhejiang Rongtong Chemical Fibre New Material Co., Ltd.	Holding subsidiary of the associated enterprise
Hong Kong Yisheng Dahua Co., Ltd	Holding subsidiary of the associated enterprise
Ningbo Rongxincheng Trading Co., Ltd.	Wholly-owned subsidiary of associated enterprise
Yisheng New Materials Trading Co., Ltd.	Wholly-owned subsidiary of associated enterprise
Hainan Hengrong Trading Co.,Ltd.	Holding subsidiary of the joint venture
Hainan Yisheng Trading Co.,Ltd.	Holding subsidiary of the joint venture
Ningbo Qingzhi Chemical Terminal Co.,Ltd.	Connected natural persons as directors

5.Related-party transaction of commodity purchase & sale and labor provision & reception

(1)Related party transactions involving purchases and sales of goods, and provision

and receipt of services.

① Information about commodity purchase / labor reception

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Hainan Yisheng Petrochemical Co., Ltd.	Procurement of goods	231,663,328.53	1,053,028,929.20
Hainan Hengrong Trading Co., Ltd.	Procurement of goods	1,004,079,695.10	0.00
Hainan Yisheng Trading Co., Ltd.	Procurement of goods	903,935,119.64	0.00
Yisheng Dahua Petrochemical Co., Ltd.	Procurement of goods	149,243,008.87	9,917,522.12
Zhejiang Rongtong Chemical Fibre New Material Co., Ltd.	Procurement of goods	85,602,333.45	371,606,260.02
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Procurement of goods	323,631,610.89	328,559,821.54
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Labor reception	2,108,766.44	4,511,745.29
Hazngzhou Bayi Energy Co., Ltd.	Procurement of goods	119,167,327.60	145,585,516.33
Zhejiang Hengyi Polyamide Co., Ltd.	Procurement of goods	663,425,313.76	60,904,618.51
Hangzhou Yichen chemical Fiber Co., Ltd.	Procurement of goods	1,023,332,218.56	173,852,040.20
Zhejiang Yisheng New materials Co., Ltd.	Procurement of goods	10,899,441,750.79	8,156,738,680.86
Ningbo Rongxincheng Trading Co., Ltd.	Procurement of goods	2,203,746,302.69	3,959,666,589.54
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.	Procurement of goods	9,049,415,572.08	10,121,934,528.38
Haining Hengqi Environmental Protection Technology Co., Ltd.	Procurement of goods	3,384,817.82	3,537,361.87

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Hangzhou Yijing Chemical Fibre Co., Ltd.	Procurement of goods	6,550,093.35	24,907,507.26
Hangzhou Yijing Chemical Fibre Co., Ltd.	Labor reception	0.00	8,546,945.08
Ningbo Qingchi Chemical Terminal Co.,Ltd	Labor reception	31,697,685.02	23,362,536.08
Hong Kong Tianyi Company Limited	Procurement of goods	12,440,189,758.90	11,179,357,029.32
Hengyi Industries International (Singapore) Co., Ltd.	Labor reception	0.00	42,593.79

②Information about commodity sale/ labor provision

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Sales of goods	138,437,627.02	987,413,866.42
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	labor provision	29,904,951.91	37,711,048.66
Hainan Yisheng Petrochemical Co., Ltd.	Sales of goods	305,429,221.18	2,162,116,319.91
Hainan Yisheng Petrochemical Co., Ltd.	labor provision	5,028,882.31	43,346,449.46
Hainan Yisheng Trading Co., Ltd	Sales of goods	131,063,676.11	0.00
Zhejiang Hengyi Polyamide Co, Ltd	Sales of goods	10,076,715.72	28,064,405.34
Zhejiang Hengyi Polyamide Co, Ltd	labor provision	16,708,492.21	13,916,209.16
Yisheng Dahua Petrochemical Co., Ltd.	Sales of goods	264,363,081.41	402,236,670.65
Yisheng Dahua Petrochemical Co., Ltd.	labor provision	22,018.35	4,116,674.39

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Yisheng Dahua Petrochemical Co., Ltd.	Sales of goods	186,861,751.13	0.00
Hangzhou Yichen Chemical Fibre Co., Ltd.	labor provision	24,104,089.16	25,160,871.83
Hangzhou Yichen Chemical Fibre Co., Ltd.	Sales of goods	13,787,546.98	29,459,708.80
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd	Sales of goods	415,033,730.33	392,684,319.81
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd	labor provision	126,608,761.84	127,395,137.02
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd	Trademark use license fee	14,004,345.60	13,987,218.78
Zhejiang Yisheng New Materials Co., Ltd.	labor provision	39,679,993.62	67,633,908.72
Hangzhou Bayi Energy Co., Ltd.	Sales of goods	63,676,766.56	569,061,313.89
Hangzhou Bayi Energy Co., Ltd.	labor provision	0.00	17,797,551.97
Haining Hengqi Environmental Protection Technology Co., Ltd.	Sales of goods	31,063,900.51	36,473,471.61
Haining Hengqi Environmental Protection Technology Co., Ltd.	labor provision	445,229.05	981,322.76
Ningbo Qingzhi Chemical Terminal Co., Ltd.	Sales of goods	5,503,709.95	6,735,807.93
Ningbo Qingzhi Chemical Terminal Co., Ltd.	labor provision	37,488.09	0.00
Hangzhou Yijing Chemical Fibre Co., Ltd.	Sales of goods	15,040.00	183,503.31
Hangzhou Yijing Chemical Fibre Co., Ltd.	labor provision	4,482,733.74	5,794,428.67

