



**HENGYI**

# Hengyi Petrochemical **2024 Annual Report**

Stoke code: 000703.SZ



Hengyi Petrochemical Co., Ltd

## **2024 Annual Report**

### **Section I Important notes, contents and definitions**

The Board of Directors, the Supervisory Committee and the Directors, Supervisors 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, the legal representative, Zheng Xingang, the person in charge of accounting work, and Yu Zhicheng, the head of the accounting agency (accounting supervisor), declared that 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.**

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## **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 Trading                    | 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.  |
| Hengqi Environmental Protection                   | Refers to | Haining Hengqi Environmental Protection Technology Co., Ltd.  |
| Hengyi Polyamide                                  | Refers to | Zhejiang Hengyi Polyamide Co., Ltd.   |
| Guangxi New Material                              | Refers to | Guangxi Hengyi New Material Co., Ltd.   |
| Brunei Refinery Project,PMB Petrochemical Project | Refers to | The petrochemical project invested and constructed by the Company in Brunei.  |
| Qinzhou Project                                   | Refers to | The company is constructing the "1.2 Million Tons Per Year Caprolactam-Polyamide Integrated Industrial and Supporting Project" in Qinzhou, Guangxi.   |
| PX  | Refers to | Paraxylene, a colorless and transparent liquid. It is used to produce plastics, polyester fibres and films.   |
| 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   |

| Item   | Refers to | Definition  |
|--|-----------|---|
|  |           | polymer made from PTA and MEG through direct esterification and continuous polycondensation reaction.   |
| POY  | Refers to | Polyester pre-oriented yarn or partially oriented yarn  |
| FDY  | Refers to | Fully drawn yarn or polyester drawn yarn  |
| DTY  | Refers to | Drawn textured yarn, also known as polyester textured yarn  |
| CPL  | Refers to | Caprolactam, mainly used to produce polyamide fibre, engineering plastics, plastic film, etc. It is widely used in industrial and civil fields.   |
| Polyamide, Nylon   | Refers to | Synthesized through the polymerization of caprolactam. It is a polymer with outstanding comprehensive properties, extensively utilized in textile products such as apparel and carpets, as well as in a variety of industrial applications. |
| 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 that 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, 2024 to December 31, 2024   |
| End of reporting period/end of the current reporting period            | Refers to | As of December 31, 2024   |



## 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  |            |        |
| Registered address                                 | 4/F, Building 2, International Science and Technology Park, No. 5 Zhongma Avenue, China-Malaysia Qinzhou Industrial Park, Qinzhou Port Area, China (Guangxi) Pilot Free Trade Zone  |            |        |
| Post code of the registered address                | 535000  |            |        |
| Change history of the Company's registered address | The original registered address of the Company, No. G, F7, Haifu Building, No. 16 West Beihai Avenue, Beihai City, Guangxi Zhuang Autonomous Region, was changed to current registered address of the Company in August 2022. |            |        |
| 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                                    | <a href="http://www.hengyishihua.com">http://www.hengyishihua.com</a>   |            |        |
| 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 disclosure the Annual report | Shenzhen Stock Exchange: <a href="http://www.szse.cn">http://www.szse.cn</a>   |
| Press name and website of Annual reporting disclosure                            | China Securities Journal, STCN, Shanghai Securities News and Securities Daily; CNINFO: <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> |
| 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 (if any) | No changes         |
| 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,<br>Zhu Wei       | The continuous supervision period is from August 16, 2022, to December 31, 2023.<br><br>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 supervisions 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

|  | 2024               | 2023               | Increase/decrease of this year over the previous year                       | 2022               |
|--|--------------------|--------------------|---|--------------------|
| Revenue (RMB)  | 125,463,237,098.17 | 136,148,114,082.34 | -7.85%  | 152,050,274,944.64 |
| Net profit attributable to shareholders of listed companies (RMB)  | 233,939,342.84     | 435,458,340.57     | -46.28%   | -1,079,547,699.72  |
| Net profit after deducting non-recurring profits and losses attributable to shareholders of listed companies (RMB) | 20,276,451.16      | 53,685,831.74      | -62.23%   | -1,092,334,520.95  |
| Net cash flow from operating activities (RMB)  | 5,997,011,555.76   | 4,531,834,805.15   | 32.33%  | 2,705,533,483.36   |
| Primary earnings per share (RMB/share)   | 0.07               | 0.13               | -46.15%   | -0.30              |
| Diluted earnings per share (RMB/share)   | 0.07               | 0.13               | -46.15%   | -0.30              |
| Weighted average ROE   | 0.93%              | 1.74%              | -0.81%  | -4.31%             |
|  | End of 2024        | End of 2023        | Increase/decrease at the end of this year over the end of the previous year | End of 2022        |
| Total assets (RMB)   | 107,528,828,060.12 | 108,052,106,925.94 | -0.48%  | 111,964,797,711.33 |
| Net assets attributable to shareholders of listed  | 24,742,051,837.12  | 25,211,150,840.09  | -1.86%  | 25,446,694,059.09  |

|                  |  |  |  |  |
|------------------|--|--|--|--|
| companies (RMB ) |  |  |  |  |
|------------------|--|--|--|--|

**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  | 31,655,506,086.59 | 33,108,541,300.22 | 30,050,897,461.93 | 30,648,292,249.43 |
| Net profit attributable to shareholders of listed company  | 413,692,260.32    | 16,622,186.35     | -199,404,073.13   | 3,028,969.30      |
| Net Profit after deducting non-recurring profits and losses attributable to shareholders of listed companies | 313,739,920.88    | -83,145,769.14    | -209,486,297.63   | -831,402.95       |
| Cash flow from operating activities  | -2,455,482,450.41 | 2,552,830,029.99  | 387,239,289.41    | 5,512,424,686.77  |

**1. Whether the above financial indicators or their sums are materially different from the relevant financial indicators in the Company's disclosed quarterly reports and half-yearly reports.**

☐ Yes   ☒ No

**IX. Non-recurring profit and loss items and amounts**

Unit: RMB

| Item  | 2024           | 2023           | 2022            |
|---|----------------|----------------|-----------------|
| Gains and losses on disposal of non-current assets (including elimination of provision for impairment of assets)  | -69,347,520.98 | 416,787,000.84 | 128,936,835.05  |
| Tax rebates, exemptions and reductions that exceed the authority to approve or are not accompanied by official approval documents   | Not Applicable | Not applicable | 24,841,218.44   |
| 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) | 73,683,478.38  | 114,355,884.18 | 179,870,984.15  |
| 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                        | 110,896,777.29 | 491,763.52     | -448,914,776.35 |
| Gains and losses on external entrusted loans  | 16,324,423.72  | 38,393,856.92  | 48,520,852.95   |
| Reversal of provision for impairment of receivables individually tested for impairment  | 587,594.00     | 6,570.00       | 0.00            |
| 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  | 0.00           | 16,534,148.40  | 0.00            |

|  |                |                |                 |
|--|----------------|----------------|-----------------|
| at the time the investment is acquired   |                |                |                 |
| Custodian fee income earned on trusteeship   | 1,698,113.16   | 1,698,113.16   | 1,698,113.19    |
| Non-operating income and expenses other than those listed above                        | -34,615,951.04 | -24,115,026.00 | 612,146.73      |
| Other items of profit or loss that meet the definition of non-recurring profit or loss | 23,008,095.06  | 63,233,423.28  | 17,898,857.26   |
| Less: income tax effect  | -8,440,156.97  | 156,969,934.37 | 91,691,403.61   |
| Minority interest impact (after tax)   | -82,987,725.12 | 88,643,291.10  | -151,013,993.42 |
| Total  | 213,662,891.68 | 381,772,508.83 | 12,786,821.23   |

**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 23,008,095.06.

**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.

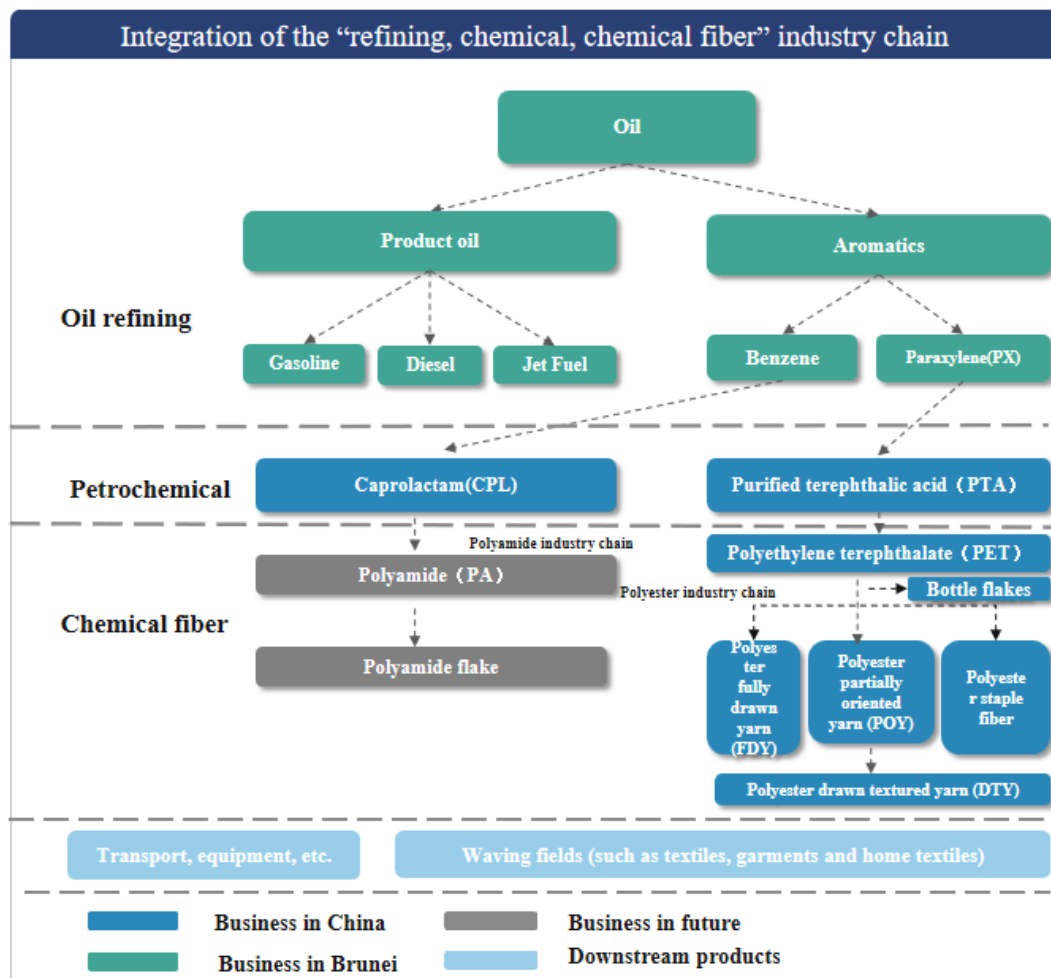


## **Section III Management Discussion and Analysis**

### **I. Industry in which the company operated 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), a global leader in vertically integrated "refining, chemicals, chemical fiber" industrial chains, steadfastly adheres to its strategic vision of "One Drop of Oil, Two Strands of Fiber." Through the forward-looking Brunei Refining & Chemical Project, the company has successfully established a closed-loop industrial chain spanning from crude oil processing to high-end chemical fiber products, pioneering China's unique "Polyester + Nylon" dual-core business model. Leveraging the cross-border collaborative advantages between the "Brunei Refining and Petrochemical Base" and the domestic polyester industry, the company has established a pillar-shaped industrial layout featuring vertical integration across upstream, midstream, and downstream sectors, with balanced development across various business segments.



In recent years, while maintaining its industrial leadership, Hengyi Petrochemical has accelerated the "Tech-Driven Hengyi" strategic upgrade. Centered around its core business domains, the company has systematically established a proprietary intellectual property system, steadily advanced R&D of high-value-added products, optimized production processes, and expanded market penetration. Guided by the principles of "green manufacturing" and "circular economy," Hengyi is actively pioneering low-carbon transformation across its industrial chain. Concurrently, the company has proactively driven the development and industrialization of auxiliary products such as catalysts, oils, and additives, laying a solid foundation for sustainable growth. Through digitalization and intelligent transformation, Hengyi is striding confidently toward its vision of becoming a globally top-tier private multinational conglomerate in the "refining-chemicals-chemical fiber" sector, setting new benchmarks for innovation and operational excellence.