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Hengyi industries International Co., Ltd. (Singapore)	labor provision	0.00	1,213,923.57
Hong Kong Xinhengrong Co., Ltd.	Sales of goods	214,032,395.78	2,037,063,832.75
Hong Kong Xinhengrong Co., Ltd.	labor provision	0.00	65,424,493.24
Yisheng New Materials Trading Co., Ltd.	Sales of goods	93,587,365.50	61,501,725.58
Yisheng New Materials Trading Co., Ltd.	labor provision	0.00	2,032,809.42
Ningbo Rongxincheng Trading Co., Ltd.	Sales of goods	342,580,939.93	0.00
Zhejiang Hengyi Group Co., Ltd	labor provision	0.00	123,433.96

(2) Information about related trusteeship management/ mandatory management

The Company as trustee

Name of the Client	Name of the Trustee	Type of Entrusted Assets	Starting Date of Entrustment	Custody fee recognized in current period
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.	Zhejiang Hengyi Petrochemical Co., Ltd.	Entrustment of operation	July 25, 2018	1,698,113.16
Hangzhou Yichen Chemical Fiber Co., Ltd.	Zhejiang Hengyi Petrochemical Co., Ltd.	Entrustment of operation	September 30, 2025	74,292.45
Zhejiang Hengyi Polyamide Co., Ltd.	Zhejiang Hengyi Petrochemical Co., Ltd.	Entrustment of operation	September 30, 2025	52,122.64

Note①: Zhejiang Hengyi Petrochemical Co., Ltd. (a subsidiary of the Company) is entrusted to provide management advisory services to the production and operating activities of Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd. However, the

former will not undertake any business risk of the client. The termination date of entrust is the date of completion when the client is purchased by the Company or the Company's non-related parties.

Note②: The subsidiary of the Company, Zhejiang Hengyi Petrochemical Co., Ltd., has been entrusted to act as an exclusive distributor for the designated goods of Hangzhou Yichen Chemical Fiber Co., Ltd. and Zhejiang Hengyi Polyamide Co., Ltd. Zhejiang Hengyi Polyamide Co., Ltd. and Hangzhou Yichen Chemical Fiber Co., Ltd. retain ownership of the distributed goods, meaning that the Company does not assume the obligation to purchase unsold goods at the agreed price. The termination date of the entrustment is December 31, 2026.

(3) Information about related-party lease

① The Company as lessee

Name of lessor	Category of leased assets	Rental expenses recognized in current period	Rental expenses confirmed in the previous year
Hangzhou Yijing Chemical Fibre Co., Ltd.	Property, Equipment	1,537,717.07	1,393,348.64
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Property	212,419.06	0.00
Hangzhou Yijing Chemical Fibre Co., Ltd.	Property	0.00	14,498.84
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.	Property	96,321.10	8,820.00
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd. (Note)	Property	1,280,000.00	1,280,000.00

Note: On January 1, 2024, our company signed a house lease contract with Shaoxing Keqiao Hengming Chemical Fiber Co., Ltd. The lease term is from January 1, 2024, to December 31, 2026, with an annual rent of RMB 1.28 million.

② The Company as the lessor

Name of the lessee	Category of leased assets	Rental expenses recognized in current period	Rental expenses confirmed in the previous year
Haining Hengqi Environmental Protection Technology Co., Ltd.	Site	897,759.60	912,563.42
Hainan Yisheng Petrochemical Co., Ltd.	Property	0.00	1,385,296.06
Zhejiang Yisheng New Materials Co., Ltd.	Property	1,929,119.65	1,031,670.22
Hangzhou Yijing Chemical Fibre Co., Ltd.	Vehicle	0.00	26,548.67
Ningbo Qingchi Chemical Terminal Co., Ltd.	Tank	0.00	200,332.42

(4) Information about related-party guarantee

① The Company as guarantor

Warrantee	Amount guaranteed (RMB 10,000)	Starting date of guarantee	Maturity date of guarantee	Guarantee finished or not
Hainan Yisheng Petrochemical Co., Ltd.	70,000.00	2025-07-24	2026-12-09	No

② The Company as the warrantee

Guarantor	Warrantee	Amount (RMB 10,000)	Borrowing date	Repayment date	Mortgage provided by the Company or not	Guarantee finished or not
Zhejiang Hengyi Group Co., Ltd.	Guangxi Hengyi New Materials Co., Ltd.	4,022.17	2025-05-14	2026-05-15	No	No
Zhejiang Hengyi Group Co., Ltd.	Haining Hengyi New Materials Co., Ltd.	131,500.00	2024-10-11	2027-06-26	No	No

Guarantor	Warrantee	Amount (RMB 10,000)	Borrowin g date	Repayme nt date	Mortgage provided by the Company or not	Guarant ee finished or not
Zhejiang Hengyi Group Co., Ltd.	Haining Hengyi New Materials Co., Ltd.	45,000.00	2025-03-17	2026-11-10	No	No
Zhejiang Hengyi Group Co., Ltd.	Hengyi Petrochemical Co., Ltd.	1,000.00	2025-12-09	2026-11-25	No	No
Zhejiang Hengyi Group Co., Ltd.	Henggyi Petrochemical Co., Ltd.	77,341.52	2025-02-13	2026-07-10	No	No
Zhejiang Hengyi Group Co., Ltd.	Henggyi Petrochemical Co., Ltd.	12,000.00	2025-08-20	2026-02-20	No	No
Zhejiang Hengyi Group Co., Ltd.	Hengyi Industries Sdn. Bhd	\$18,808.19	2025-08-25	2026-02-06	No	No
Zhejiang Hengyi Group Co., Ltd.	Hengyi Industries Sdn. Bhd	329,900.00	2025-01-10	2026-12-17	No	No
Zhejiang Hengyi Group Co., Ltd.	Hengyi Industries International (Singapore) Co., Ltd.	\$2,490.53	2025-09-19	2026-02-11	No	No
Zhejiang Hengyi Group Co., Ltd.	Jiaxing Yipeng Chemical Fiber Co., Ltd.	20,000.00	2025-02-13	2027-12-21	No	No
Zhejiang Hengyi Group Co., Ltd.	Jiaxing Yipeng Chemical Fiber Co., Ltd.	10,000.00	2025-09-04	2026-08-24	No	No
Zhejiang Hengyi Group Co., Ltd.	Ningbo Hengyi Trading Co., Ltd.	29,150.00	2025-09-18	2026-06-16	No	No
Zhejiang Hengyi Group Co., Ltd.	Ningbo Hengyi Trading Co., Ltd.	16,660.00	2025-11-12	2026-05-12	No	No
Zhejiang Hengyi Group Co., Ltd.	Ningbo Shengmao Trading	1,000.00	2025-08-02	2026-02-02	No	No

Guarantor	Warrantee	Amount (RMB 10,000)	Borrowing date	Repayment date	Mortgage provided by the Company or not	Guarantee finished or not
	Co., Ltd.		6	5		
Zhejiang Hengyi Group Co., Ltd.	Suqian Yida New Materials Co., Ltd.	22,000.00	2025-01-02	2026-11-25	No	No
Zhejiang Hengyi Group Co., Ltd.	Suqian Yida New Materials Co., Ltd.	7,000.00	2025-03-24	2026-03-19	No	No
Zhejiang Hengyi Group Co., Ltd.	Taicang Yifeng Chemical Fiber Co., Ltd.	3,000.00	2025-08-22	2026-08-21	No	No
Zhejiang Hengyi Group Co., Ltd.	Taicang Yifeng Chemical Fiber Co., Ltd.	2,880.00	2025-09-16	2026-03-16	No	No
Zhejiang Hengyi Group Co., Ltd.	Hong Kong Tianyi International Holding Co., Ltd.	90,000.00	2025-05-28	2026-10-12	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi High-Tech Materials Co., Ltd.	13,075.00	2025-02-18	2027-02-17	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi High-Tech Materials Co., Ltd.	50,000.00	2025-01-15	2026-04-21	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi High-Tech Materials Co., Ltd.	45,000.00	2025-08-14	2026-04-10	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi Polymer Co., Ltd.	10,000.00	2025-08-04	2026-01-12	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi	113,600.00	2025-03-1	2035-09-2	No	No

Guarantor	Warrantee	Amount (RMB 10,000)	Borrowing date	Repayment date	Mortgage provided by the Company or not	Guarantee finished or not
	Petrochemical Co., Ltd.		2	9		
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi Petrochemical Co., Ltd.	128,000.00	2025-08-04	2026-08-04	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Shuangtu New Materials Co., Ltd.	46,020.00	2025-02-18	2026-09-04	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Yisheng Petrochemical Co., Ltd.	\$651.37	2025-09-30	2026-03-27	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Yisheng Petrochemical Co., Ltd.	245,678.96	2023-02-07	2028-11-24	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Yisheng Petrochemical Co., Ltd.	71,491.55	2025-01-23	2026-11-04	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Yisheng Petrochemical Co., Ltd.	93,858.87	2025-07-14	2026-06-08	No	No
Zhejiang Hengyi Group Co., Ltd.	Hangzhou Yitong New Materials Co., Ltd.	14,000.00	2025-06-20	2026-06-18	No	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi Petrochemical Co., Ltd.	15,000.00	2025-11-06	2026-04-27	No	No
Zhejiang Hengyi Group Co., Ltd.	Haining Hengyi New Materials Co., Ltd.	91,444.49	2024-11-29	2028-01-15	Yes	No
Zhejiang Hengyi Group Co., Ltd.	Jiaxing Yipeng Chemical Fiber Co., Ltd.	30,361.10	2022-11-21	2027-06-21	Yes	No
Zhejiang Hengyi Group Co., Ltd.	Suqian Hengyuan Thermal Energy Co., Ltd.	19,310.55	2024-07-31	2028-10-17	Yes	No
Zhejiang Hengyi Group Co., Ltd.	Suqian Yida New Materials	25,887.02	2024-02-22	2027-08-22	Yes	No

Guarantor	Warrantee	Amount (RMB 10,000)	Borrowing date	Repayment date	Mortgage provided by the Company or not	Guarantee finished or not
	Co., Ltd.		8	8		
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Hengyi High-Tech Materials Co., Ltd.	68,983.33	2024-03-29	2029-01-02	Yes	No
Zhejiang Hengyi Group Co., Ltd.	Zhejiang Shuangtu New Materials Co., Ltd.	18,278.46	2025-06-11	2028-07-16	Yes	No
Zhejiang Hengyi Group Co., Ltd., Hengyi Petrochemical Co., Ltd., Hengyi Industries Sdn. Bhd., Zhejiang Hengyi Petrochemical Co., Ltd., Zhejiang Hengyi High-Tech Materials Co., Ltd., Good Park International Investment Co., Ltd., Zhejiang Yisheng Petrochemical Co., Ltd., Hong Kong Tianyi International Holding Co., Ltd., Qiu Yibo	Hengyi Industries Sdn. Bhd.	\$51,796.93	2024-12-05	2030-08-22	Yes	No
Zhejiang Hengyi Group Co., Ltd., Hengyi Petrochemical Co., Ltd., Hengyi Industries Sdn. Bhd., Zhejiang Hengyi Petrochemical Co., Ltd., Zhejiang Hengyi High-Tech Materials Co., Ltd., Good Park International Investment Co., Ltd., Zhejiang	Hengyi Industries Sdn. Bhd.	204,179.54	2024-12-05	2030-08-22	Yes	No