**(I) Industries in which the company operated**

In 2024, the global economy experienced moderate recovery with easing inflationary pressures, while cross-border macroeconomic policy coordination faced new challenges. Meanwhile, the accelerated evolution of next-generation high-tech technologies reshaped the global industrial competitive landscape, creating both opportunities and challenges for the global economy. In 2024, China's economy maintained overall stability with steady progress, achieving tangible advancements in high-quality development, which underscored the resilience and long-term potential of the Chinese economic model.

The petrochemical sector, after years of rapid capacity expansion, grappled with significant headwinds in 2024. Geopolitical tensions, volatile crude oil prices, and weakened consumer sentiment collectively led to a notable decline in downstream demand. This resulted in a supply-demand mismatch, amplifying operational pressures across the industry.

**1. Refining and petrochemical industry**

The Brunei Refinery Project, located in Brunei Darussalam, primarily sells its finished products in Southeast Asia and Australia. From the demand perspective, Southeast Asia possesses abundant oil and gas resources. However, due to insufficient infrastructure investment, it has become the world's largest net import market for refined oil products. According to the International Monetary Fund (IMF) report in January 2025, ASEAN's GDP growth reached 4.5% in 2024 and is projected to rise to 4.6% in 2025. Within this, Indonesia's GDP growth is forecasted to hit 5.1%, and the Philippines' growth is expected to reach 6.1% in 2025—both significantly higher than the global average. This positive economic outlook is likely to further drive demand growth for refined chemical products. The International Energy Agency (IEA) reports that emerging Asian markets remain pivotal to global oil demand growth. Southeast Asia's oil production is declining, while its oil demand is projected to increase from the current 5 million barrels per day (bpd) to 6.4 million bpd by 2035. Platts

highlights that Southeast Asia exhibits robust potential in oil demand growth amid evolving global energy dynamics, particularly in transportation fuels. Over the next decade, the region is expected to account for 25% of global energy demand growth.

On the supply side, Southeast Asia faces a significant refined oil product supply gap compared to the surplus in China's domestic market. Platts data indicates that between 2020 and 2023, over 30 million tons of refining capacity exited the Southeast Asian and Australian markets due to public health crises and energy transition pressures. The IEA notes that 2025 marks the peak year for refinery closures, with 800,000 bpd of capacity set to shut down. As capacity continues to phase out, Southeast Asia's refined oil product supply-demand gap is projected to widen to 68 million tons by 2026. Many regional refineries still suffer from outdated infrastructure, obsolete technologies, and poor management. Coupled with stricter global environmental policies, refining companies exhibit weak expansion intentions, face soaring costs for upgrading existing capacity, and adopt cautious capital expenditure plans. These factors will severely constrain future refinery capacity growth, creating strategic opportunities for technologically advanced players. Integrated refineries with clean production technologies and digital management capabilities are poised to dominate regional market competition.

## **2.PTA industry**

PTA is a critical bulk organic raw material, extensively utilized across sectors of the national economy such as chemical fibers, light industry, electronics, and construction. In China, 95% of domestic PTA demand is attributed to the polyester industry. With ongoing efforts to enhance domestic production capacity, China has solidified its position as the world's largest PTA producer and consumer, dominating the global PTA market. However, the industry currently faces structural overcapacity, with annual operating rates of existing facilities persistently below 80%. Despite partial capacity expansions in 2024, profitability of PTA products remained under significant pressure during the reporting period. According to CCF data, the growth rate of PTA

capacity decelerated from 18.5% in 2020 to 6.7% in 2024. In 2024, China added 7.5 million tons of new PTA capacity, while 2.1 million tons of idled capacity (inactive for over two years) were phased out. This resulted in a net capacity increase of 5.4 million tons for the year, translating to a net growth rate of 6.7%.

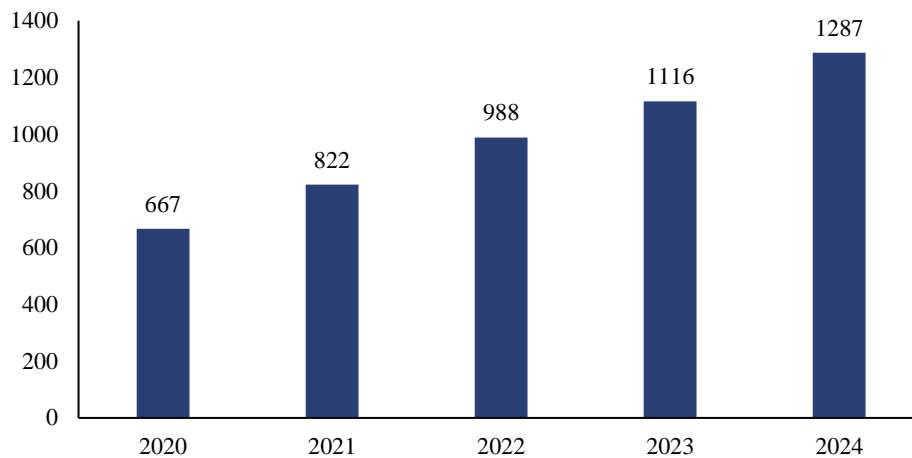
### **3. Polyester industry**

Polyester products encompass polyester filament yarn, polyester staple fiber, polyester chips, polyester bottle flakes and other varieties. Among these, polyester filament yarn and polyester staple fiber are primarily used in apparel, home textiles, and industrial textiles, reflecting their critical role in sustaining livelihoods and economic development.

#### **(1) Steady Recovery in Downstream Demand Drives Industry Growth Momentum**

In 2024, both domestic and international market demands exhibited a dual-engine driven growth trend. Domestically, according to data from the National Bureau of Statistics, China's total retail sales of consumer goods in 2024 increased by 3.5% year-on-year. Notably, national online retail sales rose by 7.2% year-on-year, reflecting robust e-commerce activity that fueled sustained growth in online procurement demand for the textile and apparel industries. Internationally, China's polyester industry maintained strong export performance during the reporting period, leveraging its advantages in technological innovation, product quality, and cost control. As reported by CCF, China's polyester product exports in 2024 reached 12.87 million tons, a 15% year-on-year increase, with all export destinations being emerging market countries. Overall, the industry sustained a favorable growth trajectory.

2020-2024 Export volume of polyester in China (ten thousand tons)



Data source: CCF

## **(2)The growth rate of production capacity slows down, highlighting the advantages of leading companies**

Based on CCF data, the growth rate of polyester filament production capacity significantly slowed down in 2024, with new capacity additions totaling 1.28 million tons, far below the 3.85 million tons added in 2023. Meanwhile, polyester filament capacity elimination reached 1.01 million tons in 2023 and 0.23 million tons in 2024, bringing the total capacity reduction to 1.33 million tons. In 2024, the net increase in polyester filament production capacity for the entire year was only 1.05 million tons, with a growth rate of just 2%, marking a substantial deceleration in capacity expansion. As outdated and under performing facilities lacking technological innovation capabilities gradually exit the industry, the phase-out of backward production capacity is accelerating. In addition, with the increasing stringency of dual-carbon policies and equipment supply requirements, the industry's entry barriers will continue to rise. This will further optimize market concentration in the polyester industry. As a leading enterprise in the industry, the company continues to reinforce its market position through advantages in technological research and development, as well as economies of scale. It has established significant competitive advantages in differentiated product development, intelligent production, and full-industry-chain

collaboration. With the deepening of industry consolidation, the company's operational efficiency is expected to improve continuously.

## **(II)The industry position of the company**

### **1.Refining and petrochemical sector**

As the only private enterprise in China's refining and chemicals sector to achieve large-scale overseas refinery operations, the Phase I of Brunei refinery project(with an annual capacity of 8 million tons) stands as the largest single overseas investment by a Chinese private company. Upon the completion and operation of Brunei Refinery Project phase II, the company is poised to embrace new growth opportunities.

According to Platts data, Southeast Asia's total refining capacity reached approximately 276 million tons as of December 31, 2024. The Phase I of Brunei refinery project accounts for 8 million tons, representing 3% of the region's total refining capacity.

Phase I of Brunei refinery project incorporates the world's largest single-train aromatics unit and the sixth flexible coking unit globally, offering lower per-unit production costs, enhanced environmental sustainability, and significant late-mover advantages. With Phase II of Brunei Refinery Project coming online, the benefits of integrated refining and chemical complexes will become more pronounced amid the industry's transformation and upgrading. Furthermore, given limited new refining capacity additions in Southeast Asia and the region's persistent refined oil supply-demand gap, the Brunei Refinery Project is well-positioned to capitalize on tightening market conditions.

### **2.PTA Sector**

CCF data shows that China's PTA capacity totaled 86.015 million tons as of December 31, 2024. As a PTA industry leader, the company strategically operates four major PTA production bases across three coastal locations: Dalian (Liaoning),

Ningbo (Zhejiang), and Yangpu (Hainan), with combined equity-controlled PTA capacity of 21.5 million tons.

Additionally, China's PIA capacity stood at 550,000 tons as of December 31, 2024, the company's capacity is 300,000 tons. PIA is primarily used in polyester bottle chips, alkyd resins, coatings, polyester fiber dye modifiers, and pharmaceuticals. The company's PIA production currently supports in-house polyester bottle chip manufacturing, but external sales are expected to grow significantly as distribution channels expand.

### **3.Polyester sector**

According to CCF data, the majority of global polyester production capacity is concentrated in the Asia-Pacific region, with China serving as the world's largest textile producer and exporter. By the end of 2024, China's total polyester capacity reached 86.34 million tons, comprising 42.76 million tons of direct-spun polyester filament, 9.505 million tons of polyester staple fiber, and 20.43 million tons of PET bottle-grade resin.

The company holds equity stakes in aggregated production capacity totaling 12.85 million tons, including 5.3 million tons of PET bottle-grade resin (including recycled PET, or RPET). Its polyester fiber capacity encompasses 6.37 million tons of polyester filament (including polyester chips) and 1.18 million tons of polyester staple fiber, positioning it among the industry's leading players. In recent years, the company has prioritized structural optimization of its product portfolio, with a strategic focus on differentiated filament offerings. By 2024, the production share of specialty fibers—such as colored yarn, full-dull, and cationic-dyeable variants—had increased to 19.05%. Concurrently, the company accelerated the scaled application of biodegradable fibers and high-value differentiated products like "Yitaikang". Through its "Three-Tier Upgrade Pathway"—"Premiumization of Conventional Products, Functionalization of Premium Products, and Greening of Functional Products"—the



company has developed multiple patented technologies in cotton-like polyester fibers and transparent nylon materials. These innovations are driving the chemical fiber industry toward low-carbon circularity while cementing the company's leadership in technological advancement.

## **II. Major business activities of the company during the reporting period**

**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*.**

### **(I) Overview of main business**

During the reporting period, the company continued to focus on the petrochemical and chemical fiber industry chain, while leveraging the supportive role of the "Petrochemical+" sector, which includes supply chain services and long-term equity investments, to enhance its core business.

#### **1. Petrochemical and Chemical Fiber Business**

Since its inception, the company has consistently focused on the petrochemical and chemical fiber industry, and has now evolved into a leading domestic and internationally top-tier private multinational conglomerate with an integrated "refining-chemicals-chemical fiber" full industrial chain. By vertically extending the industrial chain and horizontally strengthening industrial synergy, the company continues to enrich its product matrix and optimize structural layout, forming a comprehensive product system that includes refined oil products (gasoline, diesel, jet fuel), basic petrochemical raw materials (PX, PTA, CPL, LPG), and polyester new materials (POY, FDY, DTY, polyester staple fiber, polyester chips, polyester bottle chips). This system deeply serves fundamental industries and essential demand sectors of the national economy, such as energy, textile and apparel, packaging, electronics, and building materials.

As of the date of this report, the company has achieved an annual refining capacity of 8 million tons (Brunei Refining Project phase I), a PTA production capacity of 21.5 million tons through equity participation, a polymerization capacity of 12.85 million tons through equity participation, a PIA design capacity of 300,000 tons, and a caprolactam equity participation capacity of 400,000 tons. Leveraging the vertical integration advantages of "refining-aromatics-polyester," the company has realized full-chain value creation from crude oil processing to chemical fiber products, continuously solidifying its core competitiveness.

In 2024, the company's factories operated at high and stable capacities, producing 6.1861 million tons of refined oil products and 2.0056 million tons of chemical products. Its subsidiary, Zhejiang Yisheng, produced 2.6096 million tons of PTA and 221,800 tons of PIA. The production of polyester filament yarn (including polyester chips) reached 6.9164 million tons, while polyester staple fiber production amounted to 1.1925 million tons.

| Company's main product characteristics and applications areas |   |   |
|---|---|---|
| Model   | Main Products   | Application fields  |
| Chemical oil  |    | Mainly used as fuel carious fuel-powered equipment and heating. Used for vehicles such as cars, motorcycles, speedboats, helicopters, agricultural and forestry aircraft, vehicles with diesel engines (including trains), ships, and diesel boilers.   |
|   |    | A type of aromatic hydrocarbon, a colorless transparent liquid, with wide applications. It is a primary raw material for producing purified terephthalic acid (PTA) and is also used in the synthesis of plastics, pharmaceuticals, and pesticides.   |
| Chemical products   |    | Mainly used in the production of polyester products, widely applied in various sectors of the national economy such as clothing, decoration, electronics, and construction. 75% is used for polyester fibers, 20% for bottle-grade polyester, 5% for film-grade polyester, with downstream demand primarily from consumers. |
|   |    | PIA is a white crystalline powder or needle-like crystal, primarily used in the production of polyester bottle chips and alkyd resins. It is also utilized in coatings, polyester fiber dye modifiers, and the pharmaceutical field.  |
|   |   | Mainly used in the production of nylon fibers engineering plastics, plastic films, etc., widely applied in industrial and civilian fields.  |
|   |  | Can be used for reprocessing to produce DTY and fiber products with special styles, widely used in the clothing and industrial sectors.   |
| Polyester products  |  | Can be directly used for weaving, used in production of apparel, decorative fabrics, etc, widely applied in the apparel and industrial fields.  |
|   |  | Directly used for weaving, widely used in the apparel. Industrial fields, apparel fabrics, and linings.   |
|   |  | Mainly used in spinning, non-woven, filling, and other fields, among which non-woven can be used as important raw materials for products such as masks, disinfectant wipes, and disposable protective equipment.  |
|   |  | Widely used in indirect spinning, producing filament yarns, staple fiber, and other textile raw materials, and can also be used in tape casting for producing plastic and other products.   |
|   |  | Mainly used for food packaging such as cola bottles, beverage bottles, water bottles, oil bottles, etc.   |
|   |   |    |

**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   | 40  |
| Polyester products   | Polyester Filament Yarn (including Polyester Chips) | 637   |
|                      | Polyester Staple Fiber                              | 118   |
|                      | Polyester bottle flakes (including RPET)            | 530   |

## 2. " Petrochemical+" Business

Faced with intensifying global economic fluctuations and the restructuring of industry competition, the company remains steadfast in its core businesses of "One Drop of Oil, Two Strands of Fiber." By building the "Petrochemical+" business model, the company ensures comprehensive support for its steady and robust development.

### (1) Supply Chain Service Empowerment, Full-Chain Operational Efficiency Multiplied

The company is committed to building a resilient supply chain system to address global geopolitical and energy security challenges. Through a "trinity" strategy, it enhances the self-controllable capability of the industrial chain: At the cooperation management level, it establishes a full-cycle distribution service system for raw materials to finished products, leveraging the Hengyi Micro Mall online platform (integrating price inquiries, quick ordering, market insights, and financial services) and the HTMS intelligent logistics management system, achieving year-on-year

growth in online transactions. At the logistics construction level, it creates an omnichannel control network covering warehousing, transportation, and distribution, innovatively introducing third-party logistics platforms, significantly reducing transportation costs in raw material supply and product delivery. At the technology empowerment level, it advances the construction of digital factories, utilizes big data analysis to achieve flexible production customization, and builds a smart supply chain system of "demand forecasting—intelligent production scheduling—dynamic dispatching," significantly shortening response cycles. With the stable operation of the Brunei refinery project's first phase, the company simultaneously constructs an intelligent closed-loop system of "factory—warehousing—logistics—customer," achieving rapid improvement in Southeast Asia's supply chain response speed through a 300,000-ton single-point mooring terminal and supporting fleet, leading the industry's supply chain services toward "agility, visibility, and ecosystem integration."

## **(2) Long-Term Equity Investment Returns Boost Company Profits**

China Zheshang Bank, officially established in 2004, is one of the 12 national joint-stock commercial banks approved by the China Banking Regulatory Commission. It was listed on the Hong Kong Stock Exchange Main Board on March 30, 2016, and on the Shanghai Stock Exchange on November 26, 2019, becoming an "A+H" listed bank. China Zheshang Bank has developed into a high-quality commercial bank with a solid foundation, excellent profitability, rapid growth, and robust risk control. Guided by its vision of becoming a "first-class commercial bank," it comprehensively builds a political ecosystem characterized by "integrity, simplicity, expertise, collaboration, and integrity," practices benevolent finance, adheres to smart operations, and fosters a humanistic Zhejiang Bank. It fully implements customer-centric comprehensive collaborative reforms, with digital transformation as the main line and "deepening roots in Zhejiang" as the primary strategy. The five major business segments—retail banking, corporate banking, investment banking, asset management, and cross-border services—advance in tandem, achieving

comprehensive and coordinated development. Wealth management embarks on a new journey, implementing the "four foundations" of customer base, talent base, system base, and investment research base, fully opening a new chapter of high-quality development.

## **(II)Business model**

During the reporting period, the company's business model did not undergo any significant changes. 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 2023 Annual Report, specifically subsection"(II) Operation model".

## **(III)Process Flow Diagram of Main Products**

During the reporting period, the process flow diagram of the company's main products did not undergo any significant changes. 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 2023 Annual Report, specifically subsection"(III) Process flow charts of main products ."

## **(IV)Key Business Performance During the Reporting Period**

During the reporting period, the domestic economy experienced steady growth, and downstream demand in the company's industry continued to recover. The company's board of directors and management consistently adhered to the advanced philosophy of being driven by technological innovation, rooted in high technology, and guided by quality and efficiency improvement. Leveraging the extensive operational management experience and forward-looking strategic advantages accumulated over years of deep involvement in the chemical industry, the company closely monitored

dynamic changes in end-market demand, flexibly adjusted operational strategies, and steadily enhanced its core business strengths.

At the same time, the company fully utilized its advantageous resources, continuously optimized its industrial layout, and steadily advanced the construction of major strategic projects, laying a solid foundation for high-quality development and driving stable and positive operating performance during the reporting period. During the reporting period, the company achieved operating revenue of RMB 125.463 billion, net profit attributable to shareholders of the listed company of RMB 234 million, total assets of RMB 107.529 billion, and net assets attributable to shareholders of the listed company of RMB 24.742 billion.

During the reporting period, the company took multiple measures to boost investor confidence, including profit distribution, share repurchase plans, employee stock ownership plans, and shareholding increase plans by the controlling shareholder, demonstrating the company's firm confidence in its own value and future development. These initiatives played a positive role in enhancing the investment value of the listed company. The details are as follows:

(1) The company consistently prioritized shareholder returns and enhanced investor satisfaction. During the reporting period, the company implemented the 2023 dividend distribution plan, with a total cash dividend of RMB 339 million, accounting for 77.78% of the net profit attributable to the parent company in 2023.

(2) The company completed the fourth phase of its share repurchase plan during the reporting period and continued to implement the fifth phase. The fifth phase actively utilized the stock repurchase and refinancing policy, effectively reducing the company's financing costs and improving capital efficiency. As of March 31, 2025, the fifth phase of the share repurchase plan had cumulatively repurchased 29.2408 million shares, accounting for 0.80% of the company's total share capital, with a transaction amount of RMB 185 million. The company has cumulatively implemented

five phases of share repurchase plans, with a total repurchase amount of RMB 3.210 billion.

(3) The company completed the sixth phase of its employee stock ownership plan during the reporting period, holding 114.0903 million shares of the company, accounting for 3.11% of the company's total share capital, with a transaction amount of RMB 795 million. The cumulative transaction amount for the first to sixth phases of the employee stock ownership plans was RMB 5.231 billion.

(4) The company's controlling shareholder, Hengyi Group, launched a shareholding increase plan, intending to increase its holdings of the company's shares between December 26, 2024, and June 25, 2025 (excluding periods when such increases are prohibited by laws, regulations, or Shenzhen Stock Exchange rules). The increase amount will be no less than RMB 250 million and no more than RMB 500 million, with the price per share not exceeding RMB 9. As of April 8, 2025, Hengyi Group had cumulatively increased its holdings by 39,347,380 shares, accounting for 1.07% of the company's total share capital.

**During the reporting period, the key operational initiatives that drove the company's performance are as follows:**

**1. Innovation-Driven Industrial Upgrading and Technology-Enabled Strategic Enhancement**

In 2024, the company focused on core key technologies of "one drop of oil, two strands of fiber," intensifying investment in technological innovation and R&D. It vigorously promoted comprehensive innovation centered on technology, accelerating the transformation and application of high-tech achievements, thereby empowering the company's high-quality development. During the reporting period, the company actively introduced high-level R&D talents, optimized scientific research incentive mechanisms and systems, and fostered an enterprise innovation culture of "co-creation and sharing." Additionally, the company collaborated with renowned domestic universities such as Zhejiang University and Donghua University to establish industry-university-research platforms. It also established the "Hengyi



Scholars Laboratory," led by several prominent professors in the industry, to create a joint R&D platform, focusing on breaking through R&D bottlenecks and exploring cutting-edge innovative technologies.

During the reporting period, the company's R&D investment reached RMB 764 million, a year-on-year increase of 2.68%. The number of R&D personnel was 1,089, with master's and doctoral degree holders accounting for 21.67%. The company actively committed to R&D innovation, promoting the cultivation of patent-intensive products, and continuously achieving innovative results. A total of 226 invention patent applications were submitted during the reporting period, and 13 patent-intensive products, including "spinning oil agents" and "anti-stain nylon," were registered. Furthermore, the company leveraged its role as an industry leader to actively participate in the formulation of industry standards. By the end of 2024, the company had 502 valid authorized patents, including 453 R&D patents and 49 intelligent manufacturing patents. It participated in the formulation and revision of 51 standards, including 13 national standards, 30 industry standards, and 8 group standards.

During the reporting period, the industrialization process of the company's R&D projects accelerated, with multiple technological achievements achieving large-scale applications. Projects such as spinning oil agents, functional masterbatches, and biodegradable polyester entered the production and operation phase. The innovation and market value of the biodegradable polyester "Better" were highly favored by customers. Sales of flame-retardant polyester increased significantly, stain-resistant nylon achieved large-scale sales, and antimony-free environmentally friendly polyester products further expanded production. The company successfully established a full-chain transformation system of "laboratory R&D—pilot scale-up—industrialized production."

**Figure 2 The progress of company's major Research& Development Project**

| Item  | Progress of projects  |
|---|---|
| Spinning Oil Agent Project                                | Production and Operation Phase  |
| Functional Masterbatches Project                          | Production and Operation Phase  |
| Biodegradable Polyester "Better" Project                  | Production and Operation Phase  |
| Fame-retardant Polyester                                  | Production and Operation Phase, during the reporting period, production capacity further increased. |
| Easy-Clean Nylon Product                                  | Production and Operation Phase, during the reporting period, production capacity further increased. |
| Antimony-free Environmentally Friendly Polyester Products | Production and Operation Phase, during the reporting period, production capacity further increased. |

Currently, multiple key technologies of the company have reached industry-leading levels, receiving high recognition from industry experts and government agencies, and the products have been widely praised by the market.

**Figure 3 Awards and Recognitions for the Company's R&D Projects**

| Item  | Awards  |
|---|---|
| The patented preparation method for TiO <sub>2</sub> Matting Agent                        | “2024 Petroleum and Chemical Industry Patent Awards”                                    |
|   | Five Paper Awards from the China Chemical Fibers Association-Hengyi Foundation for 2024 |
| Easy-Clean Nylon  | Zhejiang Provincial Technology Invention Award  |
| Flame retardant polyester and TiO <sub>2</sub> -Based Delustering Slurry for Nylon Fibers | Listed in Zhejiang Province's first batch of new materials for 2024                     |
| Five technologies, including the  | Listed in Green and Low-Carbon Technologies   |

atmospheric low-temperature dyeable  
polyester fiber with disperse dyes and  
PTT composite fiber

Compilation for the Textile Industry 2024

## **2.Stable and Efficient Operation of Existing Production Capacity, Accelerating the Advancement of Major Strategic Projects**

### **(1)Steady Operation of Phase I of the Brunei Refining and Chemical Project with Continuous Optimization of Product Structure**

Leveraging years of operational experience in the Southeast Asian market, the company has continuously optimized its production and sales strategies and dynamically adjusted its product structure. During the reporting period, the company further implemented technological upgrades, strengthened the foundation of process management, and achieved industry-leading comprehensive operational efficiency. By deepening the coordination mechanism between production and sales, the company has established a full-process control system guided by market demand, supported by R&D adaptation, and optimized through production. This has led to the continuous optimization of the product structure of the Brunei Refinery Project, providing critical support for the company's global expansion.