Guarantor	Warranty	Amount (RMB 10,000)	Borrowing date	Repayment date	Mortgage provided by the Company or not	Guarantee finished or not
Yisheng Petrochemical Co., Ltd., Hong Kong Tianyi International Holding Co., Ltd., Qiu Yibo						
Zhejiang Hengyi Group Co., Ltd., Hengyi Petrochemical Co., Ltd.	Taicang Yifeng Chemical Fiber Co., Ltd.	49,482.00	2025-03-03	2026-12-24	Yes	No

(5) Related-party lending

Related party	Lending amount	Start date	Maturity date	Notes
Borrowing:				
Zhejiang Hengyi Group Co., Ltd.	3,749,280,000.00	--	--	Temporary working capital replenished by Heng Yi Group to the Company, which has been returned in full

(6) Information about related-party assets transfer and debt restructuring

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Hong Kong Yitian Co., Ltd,	Asset transfer	0.00	12,824,043.92
Shaoxing Keqiao Hengming Chemical Fiber Co., Ltd.	Asset transfer	411,805.32	65,515,035.94
Yisheng Dhua Petrochemical Co., Ltd.	Asset transfer	0.00	1,140,080.53
Zhejiang Yisheng New Materials Co., Ltd.	Asset transfer	0.00	3,646,219.52

(7) Related party acquisition/purchase of assets and development expenditure

Related party	Contents of related-party transactions	Amount incurred in current period	Amount incurred in previous period
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Assignment of Assets	2,731,447.05	0.00
Hangzhou Yijing Chemical Fiber Co., Ltd.	Assignment of Assets	34,529,147.09	106,627,510.62
Zhejiang Hengyi Group Co., Ltd.	Assignment of Assets	0.00	315,000,000.00

(8) Remunerations for key management personnel

Item	Amount incurred in current period	Amount incurred in previous period
Remunerations for key management personnel	RMB 6.7094 million	RMB 7.0343 million

(9) Other related-party transactions

By the end of December 31, 2025, the Company's and its subsidiaries' balance of deposits is RMB 100.1494 million in its related party, namely China Zheshang Bank Co., Ltd. The amount of commercial draft discounted but immature at the end of the term is RMB 0.00.

6. Related parties' receivables and payable**(1) Receivables**

Project name	Ending balance		Ending balance of previous year	
	Book balance	Bad debt provision	Book balance	Bad debt provision
Notes receivable:				
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	40,658,510.34	0.00	0.00	0.00
Accounts receivable:				
Hainan Yisheng Petrochemical Co., Ltd.				
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	0.00	0.00	1,509,972.70	0.00
Zhejiang Yisheng New Materials Co., Ltd.	742,414.86	0.00	714,046.20	0.00
Hangzhou Bling Energy Co., Ltd.	0.00	0.00	1,124,520.54	0.00

Hong Kong Yisheng Dahua Co., Ltd.	842,541.13	42,127.06	0.00	0.00
Yisheng New Materials Trading Co., Ltd.	0.00	0.00	3,297,277.39	0.00
Advance payment:	0.00	0.00	62,144,926.08	0.00
Zhejiang Baling Hengyi Caprolactam Co., Ltd				
Hangzhou Yijing Chemical Fibre Co., Ltd.	0.00	0.00	9,978.79	0.00
Hong Kong Yitian Co., Ltd.	0.00	0.00	88,960.38	0.00
Hainan Yisheng Trading Co., Ltd.	0.00	0.00	2,616,755.56	0.00
Hainan Hengrong Trading Co., Ltd.	33,658,795.68	0.00	0.00	0.00
Other current assets:	10,124,208.54	0.00	0.00	0.00
Zhejiang Baling Hengyi Caprolactam Co., Ltd				
Other Non Current assets:	24,000.00	1,200.00	0.00	0.00
Hangzhou Yijing Chemical Fibre Co., Ltd.				

(1) Payable

Project name	Ending balance	Ending balance of previous year
Note payables:		
Zhejiang Yisheng New Materials Co., Ltd.	2,901,722,300.00	786,401,800.00
Ningbo Rongxincheng Trading Co., Ltd.	553,433,200.00	290,360,000.00
Zhejiang Hengyi Polyamide Co., Ltd.	110,000,000.00	0.00
Accounts payable:		
Zhejiang Baling Hengyi Caprolactam Co., Ltd	746,966.53	4,964,717.03
Hangzhou Yichen Chemical Fibre Co., Ltd.	12,689.61	0.00
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.	2,124,031.23	376,449.80

Zhejiang Hengyi Polyamide Co., Ltd	3,572.42	1,203.44
Hangzhou Bayi Energy Co., Ltd.	8,437,298.21	13,660,186.86
Hangzhou Yijing Chemical Fiber Co., Ltd.	133,659.50	6,917.23
Hong Kong Yitian Co., Ltd.	80,578,326.13	0.00
Ningbo Qingzhi Port Co., Ltd.	234,308.42	0.00
Hainan Yisheng Petrochemical Co., Ltd.	387,719.20	0.00
Hainan Hengrong Trading Co., Ltd.	4,530,841.58	0.00
Contractual liabilities and other current liabilities:		
Hangzhou Bayi Energy Co., Ltd.	0.00	23,800,768.00
Zhejiang Baling Hengyi Caprolactam Co.,Ltd	7,365,314.22	9,804,717.62
Lease Liabilities and non-current liabilities mature within one year:		
Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.	1,119,181.06	2,185,819.52

XII. Commitments and Contingencies

1. Important Commitments

As of December 31, 2025, the amounts of capital subscribed but not yet actually paid in by the Company for its subsidiaries added through direct establishment or investment are as follows: RMB 1,990,700,300, USD 500,000, and BND 40,126,000.

2. Contingent liabilities arising from pending litigation and arbitration and their financial impact

① Criminal case of Wang XX and related civil action cases in Zhejiang Shuangtu

Since October 21, 2018, Zhejiang Shuangtu has received the notice from more than ten clients (including Haiyan Yixiao Knitting New Materials Co., Ltd.). After the payment, the clients never received goods delivered by Zhejiang Shuangtu, and could not get contact with Wang XX. For the reason of the failure of Zhejiang Shuangtu to deliver after their payment, Haiyan Yixiao Knitting New Materials Co., Ltd., Tonglu Yueheng Knitting Clothing Co., Ltd. and Yiwu Zijing Clothing Co., Ltd. submitted a

case to the court.

According to its self-inspection, Zhejiang Shuangtu has already received the payment of above clients for goods, and finished related activities (including delivery and issuance of sales invoice) as per the sales order. All clients failing to receive the goods were handled by Wang XX, a salesman in Zhejiang Shuangtu. Then, the clients could not get contact with Wang XX. On November 11, 2018, Zhejiang Shuangtu reported the case to the criminal investigation brigade subordinate to Dajiangdong Industry Cluster District Suboffice of Hangzhou Public Security Bureau. The case has been accepted already. On April 13, 2019, Zhejiang Shuangtu received a notice from the public security organ: Wang XX was arrested.

Both the three civil cases related to Wang XX and the contract dispute case with Haiyan Yixiao Knitting New Materials Co., Ltd., were opened to a court session on December 3, 2018. The court has not made a judgment yet. As Wang XX's criminal case is involved, Tonglu Yueheng Knitting Clothing Co., Ltd. positively withdrew the contract dispute case, and would decide how to solve after the criminal case was handled. For the contract dispute case with Yiwu Zijing Clothing Co., Ltd., Zhejiang Shuangtu has submitted corresponding answer brief and evidence materials to the court. The court will open a court session later. For the contract dispute case with, Haiyan Yixiao Knitting New Materials Co., Ltd., the court froze RMB 300,000 deposits of Zhejiang Shuangtu.

In 2018, based on the information in the client's letter of notice (including quantity of goods not received), Zhejiang Shuangtu deducted an amount of RMB 26,201,814.47 from its revenues, recorded corresponding freight cost (i.e. RMB 24,105,503.18) into "other receivables – Wang XX", and withdrew bad debt losses in full amount. Based on the receiving time and amount, Zhejiang Shuangtu also withdrew an amount of RMB 433,932.50 accrued liabilities by bank lending rates in corresponding period.

On May 17, 2019, Wang XX was arrested by law. On January 22, 2020, the People's Procuratorate of Hangzhou Xiaoshan District initiated a public prosecution to the People's Court of Hangzhou Xiaoshan District on the charge of post occupation and contract swindling. The case was accepted. Due to epidemic and other reasons, the court has not determined the date yet. According to the amount involving duty-related crime as found in the indictment by the People's Procuratorate of Hangzhou Xiaoshan District, Zhejiang Shuangtu deducted an amount of RMB 2,414,257.32 from its revenues, and recorded corresponding freight cost (i.e. RMB 2,138,041.91) into "other receivables – Wang XX", and confirmed anticipated losses in full amount.

Based on the receiving time and amount, Zhejiang Shuangtu also withdrew an amount of RMB 1,573,136.66 accrued liabilities by bank lending rates in corresponding period. According to the *Agreement on Stock Issuance for Assets Purchase* and subsequent agreements signed by and between the Company and the former shareholders of Zhejiang Shuangtu (namely Fulida Group and Xinghui Chemical Fibre Group Co., Ltd.), Fulida Group and Xinghui Chemical Fibre Group Co., Ltd. promise and agree to assume joint and several liabilities to the Company and Zhejiang Shuangtu with respect to all losses on Zhejiang Shuangtu and the Company caused by the disputed case prior to December 7, 2018 (included). Therefore, above event will have no significant influence on the Company and Zhejiang Shuangtu.

On July 20, 2020, the People's Court of Hangzhou Xiaoshan District issued a paper of sentence to judge: (1) The Defendant Wang XX is sentenced to jail for 13 years for duty encroachment and for eleven years and six months for contract swindling, and also fined for RMB 150,000. Upon a combined punishment, Wang XX is sentenced to 18-year imprisonment, and fined RMB 150,000. (2) The Defendant Wang XX is ordered to return and compensate for economic losses to related units and the victim.

After the criminal case of Wang XX was judged, the cases deemed as duty encroachment of related victims were also heard, judged and/or compromised. By the

end of the issue date of this report, 11 out of 13 victims from duty encroachment affirmed by the court have been judged, compromised and settled. A total amount of RMB 936,800 is involved in other two unsettled cases.