To ensure the stable operation of Phase I of the Brunei Refining and Chemical Project, the company has taken effective measures to address fluctuations in crude oil prices and changes in product price differentials. A diversified crude oil procurement system has been established to select the most suitable crude oil resources, reducing upstream costs. Meanwhile, the product structure has been closely aligned with market changes, with rational adjustments made to the production of gasoline, diesel, jet fuel, chemical light oil, PX, and benzene. This has resulted in an optimized production structure that synergizes aromatic products with clean fuels, continuously increasing the proportion of high-value-added products. During the reporting period, Phase I of the Brunei Refining and Chemical Project operated at high capacity, producing a range of refined products (diesel, gasoline, chemical light oil, liquefied petroleum gas, etc.) and chemical products (PX, benzene, etc.), with the product structure further optimized.

## **(2) Accelerating the Development of Major Strategic Projects, Enhancing the Industrial Landscape**

During the reporting period, the company vigorously advanced the construction of the Qinzhou "1.2 Million Tons Per Year Caprolactam-Polyamide Integrated and Supporting Project" (hereinafter referred to as the "Qinzhou Project"). Phase I of the project is expected to be completed and operational by 2025 and has now entered the production preparation phase.

The Qinzhou Project is a large-scale caprolactam-polyamide integrated production base that the company has focused on developing in recent years. The project boasts advantages in technology, integration, and product structure:

1)Technological Advantage: The project has achieved large-scale industrial application of multiple patented technologies and intellectual properties independently developed by the company. Advanced unit technologies and technical combinations are employed throughout the entire process, and the latest energy-saving technologies have been introduced, significantly reducing production costs.

2)Integration Advantage: The project integrates production factors and energy resources across the entire process, significantly optimizing energy and material consumption indicators, achieving industry-leading standards in all aspects.

3)Product Structure Advantage: The project produces a variety of products, including civilian fibers, engineering plastics, and films, with a rich and rational product structure. With the continuous development of China's industry, the acceleration of domestic component production, and the further adoption of polyamide films, demand for polyamide is expected to grow rapidly.

Upon completion, the project is expected to further enhance the company's performance, strengthen the upstream and downstream industrial chains, and fully leverage the company's strategic advantage of "one drop of oil, two strands of fiber." This will further solidify the company's highly integrated and balanced industrial

chain, supported by its existing customer network and cost-driven price advantages, thereby increasing market share and achieving rapid and healthy growth.

### **3. Fully Leverage Integrated Upstream-Downstream Industry Chain Advantages to Proactively Build a New Paradigm of Production-Sales Collaboration**

By capitalizing on its balanced and integrated industry chain advantages, the company gains insights into domestic and international market trends, strengthens market forecasting, and coordinates production plans and sales strategies across upstream and downstream factories. It continuously refines operational strategies based on internal conditions, market dynamics, and industry trends. Through optimizing product portfolios to meet market demand and enhance competitiveness, the company has achieved seamless production-sales collaboration across the entire industry chain. Currently, the company has established an end-to-end sales data management system. Digital platforms such as the Hengyi "Micro Mall" prioritize customer-centric, high-quality services while improving the flexibility and efficiency of delivery processes. During the reporting period, the proportion of differentiated products grew rapidly, significantly increasing product value-added and providing foundational momentum to consolidate the company's industry leadership. Additionally, the proactive use of hedging tools as a price risk control mechanism has stabilized operating profits and promoted sustainable business growth.

### **4. Digital Empowerment for Efficiency Gains and Lean Management as a Cornerstone for Development**

During the reporting period, the company intensified efforts to boost automation and intelligence, elevating operational efficiency and ensuring stable business operations. The entire lifecycle of polyester products is now fully digitized, with end-to-end smart processes covering raw material procurement, automated production (e.g., automatic doffing, external inspection, packaging, and warehousing). Key initiatives include:

(1) Continuous optimization of the "Hengyi Brain" platform through big data analytics, integrating real-time production, inventory, and sales data. This platform

supports high-level decision-making by providing granular insights into output, quality, material consumption, and energy usage, unlocking the value of operational data.

(2) Scaling 100% intelligent external inspection systems and in-house logistics management systems across multiple plants, leveraging first-mover advantages in smart manufacturing. By fostering a culture of precision management, the company established tightly integrated, high-efficiency operational workflows, enhancing the timeliness, accuracy, and comprehensiveness of management. This drove sustained improvements in per-capita productivity and supported high-quality growth.

## **5. Top-Down Cost Optimization and Full-Process, All-Element, and Holistic Control**

The company implemented comprehensive cost-reduction and efficiency-enhancement measures during the reporting period, including:

(1) Introducing advanced equipment, optimizing production processes, and improving raw material procurement. Initiatives like acetaldehyde recovery and waste filament reuse reduced energy and material consumption per ton.

(2) Promoting localization of catalysts, oils, and additives, which lowered production costs. Environmentally friendly titanium-based catalysts further enabled green recycling of textiles, aligning corporate profitability with social and environmental benefits.

(3) Enhancing workforce efficiency through performance-linked pay systems, workshop contracting, and refined labor management. These measures reduced labor costs per ton of polyester products by 8% and headcount per 10,000 tons by 10% in 2024, cumulatively cutting costs by 24% over three years.

(4) Refinancing the Brunei Phase I refinery project in 2024 to lower capital costs, alongside the release of 872 million pledged shares by the controlling shareholder, significantly reducing pledge ratios.

## **6. Green and Low-Carbon Leadership Drives Industrial Transformation; ESG Strategy Reshapes Development Landscape**

The company is committed to becoming a leading innovator in the chemical technology industry, actively aligning with national carbon peaking and carbon neutrality policies. Key initiatives include:

(1)The company developed the antimony-free polyester product "Yitaikang," which replaces traditional antimony-based catalysts with titanium-based catalysts. This breakthrough significantly advances green manufacturing and ecological conservation.

(2)The company has aggressively deployed solar power, biogas power, esterification power generation, waste heat recovery, and process tower energy-saving systems. In 2024, it added 52MW of controllable solar capacity. By the end of 2024, total controllable solar capacity reached 130MW, with green electricity output (including solar, waste heat, and esterification power) exceeding 200 million kWh annually.



▲ Hengyi Brunei Natural Gas and Renewable Energy Sustainable Integration Project

In 2025, the company will continue to implement its ESG strategy, guided by the principles of "green manufacturing" and "circular economy", focusing on the research, development, and promotion of environmentally friendly high-end green products. We will further increase photovoltaic coverage and green power generation, while persistently advancing the green and low-carbon transition across the industrial chain.

## **(V)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 | 27.45%                                 | No  | 4,647.42                                    | 4,213.67                                     |
| PX                 | Purchasing inquiry | 9.20%                                  | No  | 7,437.86                                    | 6,438.75                                     |
| MEG                | Purchasing inquiry | 8.22%                                  | No  | 3,925.67                                    | 4,060.47                                     |

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

In 2024, international crude oil prices exhibited a high-then-low trend due to recurring geopolitical conflicts and fluctuations in global crude oil inventories, with overall prices remaining largely flat compared to the previous reporting period. Prices across the entire industrial chain fluctuated in tandem with crude oil. Notably, MEG prices rose year-on-year, driven by the resumption of downstream polyester production and coal price volatility (according to CCF data, the average domestic MEG spot price in 2024 increased by 12.46% year-on-year). Conversely, PX prices declined year-on-year under pressure from accumulated inventories caused by a significant supply surge in 2023 (CCF data shows the 2024 CFR China PX average price fell by -7.32% 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



☐Applicable ☒Not applicable

### 5. Major production technologies

During the reporting period, there were no significant changes in the production technology of the Company's major 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 in which the Company was engaged during the reporting period, and "(4) Highlights of company's operations during the reporting period: Main production technologies" in the Company's Annual Report 2023.

### 6. The capacity of major products

Please refer to "(1) Overview of main 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, and benzene |
| Yaqian Town Industrial Park, Xiaoshan District, Hangzhou         | Flake, POY, FDY, DTY                        |
| Hangzhou Linjiang High-tech Industrial Park                      | Flake, staple fibre, POY, FDY               |
| Haining Economic Development Zone (Jianshan New District)        | Flake, POY, FDY, DTY                        |
| Suqian High-tech Industrial Development Zone                     | Flake, staple fibre                         |
| Jiaxing Xiuzhou High-tech Industrial Development Zone            | Flake, POY, FDY                             |
| Shaxi Town Industrial Park                                       | Flake and POY                               |
| Jingjiang Yinglin Town Industrial Park                           | FDY, staple fibre, flake                    |
| Ningbo Petrochemical Economic and Technological Development Zone | PTA   |
| Dalian Economic and Technological                                | PTA, bottle flake                           |

|                                  |                   |
|----------------------------------|-------------------|
| Development Zone                 |                   |
| Yangpu Economic Development Zone | PTA, bottle flake |

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

1.Zhejiang Hengyi Polymer Co., Ltd. submitted the filing for its Energy-Efficient and Environmentally Friendly Boiler Replacement and Retrofit Project on July 31, 2023, and obtained the EIA approval (Xiaohuanjian [2024] No. 23) on February 19, 2024.

2.Fujian Yijing Chemical Fiber Co., Ltd. submitted the filing for its Green Technical Retrofit Project for Boilers on August 13, 2024, and obtained the EIA approval (Quanhuanping [2024] Shu 36) on December 9, 2024.

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

☐Yes ☒No

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

Please refer to "Section V: Environmental and Social Responsibility" — "Environmental protection administrative permits"

**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

**III.Core competitiveness analysis**

**(I) Focus on Core Business, Strategic Leadership**

The company has been deeply rooted in the petrochemical and chemical fiber industry for decades, steadfastly focusing on its core business of "one drop of oil, two strands

of fiber." This has enabled the formation of a highly integrated and synergistic industrial cluster encompassing three core businesses: refining, PTA, and polyester fiber. Following the "Headquarters + R&D + Production Base" trinity model, the company has established 1 platform, 2 centers, and 6 major bases, creating a market layout that "relies on the Yangtze River Delta, Pearl River Delta, and Bohai Bay while expanding into the South China Sea." This stable operational framework enhances resilience across business cycles and drives comprehensive growth momentum. Strategically, the company has prioritized Southeast Asia, pioneering the overseas deployment of Phase I of the Brunei Refining Project and actively supporting the Belt and Road Initiative. During the reporting period, the company advanced Phase II of the Brunei Refining Project and the "1.2 Million Ton Annual Caprolactam-Polyamide Industrial Integration and Supporting Project." Upon completion, these projects will deepen the aromatic industrial chain, solidify leadership in downstream sectors, amplify production scale and market share, optimize product portfolios, increase high-value-added product ratios, and maximize shareholder value.

## **(II) R&D-Driven Innovation, Technology Leadership**

Aligned with the strategic goal of "consolidating, highlighting, and optimizing core business competitiveness," the company has innovatively established the "Tech-Driven Hengyi" framework. It leads the industry through pioneering applications of polyester melt direct spinning, large-scale PTA technology, and green high-end caprolactam processes. By integrating full-chain innovation and industry-academia collaboration, the company has significantly enhanced its competitive edge and injected technological vitality into high-quality development.

The Hengyi Research Institute focuses on advanced materials and green chemicals, building a full-chain innovation system from "basic research—technology development—industrial application." Key breakthroughs include recycling polyester across its lifecycle, achieving large-scale production and sales of high-quality

recycled and functional polyester. Self-developed green polyester products prioritize safety, quality, and sustainability, reducing pollutants in downstream textile production and enabling circular economy practices.

The Hengyi Global Innovation Center in Hangzhou drives cutting-edge R&D. Partnerships with Zhejiang University and Donghua University have entered a new phase, while the "Hengyi Scholars Lab"—guided by industry experts—operates with heightened efficiency, fueling long-term innovation. The company's integrated "industry-academia-research-application" mechanism ensures resource sharing and complementary strengths, boosting technological capabilities, R&D proficiency, and market responsiveness.

### **(III) Digital-Intelligent Integration, Operational Excellence**

The company has established an "Internet + Petrochemical" information strategy, continuously focusing on and actively exploring the implementation of intelligent application scenarios. It is vigorously promoting the digital and intelligent transformation of the industry, advancing the deep integration of new-generation information technologies with petrochemical manufacturing, and achieving high-level collaboration across the entire industrial chain. In 2024, the company's digital and intelligent initiatives were awarded the "Outstanding Application Award for China's Industrial Internet" and the "Excellent Case of Digital Economic Development in Zhejiang Province" by the Zhejiang Provincial Department of Economy and Information Technology, among other accolades. Mr. Qiu Yibo, the company's Chairman and President, was recognized as the "Outstanding CEO in Promoting Intelligent Manufacturing in China 2023" and the "Digital Transformation Leader of the Year 2024" in the industry.