On 3 April 2023, Hangzhou Qiantang District People's Procuratorate filed an indictment with Hangzhou Qiantang District People's Court charging defendant Wang XX with committing the crime of occupational encroachment: from August to October 2018, defendant Wang XX took advantage of the convenience of his position, and encroached on Shuangtu Company's property by taking partial shipments and other means after presenting the goods on behalf of the company's customers, such as Zhejiang Huagang Clothing Accessories Company Limited and other 3 units. The total amount involved was RMB 2,100,307.86.

On 30 June 2023, Hangzhou Qiantang District People's Court issued a criminal judgement, sentencing Wang to four years' fixed-term imprisonment for the crime of occupying positions and imposing a fine of RMB 50,000; together with the sentence of eighteen years' fixed-term imprisonment for the previous crime and a fine of RMB 150,000, it decided to carry out the fixed-term imprisonment of eighteen years and nine months and impose a fine of RMB 200,000; and ordered Defendant Wang Yishi to pay compensation for economic losses of the aggrieved unit, Zhejiang Shuangtu New Material Ltd. for economic losses of RMB 2,100,307.86.

In 2023, Double Rabbit Company offset its income by RMB 1,813,774.41, recorded the corresponding cost of goods of RMB 1,719,275.62 as "other receivables - Mr. Wang," and fully recognized the estimated loss; at the same time, it accrued estimated liabilities based on the timing and amount of customer payments received, using the same period bank loan interest rate and interbank lending rate.

On October 13, 2023, the company received RMB 6,570 from the Hangzhou Qiantang District People's Court transferred on behalf of the defendant Mr. Wang.

Due to settlements with some of the victims, the actual refund of payments to the victims by Double Rabbit Company was less than the amount determined by the court for the case. Therefore, the company reduced the amount of receivable compensation from the original shareholders of Double Rabbit Company, Fulida Group Holding Co., Ltd., and Xinghui Chemical Fibre Group Co., Ltd., based on the actual expenditures of settled cases, reducing the amounts for the years 2021, 2022 and 2024 by RMB 8.5558 million yuan, RMB 54,100 and RMB 957,800 respectively. In 2023, due to the newly confirmed embezzlement offense committed by Mr. Wang resulting in losses to Double Rabbit Company and the parent company, the receivable compensation from the original shareholders of Double Rabbit Company, Fulida Group Holding Co., Ltd., and Xinghui Chemical Fibre Group Co., Ltd. increased by RMB 2,246,502.35 (excluding RMB 6,570 for court-executed funds for the year).

As of December 31, 2025, the company recognized "other receivables - Mr. Wang" at RMB 27,956,250.71, fully recognizing credit impairment losses; at the same time, it recognized receivable compensation from the original shareholders of Double Rabbit Company, Fulida Group Holding Co., Ltd., and Xinghui Chemical Fibre Group Co., Ltd., at RMB 24,875,430.34.

(2) By the end of December 31, 2025, the Company's debt guarantee is shown as follows:

Guarantor	Warrantee	Guaranty Style	Amount Guaranteed	Maturity date of guarantee
Hengyi Petrochemical Co., Ltd.	Hainan Yisheng Petrochemical Co., Ltd.	Credit guarantee	70,000.00	2026-12-19

XIII. Events after the balance sheet date

1. Distribution of profits

On April 14, 2026, during the thirty-second session of the twelfth Board of Directors meeting, the company approved the "Proposal on the Distribution of Profits for the

Year 2025." The company intends to distribute cash dividends of RMB 0.50 (tax included) per 10 shares to all shareholders entitled to dividends, using the total share capital recorded on the registration date determined in the announcement of the equity distribution as the base, deducting the shares held by the company's repurchase special securities account. There will be no bonus shares issued, and no increase in share capital through capital reserve conversion. This proposal is subject to approval at the annual general meeting of shareholders for the year 2025.

2.As at the date of this financial report, apart from the above matters, there were no other matters required to be disclosed after the balance sheet date during the current year

XIV.Other important events

1.Correction to prior period errors

There were no prior period error corrections that need to be disclosed by the Company during this year.

2.Segment information

Segmental management is not implemented in the Company. Therefore, there is no reporting segment.

3.Other important events

There were no other important events that need to be disclosed by the Company during this year.

XV.Notes to main items in the company's financial statements

1. Other receivables

Item	Ending balance	Ending balance of previous year
Interests receivable	0.00	0.00
Dividends receivable	650,000,000.00	340,000,000.00

Other receivables	5,136,490,095.32	5,864,340,335.74
Total	5,786,490,095.32	6,204,340,335.74

(1)Dividends receivable

Project (or Invested Unit)	Ending balance	Ending balance of previous year
Zhejiang Shuangtu New Materials Co., Ltd.	200,000,000.00	290,000,000.00
Jiaxing Yipeng Chemical Fiber Co., Ltd.	50,000,000.00	50,000,000.00
Zhejiang Hengyi Petrochemical Co., Ltd.	400,000,000.00	0.00
Subtotal	650,000,000.00	340,000,000.00
Minus: Bad debt provision	0.00	0.00
Total	650,000,000.00	340,000,000.00