As a leading enterprise in the industry, the company is actively building digital workshops and smart factories. It has established China's first fully intelligent polyester plant and the first digital benchmark factory. The company pioneered the

Single Spindle Data Flow System, Warehouse 2.0 System, Product Lifecycle Quality Traceability System, and Smart Sales Supply Chain System. The Single Spindle Data Flow System enables lifecycle management of individual spindle products. The Warehouse 2.0 System achieves centralized and unified inventory management, enhancing the real-time operational management capabilities of finished product warehouses. The Product Lifecycle Quality Traceability System, Smart Sales Supply Chain System, and the company's self-developed visual "Hengyi Brain" support the company's digital transformation. Additionally, the end-to-end sales data system integrates micro-stores, marketing loops, shipping consignments, and shipping applications, forming an integrated chemical fiber supply chain platform that includes micro-stores, supply chain finance, and warehousing logistics, providing customers with high-quality and efficient services and automating the sales process. The MES (Manufacturing Execution System) enhances production flexibility, strengthens production coordination, standardizes and traces quality inspections, and ensures production transparency. This system establishes industry standards for consistency and effectiveness in large-scale group production management, laying a solid foundation for the intelligent collaboration of factories.

#### **(IV) Industrial Synergy and Scale Advantage**

As a leading enterprise in the chemical and chemical fiber industry, the company continues to deepen its vertical integration strategy across the entire industrial chain of "refining—PTA—polyester fiber." Leveraging its global industrial ecosystem, the company achieves efficient resource allocation through full-factor collaboration, significantly enhancing the anti-cyclical capability and comprehensive profitability of the industrial chain. It has built a competitive barrier encompassing the entire chain of "raw material supply—production manufacturing—market services," solidifying its position as a benchmark in the global chemical fiber industry.

The company's current production capacities rank among the top in the industry. It continues to consolidate and expand its scale advantages, optimize and upgrade its industrial model, and drive both quantitative growth in business scale and qualitative

improvement in business structure. By utilizing large-scale equipment and energy-saving technologies, the company ensures the stable operation of production facilities and consistent product quality while significantly reducing unit investment costs and energy consumption. Large-scale procurement and integrated centralized procurement for domestic and international projects have notably saved procurement costs, comprehensively enhancing operational efficiency and providing strong support for the profitability of end products.

### **(V)Outstanding Talent and Advanced Management**

The company boasts an international, professional, and youthful management and operations team. Team members possess solid professional knowledge and rich industry experience, with the overall management team being relatively young, continuously injecting vitality into the company's high-quality development. Drawing on advanced management practices both domestically and internationally, the company has established a robust internal system, continuously optimized its organizational structure, improved management efficiency, and leveraged its scale synergy advantages. In terms of talent development, the company continuously enhances overall talent effectiveness by vigorously introducing high-level professionals, strengthening strategic cooperation with domestic and international research institutions and universities, and improving talent service guarantee mechanisms. It aims to shape new momentum and advantages through high-level technology and high-quality talent. Additionally, the company has refined an internal talent cultivation model that integrates "production, education, research, and application," providing employees with excellent career development opportunities. The Brunei refinery project has steadily increased employee localization, strongly supporting the growth of local Bruneian youth and achieving win-win talent cooperation. In employee incentives, the company adheres to the philosophy of "co-creation, sharing, and joyful development," striving to unite people for the company's growth and secure benefits for employees' development. By implementing restricted stock incentive plans and multiple employee stock ownership plans, the

company has established a long-term development sharing mechanism, effectively enhancing employees' sense of belonging and cohesion, and laying a solid talent foundation for the company's long-term development.

## IV. Main Business Analysis

### 1. Overview

In 2024, the company achieved a total operating revenue of RMB 125.463 billion, with a net profit attributable to shareholders of the listed company of RMB 234 million. After deducting non-recurring gains and losses, the net profit attributable to shareholders of the listed company was RMB 202.765 million.

### 2. Revenue and costs

#### (1) Components of operating revenue

Unit: RMB

|                         | 2024               |                                   | 2023               |                                   | Year-on-year<br>increase/decrease |
|-------------------------|--------------------|-----------------------------------|--------------------|-----------------------------------|-----------------------------------|
|                         | Amount             | Percentage in<br>operating income | Amount             | Percentage in<br>operating income |                                   |
| Total operating income  | 125,463,237,098.17 | 100%                              | 136,148,114,082.34 | 100%                              | -7.85%                            |
| By industry             |                    |                                   |                    |                                   |                                   |
| Petrochemical industry  | 52,592,721,073.08  | 41.92%                            | 56,484,387,971.19  | 41.49%                            | -6.89%                            |
| Chemical fibre industry | 63,503,724,808.44  | 50.61%                            | 61,075,957,822.00  | 44.86%                            | 3.97%                             |
| Supply chain services   | 9,366,791,216.65   | 7.47%                             | 18,587,768,289.15  | 13.65%                            | -49.61%                           |
| By product              |                    |                                   |                    |                                   |                                   |
| Refinery products       | 31,507,862,049.06  | 25.11%                            | 31,841,158,971.62  | 23.39%                            | -1.05%                            |

|                       |                    |        |                    |        |         |
|-----------------------|--------------------|--------|--------------------|--------|---------|
| Chemical products     | 12,121,856,023.16  | 9.66%  | 12,145,808,146.64  | 8.92%  | -0.20%  |
| PTA                   | 7,198,172,823.33   | 5.74%  | 11,572,721,877.37  | 8.50%  | -37.80% |
| PIA                   | 1,764,830,177.53   | 1.41%  | 924,698,975.56     | 0.68%  | 90.85%  |
| Polyester yarn        | 56,075,394,236.76  | 44.69% | 54,790,605,801.14  | 40.24% | 2.34%   |
| Flake                 | 7,428,330,571.68   | 5.92%  | 6,285,352,020.86   | 4.62%  | 18.18%  |
| Supply chain services | 9,366,791,216.65   | 7.47%  | 18,587,768,289.15  | 13.65% | -49.61% |
| By region             |                    |        |                    |        |         |
| Domestic              | 74,844,287,538.29  | 59.65% | 84,946,111,780.67  | 62.39% | -11.89% |
| Overseas              | 50,618,949,559.88  | 40.35% | 51,202,002,301.67  | 37.61% | -1.14%  |
| By sales model        |                    |        |                    |        |         |
| Direct sales          | 121,628,322,635.62 | 96.94% | 132,413,772,035.05 | 97.26% | -8.15%  |
| Distribution          | 3,834,914,462.55   | 3.06%  | 3,734,342,047.29   | 2.74%  | 2.69%   |

**(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  | 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 yarn        | 56,075,394,236.76  | 53,582,038,836.82  | 4.45%  | 2.34%   | 1.71%   | 0.60%  |
| Flake                 | 7,428,330,571.68   | 7,451,678,927.54   | -0.31% | 18.18%  | 20.83%  | -2.19% |
| 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%  |

**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  | 56,484,387,971.19 | 54,021,381,180.67 | 4.36%               | -4.70%                              | -4.80%                            | 0.10%                                 |
| Chemical fibre industry | 61,075,957,822.00 | 58,850,354,479.37 | 3.64%               | 15.06%                              | 12.44%                            | 2.24%                                 |

|                       |                    |                    |        |         |         |        |
|-----------------------|--------------------|--------------------|--------|---------|---------|--------|
| Supply chain services | 18,587,768,289.15  | 18,158,498,022.84  | 2.31%  | -53.18% | -53.95% | 1.65%  |
| By product            |                    |                    |        |         |         |        |
| Refinery products     | 31,841,158,971.62  | 30,756,174,029.44  | 3.41%  | -23.33% | -21.28% | -2.51% |
| Chemical products     | 12,145,808,146.64  | 10,728,464,028.04  | 11.67% | 41.25%  | 28.08%  | 9.08%  |
| PTA                   | 11,572,721,877.37  | 11,671,156,811.34  | -0.85% | 29.06%  | 28.42%  | 0.51%  |
| PIA                   | 924,698,975.56     | 865,586,311.85     | 6.39%  | 435.81% | 320.13% | 25.77% |
| Polyester yarn        | 54,790,605,801.14  | 52,683,074,551.51  | 3.85%  | 15.07%  | 12.03%  | 2.61%  |
| Flake                 | 6,285,352,020.86   | 6,167,279,927.86   | 1.88%  | 14.96%  | 16.10%  | -0.96% |
| Supply chain services | 18,587,768,289.15  | 18,158,498,022.84  | 2.31%  | -53.18% | -53.95% | 1.65%  |
| By region             |                    |                    |        |         |         |        |
| Domestic              | 84,946,111,780.67  | 82,286,414,562.98  | 3.13%  | -13.43% | -15.52% | 2.40%  |
| Overseas              | 51,202,002,301.67  | 48,743,819,119.90  | 4.80%  | -5.06%  | -4.63%  | -0.43% |
| By sales model        |                    |                    |        |         |         |        |
| Direct sales          | 132,413,772,035.05 | 127,509,011,660.83 | 3.70%  | -11.76% | -12.96% | 1.33%  |
| Distribution          | 3,734,342,047.29   | 3,521,222,022.05   | 5.71%  | 87.28%  | 74.30%  | 7.02%  |

### 3)The reason for the reclassification

Polyester fiber, falls within the scope of the company's main products. Its sales strategy aligns with that of the company's main products. Therefore, this portion of revenue has been reclassified from supply chain services to the main product revenue under the chemical fiber industry—polyester filament and chips.

### 4)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       | 2024   | 2023   | YOY change (%) |
|--------------------|-------------------|-------------|--------|--------|----------------|
| Refinery products  | Sales volume      | 10,000 tons | 617.82 | 582.50 | 6.06%          |
|                    | Production volume | 10,000 tons | 618.61 | 580.24 | 6.61%          |
|                    | Inventory         | 10,000 tons | 13.26  | 12.47  | 6.34%          |
| Chemical products  | Sales volume      | 10,000 tons | 200.64 | 182.77 | 9.78%          |
|                    | Production volume | 10,000 tons | 200.56 | 181.84 | 10.29%         |
|                    | Inventory         | 10,000 tons | 7.79   | 7.87   | -1.02%         |
| PTA                | Sales volume      | 10,000 tons | 260.31 | 391.78 | -33.56%        |
|                    | Production volume | 10,000 tons | 260.96 | 392.25 | -33.47%        |
|                    | Inventory         | 10,000 tons | 3.09   | 2.44   | 26.64%         |
| PIA                | Sales volume      | 10,000 tons | 23.39  | 11.93  | 96.06%         |
|                    | production volume | 10,000 tons | 22.18  | 14.25  | 55.65%         |
|                    | Inventory         | 10,000 tons | 1.12   | 2.33   | -51.93%        |
| Polyester Products | Sales volume      | 10,000 tons | 810.40 | 772.03 | 4.97%          |
|                    | Production        | 10,000 tons | 810.89 | 770.79 | 5.20%          |

|  |           |             |       |       |       |
|--|-----------|-------------|-------|-------|-------|
|  | volume    |             |       |       |       |
|  | Inventory | 10,000 tons | 51.72 | 51.23 | 0.96% |

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.

**1)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 PTA production and sales volume decreased in the current period, primarily due to production cuts and a reduction in operating capacity. Meanwhile, PIA production and sales volume increased, mainly driven by the expansion of downstream bottle chip production capacity, the growing demand for PIA in the market, and an improvement in operating capacity.