(2)Other receivables

①Disclosure by aging

Aging	Ending balance	Ending balance of previous year
Within 1 year	3,151,231,344.85	5,863,960,335.74
1-2 years	1,984,878,750.47	200,000.00
2-3 years	200,000.00	0.00
Over three years	202,500.00	202,500.00
Subtotal	5,136,512,595.32	5,864,362,835.74
Minus: Bad debt provision	22,500.00	22,500.00
Total	5,136,490,095.32	5,864,340,335.74

②Classification based on nature of fund

Nature of account	Ending balance	Ending balance of previous year

Related party funds within the scope of consolidation	5,136,110,095.32	5,863,960,335.74
Portfolio of deposits and security	402,500.00	402,500.00
Subtotal	5,136,512,595.32	5,864,362,835.74
Minus: Bad debt provision	22,500.00	22,500.00
Total	5,136,490,095.32	5,864,340,335.74

③ Accrual of bad debt reserves

Bad debt provision	Stage 1	Stage 2	Stage 3	Total
	Expected credit loss of the future twelve months	Expected credit loss over the lifetime (no credit impairment has occurred)	Expected credit loss over the lifetime (credit impairment has occurred)	
Ending balance of previous year	20,000.00	0.00	2,500.00	22,500.00
Book balance of other receivables at the end of the previous year:				
- Transferred to Stage 2	0.00	--	--	0.00
- Transferred to Stage 3	0.00	0.00	--	0.00
- Transferred back to Stage 2	--	--	0.00	0.00
- Transferred back to Stage 1	--	0.00	0.00	0.00
Provision in current period	0.00	0.00	0.00	0.00

Withdrawal or Roll-back in current period	0.00	0.00	0.00	0.00
Write-off or cancellation after verification in current period	0.00	0.00	0.00	0.00
Other changes	0.00	0.00	0.00	0.00
Ending balance	20,000.00	0.00	2,500.00	22,500.00

④ Situation of bad debt reserves

Category	Ending balance of previous year	Amount of changes in current period			Ending balance
		Provision	Amount recovered or written back	Resell or write off	
Related party funds within the scope of consolidation	0.00	0.00	0.00	0.00	0.00
Receivables and payables such as advance from entities beyond the scope of consolidation	0.00	0.00	0.00	0.00	0.00
Combination of tax refunds receivable and other government subsidies	0.00	0.00	0.00	0.00	0.00
Portfolio of deposits and security	22,500.00	0.00	0.00	0.00	22,500.00
Employee loan and petty cash	0.00	0.00	0.00	0.00	0.00
Other portfolio	0.00	0.00	0.00	0.00	0.00

Total	22,500.00	0.00	0.00	0.00	22,500.00
-------	-----------	------	------	------	-----------

⑤ Other receivables with top five ending balance collected by debtor

Name of organization	Nature of account	Ending balance	Aging	Proportions in the total other accounts receivable at the year ended (%)	Bad debt provision Ending balance
Zhejiang Hengyi Petrochemical Co., Ltd.	Related receivables and payables	4,697,832,160.38	Within 1 year, 1-2 years	91.46	0.00
Suqian Yida New Materials Co., Ltd.	Related receivables and payables	345,277,934.94	Within 1 year,	6.72	0.00
Hangzhou Yixian Energy Technology Co., Ltd.	Related receivables and payables	93,000,000.00	Within 1 year,	1.81	0.00
China Securities Depository & Clearing Corporation Shenzhen Branch	Convertible bonds converted to pay zero share capital	400,000.00	2-3 years, over 3years	0.01	20,000.00
Beihai Haifu Building	Deposit	2,500.00	More than 3 years	0.00	2,500.00
Total	--	5,136,512,595.32	--	100.00	22,500.00

2. Long-term equity investment

(1) Classification of long-term equity investment

Item	Ending balance			Ending balance of previous year		
	Book balance	Impairment Reserve	Book value	Book balance	Impairment Reserve	Book value
Investment in subsidiaries	16,081,768,517.98	0.00	16,081,768,517.98	16,038,768,517.98	0.00	16,038,768,517.98
Investments in joint ventures and associates	13,634,598.32	0.00	13,634,598.32	13,850,798.62	0.00	13,850,798.62
Total	16,095,403,116.30	0.00	16,095,403,116.30	16,052,619,316.60	0.00	16,052,619,316.60

(2) Investment in subsidiaries

Investee	Ending balance of previous year	Increase in current period	Decrease in current period	Ending balance	Provision for impairment reserves in current period	Ending Balance of impairment reserves
Zhejiang Hengyi Petrochemical Co., Ltd.	9,392,870,750.00	0.00	0.00	9,392,870,750.00	0.00	0.00
Zhejiang Hengyi International Trade Co., Ltd.	300,000,000.00	0.00	0.00	300,000,000.00	0.00	0.00
Zhejiang Hengyi Engineering Management Co., Ltd.	200,000,000.00	0.00	0.00	200,000,000.00	0.00	0.00
Zhejiang Hengyi Petrochemical Research Institute Co., Ltd.	250,000,000.00	0.00	0.00	250,000,000.00	0.00	0.00
Zhejiang Shuangtu New Materials Co., Ltd.	2,104,999,978.20	0.00	0.00	2,104,999,978.20	0.00	0.00
Jiaxing Yipeng Chemical Fibre Co., Ltd.	2,886,198,482.98	0.00	0.00	2,886,198,482.98	0.00	0.00

Taicang Yifeng Chemical Fibre Co., Ltd.	897,699,306.80	0.00	0.00	897,699,306.80	0.00	0.00
Hangzhou Yixian Energy Technology Co., Ltd.	7,000,000.00	43,000,000.00	0.00	50,000,000.00	0.00	0.00
Total	16,038,768,517.98	43,000,000.00	0.00	16,081,768,517.98	0.00	0.00