**(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                    | 2024              |                                 | 2023              |                                 | YOY<br>change<br>(%) |
|----------------------|-------------------------|-------------------|---------------------------------|-------------------|---------------------------------|----------------------|
|                      |                         | Amount            | Percentage in<br>operating cost | Amount            | Percentage in<br>operating cost |                      |
| Refinery<br>products | Raw<br>materials        | 30,455,020,862.74 | 96.58%                          | 29,630,498,059.96 | 96.34%                          | 2.78%                |
|                      | Energy                  | 198,660,831.89    | 0.63%                           | 246,049,392.24    | 0.80%                           | -19.26%              |
|                      | Depreciation and others | 879,783,684.06    | 2.79%                           | 879,626,577.24    | 2.86%                           | 0.02%                |
|                      | Total                   | 31,533,465,378.69 | 100.00%                         | 30,756,174,029.44 | 100.00%                         | 2.53%                |
| Chemical             | Raw                     | 9,441,823,236.12  | 90.18%                          | 9,681,365,938.90  | 90.24%                          | -2.47%               |

|                       |                         |                   |         |                   |         |         |
|-----------------------|-------------------------|-------------------|---------|-------------------|---------|---------|
| I<br>products         | materials               |                   |         |                   |         |         |
|                       | Energy                  | 597,835,558.64    | 5.71%   | 637,270,763.27    | 5.94%   | -6.19%  |
|                       | Depreciation and others | 430,315,962.53    | 4.11%   | 409,827,325.87    | 3.82%   | 5.00%   |
|                       | Total                   | 10,469,974,757.29 | 100.00% | 10,728,464,028.04 | 100.00% | -2.41%  |
| PIA<br>products       | Raw materials           | 1,317,864,138.08  | 82.44%  | 666,934,253.28    | 77.05%  | 97.60%  |
|                       | Energy                  | 148,827,209.19    | 9.31%   | 89,588,183.28     | 10.35%  | 66.12%  |
|                       | Depreciation and others | 131,882,328.23    | 8.25%   | 109,063,875.29    | 12.60%  | 20.92%  |
|                       | Total                   | 1,598,573,675.50  | 100.00% | 865,586,311.85    | 100.00% | 84.68%  |
| PTA<br>products       | Raw materials           | 6,507,439,749.48  | 91.20%  | 10,689,612,523.50 | 91.59%  | -39.12% |
|                       | Energy                  | 140,566,406.87    | 1.97%   | 263,768,143.94    | 2.26%   | -46.71% |
|                       | Depreciation and others | 487,344,446.15    | 6.83%   | 717,776,143.90    | 6.15%   | -32.10% |
|                       | Total                   | 7,135,350,602.50  | 100.00% | 11,671,156,811.34 | 100.00% | -38.86% |
| Polyester<br>products | Raw materials           | 50,957,050,961.46 | 83.49%  | 48,892,874,501.46 | 83.08%  | 4.22%   |
|                       | Energy                  | 3,350,751,105.26  | 5.49%   | 3,436,860,701.60  | 5.84%   | -2.51%  |
|                       | Depreciation and others | 6,725,915,697.64  | 11.02%  | 6,520,619,276.31  | 11.08%  | 3.15%   |
|                       | Total                   | 61,033,717,764.36 | 100.00% | 58,850,354,479.37 | 100.00% | 3.71%   |

**(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 2024 was 54, an increase of 4 subsidiaries and a decrease of 2 subsidiaries compared with the previous year. For details, please refer to "VI. Interests in Other Entities" in "Section X. 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)  | 26,652,522,304.26 |
| Percentage of the total sales amount of the top five customers in total annual sales amount             | 21.24%            |
| Percentage of sales amount of related parties among the top five customers in total annual sales amount | 3.43%             |

**2)Top 5 customers**

| No.   | Customer name | Sales amount (RMB) | Percentage in total annual sales amount |
|-------|---------------|--------------------|---|
| 1     | Customer 1    | 7,374,897,067.89   | 5.88%                                   |
| 2     | Customer 2    | 5,296,330,397.40   | 4.22%                                   |
| 3     | Customer 3    | 5,295,377,750.48   | 4.22%                                   |
| 4     | Customer 4    | 4,377,965,993.13   | 3.49%                                   |
| 5     | Customer 5    | 4,307,951,095.36   | 3.43%                                   |
| Total | --            | 26,652,522,304.26  | 21.24%                                  |

**3)Other information about major customers**

☐Applicable ☒Not applicable

#### 4)Major suppliers of the company

|  |                   |
|--|-------------------|
| Total purchase amount of top five suppliers (RMB)  | 47,059,176,506.75 |
| Percentage of the total purchase amount of the top five suppliers in the total annual purchase amount      | 38.94%            |
| Percentage of purchase amount of related parties among the top five suppliers in total annual sales amount | 27.96%            |

#### 5)Top 5 Suppliers

| No.   | Supplier name | Purchase amount (RMB) | Percentage in total annual purchase amount |
|-------|---------------|-----------------------|--|
| 1     | Supplier 1    | 16,387,025,820.81     | 13.56%                                     |
| 2     | Supplier 2    | 11,179,399,623.11     | 9.25%                                      |
| 3     | Supplier 3    | 10,123,117,660.31     | 8.38%                                      |
| 4     | Supplier 4    | 5,177,005,340.45      | 4.28%                                      |
| 5     | Supplier 5    | 4,192,628,062.07      | 3.47%                                      |
| Total | --            | 47,059,176,506.75     | 38.94%                                     |

#### 6)Other information about major suppliers

☐Applicable ☒Not applicable

### 3.Expense

Unit: RMB

|                         | 2024             | 2023             | YOY change (%) |
|-------------------------|------------------|------------------|----------------|
| Selling expenses        | 243,762,401.38   | 229,284,289.09   | 6.31%          |
| Administration expenses | 1,102,851,622.36 | 1,434,227,935.73 | -23.10%        |
| Financial expenses      | 2,883,845,156.01 | 3,243,902,745.47 | -11.10%        |
| R&D expenses            | 723,365,790.03   | 716,319,527.66   | 0.98%          |

## 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 <sub>2</sub> matting agent for nylon and complete set of technology | TiO <sub>2</sub> 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<br>R&D projects | Project purpose | Project progress | Objectives  | Expected effect on the future<br>development of the Company |
|-------------------------------|-----------------|------------------|---|---|
|                               |                 |                  | our existing equipment, technology<br>and relevant supporting conditions. |   |

**2)R&D personnel**

|   | 2024  | 2023  | YOY change (%) |
|---|-------|-------|----------------|
| Number of R&D staff (person)            | 1,089 | 1,027 | 6.04%          |
| Percentage of R&D personnel             | 6.80% | 6.61% | 0.19%          |
| Educational background of R&D personnel |       |       |                |
| PhD                                     | 90    | 79    | 13.92%         |
| Master                                  | 146   | 125   | 16.80%         |
| Bachelor                                | 552   | 375   | 47.20%         |
| Junior college degree and below         | 301   | 448   | -32.81%        |
| Age of R&D personnel                    |       |       |                |
| Under 30                                | 445   | 414   | 7.49%          |
| 30~40                                   | 419   | 401   | 4.49%          |
| 40~50                                   | 189   | 176   | 7.39%          |
| 50~60                                   | 31    | 34    | -8.82%         |
| 60 and above                            | 5     | 2     | 150.00%        |

**3)R&D investment**

|  | 2024           | 2023           | YOY change (%) |
|--|----------------|----------------|----------------|
| R&D investment amount (RMB)                                  | 763,738,214.64 | 743,797,778.86 | 2.68%          |
| R&D investment as a percentage of operating income           | 0.61%          | 0.55%          | 0.06%          |
| Capitalized R&D investment (RMB)                             | 43,809,842.25  | 27,478,251.20  | 59.43%         |
| Capitalized R&D investment as a percentage of R&D investment | 5.74%          | 3.69%          | 2.05%          |

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  | 2024               | 2023               | YOY change<br>(%) |
|---|--------------------|--------------------|-------------------|
| Subtotal of cash inflows from operating activities  | 135,557,724,622.94 | 151,342,732,624.92 | -10.43%           |
| Subtotal of cash outflows from operating activities | 129,560,713,067.18 | 146,810,897,819.77 | -11.75%           |
| Net cash flow from operating activities             | 5,997,011,555.76   | 4,531,834,805.15   | 32.33%            |
| Subtotal of cash inflows from investing activities  | 1,521,502,305.08   | 1,597,063,826.52   | -4.73%            |
| Subtotal of cash outflows from investing activities | 4,609,621,351.14   | 6,899,721,564.69   | -33.19%           |
| Net cash flows from investing activities            | -3,088,119,046.06  | -5,302,657,738.17  | 41.76%            |
| Subtotal of cash inflows from financing activities  | 71,990,258,760.86  | 61,611,945,020.67  | 16.84%            |
| Subtotal of cash outflows from financing activities | 73,433,347,282.35  | 65,350,940,711.86  | 12.37%            |
| Net cash flows from financing activities            | -1,443,088,521.49  | -3,738,995,691.19  | 61.40%            |

|   |                  |                   |         |
|---|------------------|-------------------|---------|
| Net increase in cash and cash equivalents | 1,542,770,498.19 | -4,415,951,490.91 | 134.94% |
|---|------------------|-------------------|---------|

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

(1)The net cash flow from operating activities increased, primarily due to changes in the timing of procurement payments. More payments for crude oil purchases were made at the beginning of 2023, while payments for crude oil purchases at the beginning of 2024 decreased year-on-year, resulting in a reduction in cash outflows from operating activities during the current period.

(2)The net cash flow from investing activities increased, mainly because payments for project engineering equipment and entrusted loans decreased during the current period, leading to a reduction in cash outflows from investing activities.

(3)The net cash flow from financing activities increased, primarily due to the recovery of financing-related deposits and an increase in financing proceeds.

(4) The net increase in cash and cash equivalents was mainly a result of 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 | 481,338,948.25 | 1,631.55%                  | This is primarily due to the recognition of investment income from equity-accounted | Yes                |

|   |                |          |   |    |
|---|----------------|----------|---|----|
|   |                |          | companies.  |    |
| Profits and losses from changes in fair value | -18,561,440.33 | -62.92%  | This is mainly due to the changes in the fair value of hedging instruments during the reporting period.                 | No |
| Impairment loss on assets                     | -34,344,817.62 | -116.42% | This is mainly due to the provision for inventory write-downs during the reporting period.                              | No |
| Non-operating income                          | 9,539,070.90   | 32.33%   | This is mainly due to government subsidies and other income unrelated to daily operating activities.                    | No |
| Non-operating expenses                        | 61,383,940.48  | 208.07%  | 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 2024       |                            | Early 2024        |                            | Proportion increase or decrease |
|---------------------|-------------------|----------------------------|-------------------|----------------------------|---------------------------------|
|                     | Amount            | Percentage in total assets | Amount            | Percentage in total assets |                                 |
| Monetary funds      | 13,093,174,547.46 | 12.18%                     | 13,827,903,087.40 | 12.80%                     | -0.62%                          |
| Accounts receivable | 5,944,293,285.48  | 5.53%                      | 5,925,174,959.59  | 5.48%                      | 0.05%                           |
| Inventory           | 12,407,437,115.10 | 11.54%                     | 13,060,195,863.37 | 12.09%                     | -0.55%                          |
| Long-term equity    | 13,911,759,800.05 | 12.94%                     | 13,669,254,123.61 | 12.65%                     | 0.29%                           |

|                          |                   |        |                   |        |        |
|--------------------------|-------------------|--------|-------------------|--------|--------|
| investments              |                   |        |                   |        |        |
| Fixed assets             | 43,686,606,928.39 | 40.63% | 45,430,020,661.94 | 42.04% | -1.41% |
| Construction in progress | 8,712,891,498.77  | 8.10%  | 4,610,305,760.02  | 4.27%  | 3.83%  |
| Right-of-use assets      | 411,420,429.59    | 0.38%  | 414,782,305.73    | 0.38%  | 0.00%  |
| Short-term loans         | 38,031,193,372.03 | 35.37% | 41,122,258,268.86 | 38.06% | -2.69% |
| Contract liabilities     | 1,253,402,884.38  | 1.17%  | 756,571,793.30    | 0.70%  | 0.47%  |
| Long-term loans          | 15,504,087,484.02 | 14.42% | 14,739,441,863.92 | 13.64% | 0.78%  |
| Lease liabilities        | 456,139,594.54    | 0.42%  | 449,163,796.50    | 0.42%  | 0.00%  |

## 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 5,811,971,700 million | Hong Kong/Brunei/Singapore | Built by the Company | Strengthen the parent Company's Management control over overseas subsidiaries | Good          | 168.86%   | No  |

## 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) | 366,311,518.38    | 153,091,745.24 |
| 2. Derivative financial assets   | 0.00              | 4,783,678.80   |
| 3. Investment in other equity instruments                                    | 5,600,000.00      | 5,600,000.00   |
| Subtotal of financial assets   | 371,911,518.38    | 163,475,424.04 |
| Financial liabilities  | 108,194,619.69    | 2,546,598.89   |

## 4.Other changes

Not applicable



**5. Whether the measurement attributes of the Company's main assets changed significantly during the reporting period**

☐ Yes ☒ No

**6. 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               | 3,032,285,927.15              | Margin  |
| Long-term equity investments | 4,753,215,991.44              | Mortgage, Mortgage loan                           |
| Fixed assets                 | 22,189,304,211.75             | Sale and Leaseback Financing Lease, Mortgage loan |
| Intangible assets            | 1,917,089,516.79              | Mortgage loan                                     |
| Construction in progress     | 17,671,369.60                 | Mortgage loan                                     |
| Total                        | 31,909,567,016.73             |   |

**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 (%) |
|---|---|----------------|
| 13,911,759,800.05                                   | 13,669,254,123.61   | 1.77%          |

**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           | 175,237,351.63                              | 2,711,085,193.81  | Self-financing                             | 2.99%            | September 16, 2020       | <a href="http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1208444483&amp;announcementTime=2020-09-16">http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1208444483&amp;announcementTime=2020-09-16</a> |
| Suqian Yida New Environment-friendly | Built by the Company | Yes                                  | Chemical fibre industry          | 119,185,163.77                              | 1,092,509,271.64  | Self-financing, borrowing and fund-raising | 33.20%           | June 1, 2021             | <a href="http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1208444483&amp;announcementTime=2020-09-16">http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1208444483&amp;announcementTime=2020-09-16</a> |

| 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)   |
|--|----------------------|--------------------------------------|---------------------------------------|---|---|------------------------------|------------------|--------------------------|---|
| Differentiated Fibre Project   | any                  |                                      |                                       |   |   |                              |                  |                          | nouncementId=1210132115&announcementTime=2021-06-01   |
| 1.2 Million Tons Per Year Caprolactam-Polyamide Integrated Industrial and Supporting Project | Built by the Company | Yes                                  | Petrochemical chemical fibre industry | 3,759,742,429.61                            | 4,647,251,713.18  | Self-financing and borrowing | 35.00%           | January 22, 2022         | <a href="http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1212243026&amp;announcementTime=2022-01-22">http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1212243026&amp;announcementTime=2022-01-22</a> |
| Total  | --                   | --                                   | --                                    | 4,054,164,945.01                            | 8,450,846,178.63  | --                           | --               | --                       | --  |

**4. Investment in financial assets****(1) Investment in securities**

The Company's made 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   | -10,819                   | -10,819          | 0   | 0  | 71,732                                       | 60,913                                  | 0               | 0.00%  |
| Commodity hedging          | 36,631                    | 36,631           | -1,856  | 56   | 332,005                                      | 353,103                                 | 15,533          | 0.63%  |
| <b>Total</b>               | <b>25,812</b>             | <b>25,812</b>    | <b>-1,856</b>   | <b>56</b>  | <b>403,737</b>                               | <b>414,016</b>                          | <b>15,533</b>   | <b>0.63%</b>   |

|   |   |
|---|---|
| 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 | 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</i> No. 22 - Recognition and Measurement of Financial Instruments, <i>Accounting Standards for Business Enterprises</i> No. 24 - Hedging, <i>Accounting Standards for Business Enterprises</i> No. 23 - Transfer of Financial Assets, <i>Accounting Standards for Business Enterprises</i> No. 37 - Presentation of Financial Instruments and relevant guidelines to reflect the relevant items of the balance sheet and profit and loss statement. |
| Explanation on actual   | During the reporting period, the actual profit and loss amounted to RMB 110.8968 million, which included an unrealized loss on holdings of RMB -18.5614 million and realized gains from closing positions of RMB 129.4582 million.  |

|  |  |
|--|--|
| profit or loss<br>in the<br>reporting<br>period  |  |
| Explanation<br>on hedging<br>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<br>funding for<br>investments in<br>derivatives  | Self-owned funds   |
| Risk analysis<br>and<br>description of<br>control<br>measures for<br>derivatives<br>positions<br>during the<br>reporting<br>period<br>(including but<br>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> |

|  |   |
|--|---|
| market risk, liquidity risk, credit risk, operational risk, and legal risk)  | 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. |
| 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 | During this reporting period, the impact of the company's hedging investments on the current profit and loss amounted to 110.8968 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.   |

|   |                   |
|---|-------------------|
| 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) | February 01, 2024 |
| Date of disclosure of announcement of shareholders meeting for approval of derivatives        | February 23, 2024 |



|                     |  |
|---------------------|--|
| 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.

## 5.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                        | 5,610.97   | 158,994.77  | 53.29%  | 0   | 0  | 0.00%  | 139,373.15  | As of December 31, 2024, the unused raised funds amounted to RMB 1,393,731,500. Including RMB 1,395,000,000 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 2,283,500. The combined total of the unreturned temporary working capital supplements and the dedicated account balance exceeded the unused raised funds by RMB 3,552,000, 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 | 5,610.97 | 158,994.77 | 53.29% | 0 | 0 | 0.00% | 139,373.15 | --  | 0 |
| General description of the use of raised funds  |      |    |         |            |          |            |        |   |   |       |            |   |   |
| <p>Pursuant to the approval document [2022] No. 565 issued by the China Securities Regulatory Commission (CSRC) and with the consent of the Shenzhen Stock Exchange (SZSE), the company publicly issued 30 million convertible corporate bonds to qualified investors. Each bond has a par value of RMB 100, resulting in a total issuance amount of RMB 3 billion. The conversion price was set at RMB 10.50 per share, and the bonds were listed on the Shenzhen Stock Exchange on August 18, 2022. The total proceeds from this public offering of convertible bonds amounted to RMB 3 billion. After deducting underwriting and sponsorship fees (excluding tax) and other issuance costs, the net proceeds raised were RMB 2,983,679,200. As of December 31, 2024, the company had utilized RMB 1,589,947,700 of the raised funds.</p> |      |    |         |            |          |            |        |   |   |       |            |   |   |

**(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 benefit is 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                                       | 24,835.84                                     | 23,763.98   | 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 | 5,610.97 | 125,596.03 | 54.61% | Partially commissioned in May and December 2023 | -5,154.68 | -8,569.74 | Not applicable | No |
| Subtotal of committed investment for the projects   |  |                         | -- | No more than 300,000  | 300,000 | 5,610.97 | 158,994.77 | --     | --  | 19,681.16 | 15,194.24 | --             | -- |
| Investment direction of over-raised funds   |  |                         |    |   |         |          |            |        |   |           |           |                |    |
| None  |  |                         |    |   |         |          |            |        |   |           |           |                |    |
| Total   |  |                         | -- | No more than 300,000  | 300,000 | 5,610.97 | 158,994.77 | --     | --  | --        | 19,681.16 | 15,194.24      | -- |
| 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 combined impact of various 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 | <p>Applicable</p> <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, 2024, 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           | <p>Applicable</p> <p>As of December 31, 2024, the Company has temporarily replenished its working capital with idle raised funds of RMB1,395,000,000 ,</p>   |

|  |  |
|--|--|
|  | 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 | Not Applicable   |
| Usage and destination of unused raised funds                                 | As of December 31, 2024, the unused proceeds amounted to RMB 1,393,731,500, Including RMB1,395,000,000 had not yet been due for the return of temporary supplementary liquidity, and the balance of the Company's special account for proceeds was RMB2,283,500, and the sum of the amount of temporary supplementary liquidity that had not yet been due for the return of temporary supplementary liquidity and the balance of the special account for proceeds exceeded the amount of the unused proceeds by RMB3,552,000, which was the amount of the special account for proceeds. Interest income net of handling fees and outstanding issue fees. |
| Problems or other situations in the use and disclosure of raised funds       | Not applicable   |

### (3)Changes of projects for investment with raised funds

During the reporting period, there was no change of the projects for investment with raised funds.

## 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<br>(Single unit) | Subsidiary      | Refining and petrochemical | USD 1.0548 billion | 36,027,658,412.79 | 9,358,931,520.22 | 44,613,518,409.34 | -990,022,302.25  | -1,029,793,568.64 |
| Zhejiang<br>Yisheng            | Subsidiary      | PTA, PIA                   | USD 514,447,095.46 | 20,749,905,084.68 | 9,192,128,492.35 | 15,246,583,176.45 | 227,193,866.58   | 214,587,933.59    |
| Hainan Yisheng                 | JV company      | PTA , bottle flake         | 4,580,000,000.00   | 19,716,261,559.49 | 6,871,237,440.20 | 32,134,063,244.75 | 158,885,656.32   | 143,801,867.13    |
| Yisheng<br>Investment          | JV company      | PTA, bottle flake          | 2,018,000,000.00   | 17,677,288,273.07 | 7,528,224,534.18 | 31,819,742,678.09 | -208,575,017.49  | -153,495,879.83   |
| Yisheng New<br>Materials       | JV company      | PTA                        | 3,000,000,000.00   | 10,734,866,410.15 | 1,783,216,259.16 | 32,266,524,499.34 | -710,597,009.31  | -510,465,274.41   |
| Hengyi Limited                 | Subsidiary      | DTY                        | 3,000,000,000.00   | 41,199,068,807.51 | 8,119,662,494.35 | 51,022,112,417.43 | -508,689,487.71  | -509,380,119.20   |



|                        |            |                      |                   |                      |                    |                   |                   |                   |
|------------------------|------------|----------------------|-------------------|----------------------|--------------------|-------------------|-------------------|-------------------|
| Hengyi High-Tech       | Subsidiary | Flakes, POY, etc.    | 2,757,250,000.00  | 11,646,138,178.17    | 5,517,939,844.59   | 10,741,546,819.20 | 580,508,730.96    | 549,144,382.19    |
| Shuangtu New Materials | Subsidiary | POY, FDY, and flakes | 600,000,000.00    | 5,395,905,756.72     | 2,094,476,446.77   | 7,763,894,451.09  | 153,117,937.53    | 136,774,329.44    |
| China Zheshang Bank    | JV company | Finance              | 27,464,635,963.00 | 3,325,539,000,000.00 | 202,743,000,000.00 | 67,650,000,000.00 | 17,645,000,000.00 | 15,693,000,000.00 |

## 2.Acquisition and disposal of subsidiaries during the reporting period

| Company name  | Methods of acquiring and disposing of subsidiaries during the reporting period |
|---|--|
| Hengyi Industries International (Singapore) Co., Ltd.   | Disposal   |
| Hangzhou Yigao Environmental Protection Technology Co.  | Cancellation   |
| Hangzhou Lanjin New Material Technology Co., Ltd.       | Establishment  |
| Zhejiang Hengyi Resource Recycling Technology Co., Ltd. | Establishment  |
| Wenzhou Hengyi Resource Recycling Co., Ltd.             | Establishment  |
| Jingzhou Hengyi Resource Recycling 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: operation of hazardous chemicals; port operations; technology import and export; goods import and export (licensed business projects operate with the relevant 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)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).

#### **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**

In 2025, Hengyi Petrochemical will continue to deepen its "One Drop of Oil, Two Strands of Fiber" development strategy, accelerating the strategic transformation from "Industrial Hengyi" to "Technology-Driven Hengyi." The company will further consolidate its integrated advantages, strengthen cross-border industrial collaboration, and fully leverage the synergistic benefits of its full-chain "Refining-PX-Polyester-Spinning" operations. By expanding caprolactam and polyamide production capacity, it will enhance its dual "Fiber-Centric" industrial framework. Building on its globalized layout, Hengyi will advance its "Petrochemical+" strategy to establish a multi-layered industrial ecosystem. Concurrently, it will pioneer digital and intelligent upgrades in the chemical fiber sector, striving to evolve into a privately held multinational conglomerate distinguished by "technological leadership, cost competitiveness, and ecosystem synergy," while cementing its position as a global benchmark in the "Refining-Chemical-Fiber" industry.

## **(II) Prospects for the industrial development of the Company**

For details, please refer to this section (I)Industries in which the company operated" under the heading "I.Industry in which the company operated during the reporting period ".

## **(III) Business strategy of the company for 2025**

### **1. Intensify R&D investment, enhance technological competitiveness, and deepen the “Tech-Driven Hengyi” Strategy**

In 2025, the company will resolutely and comprehensively advance the implementation of the "Technology Hengyi" strategy, guided by "green manufacturing" and "circular economy." It will continue to increase investment in technological research and development, closely align with industry layouts, focus on the forefront of global technology, gather global innovative resources, and cultivate high-end innovative achievements. With the construction of an innovative system at its core, the company will prioritize breakthroughs in advanced fields such as green

chemical and chemical fiber production processes, bio-based materials, new polyester and polyamide materials, functional fibers, specialty and fine chemicals, and intelligent manufacturing. The goal is to build a world-class research and development base for key generic technologies in refining and high-end chemical products, and to be committed to the research, development, and industrialization of green chemicals and advanced materials, becoming a technology leader across the entire industry. Key measures include:

(1)The company will continue to leverage its efficient cooperation with universities and research institutions to connect with cutting-edge technologies, shorten the cycle from laboratory to market, and improve the conversion efficiency of independently developed new technologies. It will vigorously promote the sales of products such as flame-retardant polyester, anti-stain nylon, biodegradable polyester, antibacterial polyester, antimony-free eco-friendly polyester "Yitaikang," PTT composite elastic fibers, and various functional masterbatches, actively capturing market share in high-tech materials and high-end chemical products.