(3) Investment in associated and cooperative enterprises

Investee	Ending balance of previous	Changes of increase or decrease in current period				
		Additional investment	Decrease in investment	Investment gains	Other comprehensive income adjustments	Other changes in equity
Associated enterprises						
Ningbo Jinhou Industry Investment Co., Ltd.	13,850,798.62	0.00	0.00	-216,200.30	0.00	0.00
Total	13,850,798.62	0.00	0.00	-216,200.30	0.00	0.00

(Continued)

Investee	Changes of increase or decrease in current period			Ending balance	Ending balance of impairment reserves
	Cash dividends or profits declared to distribute	Provisions for impairment reserves	Others		
Associated enterprises					
Ningbo Jinhou Industry Investment Co., Ltd.	0.00	0.00	0.00	13,634,598.32	0.00
Total	0.00	0.00	0.00	13,634,598.32	0.00

3. Operating income and operating cost

Item	Amount incurred in current period		Amount incurred in previous period	
	Revenue	Cost	Revenue	Cost

Main business	81,890,835.41	81,793,348.67	1,069,681,728.42	1,065,678,320.71
Other businesses	0.00	0.00	0.00	0.00
Total	81,890,835.41	81,793,348.67	1,069,681,728.42	1,065,678,320.71

4. Investment income

Item	Amount incurred in current period	Amount incurred in previous period
Income from long-term equity investment checked with cost method	600,000,000.00	340,000,000.00
Investment income from disposal of trading financial assets	-159,292.03	0.00
Income from long-term equity investment checked with equity method	-216,200.30	-305,204.20
Total	599,624,507.67	339,694,795.80

XVI. Further information

1. List of non-recurring profits and losses in this year

Item	Amount
1. Gains and losses on disposal of non-current assets, including elimination of provision for impairment of assets	-1,884,599.46
2. Government grants recognised in profit or loss for the current period, except for those government grants that are closely related to the Company's normal business operations, in line with national policies and in accordance with defined criteria, and that have a sustained impact on the Company's profit or loss	120,544,532.66
3. Gains and losses arising from changes in the fair value of financial assets and liabilities held by non-financial corporations and gains and losses arising from the disposal of financial assets and liabilities, except	23,134,947.25

Item	Amount
for effective hedging operations related to the Company's normal business operations	
4. Occupancy fees charged to non-financial corporations included in profit or loss for the period	0.00
5. Gains or losses on the investment or management of assets entrusted to others;	0.00
6. Gains and losses on external entrusted loans	0.00
7. Losses of assets due to force majeure factors, such as natural disasters;	0.00
8. Reversal of provision for impairment of receivables individually tested for impairment;	431,103.55
9. The cost of investments in subsidiaries, associates and joint ventures acquired by an enterprise is less than its share of the gain arising from the fair value of the identifiable net assets of the investee at the time the investment is acquired	0.00
10. Net profit or loss for the period from the beginning of the period to the date of consolidation of subsidiaries resulting from business combinations under the same control;	0.00
11. Gains and losses on exchange of non-monetary assets;	0.00
12. Debt restructuring gains and losses;	-175,000.00
13. One-off costs incurred by an enterprise because the relevant business activity is no longer sustainable, such as expenses for relocating employees;	0.00
14. One-time effect on profit or loss for the period due to adjustments in tax, accounting and other laws and regulations;	0.00
15. One-time recognition of share-based payment fees due to cancellation and modification of equity incentive plans;	0.00

Item	Amount
16. For cash-settled share-based payments, gains and losses arising from changes in the fair value of employee compensation payable after the feasible date;	0.00
17. Gains and losses arising from changes in the fair value of investment properties that are subsequently measured using the fair value model;	0.00
18. Gains arising from transactions where the transaction price is significantly unfair;	0.00
19. Gains and losses arising from contingencies that are not related to the Company's normal business operations;	0.00
20. Custodial fee income earned on trusteeship;	1,824,528.25
21. Non-operating income and expenses other than those listed above.	7,591,536.95
22. Other items of profit or loss that meet the definition of non-recurring profit or loss (Note)	6,782,488.27
Total non-recurring gains and losses before income tax	158,249,537.47
Less: Amount of income tax effect	15,002,310.98
Total non-recurring gains and losses, net of income tax	143,247,226.49
Effect of minority interests in profit or loss (loss expressed as "-")	26,159,410.39
Amount of net profit attributable to owners of the parent company from non-recurring gains and losses	117,087,816.10

Note: Other income and expenses items that meet the definition of non-recurring gains and losses mainly include non-recurring gains and losses attributable to the investee units in significant jointly controlled entities and associates accounted for using the equity method, with an amount of RMB 6,782,488.27.

The recognition of non-recurring gains and losses by the Company is implemented in accordance with the provisions of the "Interpretation Announcement No. 1 on Non-recurring Gains and Losses in the Information Disclosure of Companies Issuing Publicly Traded Securities" (Revised in 2023) (CSRC Announcement [2023] No. 65).

2.Return on equity and earnings per share

Profits in reporting period	Weighted average return on net assets (%)	Earnings per Share	
		Basic earnings per share	Diluted EPS
Net profits assigned to the Company's common shareholders	1.05	0.08	0.08
Net profits assigned to common shareholders after deduction of non-recurring profits and losses	0.58	0.04	0.04

Hengyi Petrochemical Co., Ltd.

President: Qiu Yibo

April 14, 2026