(2)The company will focus on advancing the research and development process of technologies such as ammonia synthesis, fluidized bed processes for hydrogen peroxide, titanium dioxide, and chemical fiber oils, promoting the high-quality development of the green petrochemical industry.

## **2.Accelerate Digital and Intelligent Transformation via the "Petrochemical + Internet" Strategy**

In 2025, the company will adhere to industry principles and continue to deepen its "Petrochemical + Internet" information strategy. Using digitalization and smart factories as a blueprint, it will accelerate the construction of standardized information operation systems, implementing a phased and layered approach, and gradually explore the path toward digital and intelligent transformation of the chemical fiber industry. The company will persist in strengthening and enhancing the service experience of "Hengyi Brain," continuously iterating and upgrading integrated applications based on information technology. This effort will fully leverage

information technology to empower production, sales, operations, and management decision-making across multiple dimensions. Additionally, the company will upgrade and refine its three-in-one chemical fiber industrial internet platform, which integrates "online transactions + online financing + warehousing logistics," to provide scientific decision-making systems for senior management, enabling production and sales integration. By promoting the self-developed logistics system for industrial parks, the company aims to effectively reduce internal logistics costs, achieve upstream and downstream collaboration, and provide strong support for the development of its core businesses. These initiatives will comprehensively enhance the company's overall competitiveness.

### **3.Enhancing the quality and efficiency of existing capacity, with continued focus on advancing major strategic projects**

In 2025, the company will continue to deepen the integration of its industrial chain and strengthen the synergies between domestic and international advantages. Key initiatives are as follows:

(1)The company will ensure the safe, stable, and efficient operation of its refining, PTA, and polyester facilities. It will strive to maximize the potential of existing capacity, optimize the product structure, and increase the production of high value-added products.

(2)The company will work to ensure the timely completion and commencement of production for the Qinzhou "1.2-million-ton-per-year Caprolactam-Polyamide Integrated Project and Supporting Facilities," continuing to develop a new growth engine for the nylon industry chain.

(3)The company will seize opportunities and steadily advance the Phase II construction of the Brunei refining project. Upon completion, the Phase II project will further increase the company's market share overseas and boost its profitability. This will strengthen the advantages of industrial chain integration and economies of scale, reduce production costs, stabilize raw material supply, and enhance the company's long-term profitability and risk resistance.



**1.Comprehensive cost reduction, efficiency enhancement, and productivity improvement to support high-quality development**

In 2025, the company will continue to learn from advanced operational management systems and engage in continuous self-improvement. It will actively promote the establishment of a lean production system, instilling a company-wide awareness of cost reduction and efficiency enhancement. Further, it will refine the management of production costs, operational costs, and financial costs to effectively reduce expenditures, improve production organization efficiency, and enhance operational performance. This will drive overall operational efficiency and support the company's high-quality development. Key measures include:

(1)In 2025, the company will introduce new technologies and encourage micro-innovations to improve energy conservation, reduce consumption, and enhance process technologies. It will accelerate the domestic substitution of titanium dioxide matting agents for nylon, as well as spinning oils for polyester, further increasing the proportion of domestically sourced materials. The company will also continue promoting green cost-reduction processes such as recycled filament reuse, acetaldehyde recovery, esterification power generation, and energy-saving measures in process towers;

(2)In 2025, the company will continue optimizing organizational structures, strengthening talent pipeline development, and further improving per capita efficiency to consistently enhance labor productivity;

(3)In 2025, the company will maintain strict control over capital expenditures, optimize the maturity structure of its debt, and seize opportunities presented by moderately loose macroeconomic policies. It will refine the management of its financial structure to further reduce funding costs.

**(IV) Risks and countermeasures faced by the Company****1. Macroeconomic risk**

The company is engaged in the production and sales of petrochemical and polyester

fiber products. The petrochemical and polyester chemical fiber industries are closely tied to global and domestic economic conditions and are vital to national welfare and livelihoods. The prices and sales of the company's products are influenced by macroeconomic fluctuations, supply-demand dynamics, and other factors. The company will closely monitor macroeconomic trends and industry supply-demand conditions, proactively formulate targeted strategies to mitigate the impact of external factors.

## **2. Safety Production Risks**

In recent years, regulatory requirements for safety and environmental protection have become increasingly stringent. The company strictly complies with laws and regulations such as the *Work Safety Law of the People's Republic of China* and the *Environmental Protection Law of the People's Republic of China*, prioritizing safe and environmentally responsible operations and fulfilling social responsibilities. Since commencing production, no major safety or environmental incidents have occurred. As the company expands its production scale and extends its industrial chain, preventing such incidents remains a key focus. To reduce risks, the company will enhance investments in safety and environmental protection, including equipment upgrades, organizational system improvements, and compliance with national Grade 1, 2, and 3 safety standardization requirements. It will establish a safety management system, implement dual preventive mechanisms (risk classification control and hazard), strengthen safety training, increase funding, adopt technology-driven safety measures, and eliminate potential risks.

## **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 complies with environmental laws and regulations related to air, water, waste management, and public health, holds relevant permits, and undergoes regulatory inspections. As operations expand, stricter environmental standards in China or Brunei could increase compliance costs and management complexity. The company will continue investing in personnel, technology, and equipment upgrades to meet evolving environmental requirements.

#### **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  |
|------------------|----------------------------|-------------------------|--------------|--|--|---|
| January 05, 2024 | The Company's meeting room | Field research          | Institution  | Northeast Securities, Rayvest Fund, and 12 other institutions                              | Company operation and industry development trend       | Refer to Hengyi Petrochemicals' Investor Relation Activities (05/01/2025) disclosed on cninfo.com.cn (1218831545.PDF) |
| March 06, 2024   | The Company's meeting room | Field research          | Institution  | Changjiang Securities, CITIC Construction Investment Securities, and 17 other institutions | Company operation and industry development trend       | Refer to Hengyi Petrochemicals' Investor Relation Activities (06/03/2025) disclosed on cninfo.com.cn (1219249653.PDF) |
| April 22, 2024   | Teleconference             | Telephone communication | Institution  | CITIC Construction Investment Securities, Huachuang Securities, and 143 other institutions | Company operation and industry development trend       | Refer to Hengyi Petrochemicals' Investor Relation Activities (22/04/2025) disclosed on cninfo.com.cn (1219249653.PDF) |
| April 29, 2024   | Teleconference             | Teleconference          | Institution  | CITIC Construction Investment Securities, Boshi Fund, and 16 other institutions            | Company operation and industry development trend       | Refer to Hengyi Petrochemicals' Investor Relation Activities (29/04/2025) disclosed on cninfo.com.cn (1219960964.PDF) |

|                       |   |                            |                                    |  |  |  |
|-----------------------|---|----------------------------|------------------------------------|--|--|--|
| May 14,<br>2024       | p5w.net "Investor<br>Relations Interactive<br>Platform" | Others                     | Institutions<br>and<br>individuals | Investors participating in the<br>Company's 2023 Annual Online<br>Earnings Conference              | Company operation and<br>industry development<br>trend | Refer to Hengyi Petrochemicals' Investor<br>Relation Activities (14/05/2025 ) disclosed<br>on cninfo.com.cn (1220060515.PDF) |
| August 26,<br>2024    | Teleconference  | Telephone<br>communication | Institution<br>and<br>individuals  | CITIC Construction Investment<br>Securities, Guohai Securities, and<br>132 other institutions      | Company operation and<br>industry development<br>trend | Refer to Hengyi Petrochemicals' Investor<br>Relation Activities (27/08/2025 ) disclosed<br>on cninfo.com.cn (1221001440.PDF) |
| August 27,<br>2024    | The Company's<br>meeting room                           | Field research             | Institution                        | Institution investors  | Company operation and<br>industry development<br>trend | Refer to Hengyi Petrochemicals' Investor<br>Relation Activities (27/08/2025 ) disclosed<br>on cninfo.com.cn (1221001440.PDF) |
| September<br>03, 2024 | p5w.net "Investor<br>Relations Interactive<br>Platform" | Others                     | Institution<br>and<br>individuals  | Investors participating in the<br>Company's 2024 Half-Year<br>Annual Online Earnings<br>Conference | Company operation and<br>industry development<br>trend | Refer to Hengyi Petrochemicals' Investor<br>Relation Activities (03/09/2025 ) disclosed<br>on cninfo.com.cn (1221137640.PDF) |
| October 30,<br>2024   | Teleconference  | Telephone<br>communication | Institutions<br>and<br>individuals | CITIC Construction Investment<br>Securities, Huachuang Securities,<br>and 26 other institutions    | Company operation and<br>industry development<br>trend | Refer to Hengyi Petrochemicals' Investor<br>Relation Activities 30/10/2025 ) disclosed on<br>cninfo.com.cn (1221586788.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 and enforcement of the action programme "Quality Returns and Double Improvement"**

**1. Whether the company has disclosed the "Quality Returns Double Improvement" action programme.**

☐Yes ☒No

## 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. Supervisors and the BOS**

The Company's BOS consists of three supervisors, one of whom is an employee representative. The number and personnel of the Company's BOS met the requirements of relevant laws and regulations and the Company's *Articles of Association*. All the supervisors of the Company could perform their duties conscientiously in accordance with the requirements of the *Company's Rules of Procedure of the BOS* and other relevant regulations, attend the shareholders' general meeting, attend the meetings of the BOD as nonvoting delegates, convene the meetings of the BOS according to the prescribed procedures, diligently and conscientiously supervise the legality and compliance of the Company's financial situation, directors and senior executives, and safeguard the legitimate rights and interests of the Company and its shareholders.

#### **5. 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.

#### **6. 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.

#### **7. 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.

#### **8. 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 other any 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. Information on the annual general meeting and extraordinary general meetings of shareholders held in the reporting period

##### 1. Annual general meeting of shareholders held during the reporting period

| Session of meeting                            | Type of meeting                               | Percentage of investors | Date of meeting    | Disclosure date    | Resolution of the meeting   |
|---|---|-------------------------|--------------------|--------------------|---|
| First Extraordinary General Meeting 2024      | Extraordinary general                         | 64.93%                  | February 22, 2024  | February 23, 2024  | Refer to the announcement of the resolutions of Shareholders (announcement No.: 2024-019) disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |
| 2023 Annual General Meeting of shareholders   | Annual shareholders' meeting                  | 64.85%                  | May 10, 2024       | May 11, 2024       | Refer to the announcement of the resolutions of Shareholders (announcement No.: 2024-046) disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |
| The second Extraordinary General Meeting 2024 | Extraordinary general meeting of shareholders | 63.86%                  | July 25, 2024      | July 26, 2024      | Refer to the announcement of the resolutions of Shareholders (announcement No.: 2024-077) disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |
| The third Extraordinary General Meeting 2024  | Extraordinary general meeting of shareholders | 54.79%                  | September 10, 2024 | September 11, 2024 | Refer to the announcement of the resolutions of Shareholders (announcement No.: 2024-095) disclosed on <a href="http://www.cninfo.com.cn">www.cninfo.com.cn</a> |
| The fourth Extraordinary                      | Extraordinary general meeting                 | 63.27%                  | October 11,        | October 12,        | Refer to the announcement of the resolutions of   |

|  |  |        |                      |                      |  |
|--|--|--------|----------------------|----------------------|--|
| General Meeting 2024                         | of shareholders                                  |        | 2024                 | 2024                 | Shareholders (announcement No.: 2024-106)<br>disclosed on www.cninfo.com.cn  |
| The fifth Extraordinary General Meeting 2024 | Extraordinary general meeting<br>of shareholders | 56.91% | November<br>18, 2024 | November 19,<br>2024 | Refer to the announcement of the resolutions of<br>Shareholders (announcement No.: 2024-124)<br>disclosed on www.cninfo.com.cn |
| The sixth Extraordinary General Meeting 2024 | Extraordinary general meeting<br>of shareholders | 59.93% | December<br>04, 2024 | December 05,<br>2024 | Refer to the announcement of the resolutions of<br>Shareholders (announcement No.: 2024-133)<br>disclosed on www.cninfo.com.cn |

2. The preference shareholders whose voting rights have been restored request the convening of an extraordinary general meeting

☐ Applicable ☒ Not applicable

V. 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 | Increase of shares in current period (shares) | Decrease of shares in current period | Other changes (shares) | Closing balance of share held (share) | Cause of increase or decrease in the number of shares held |
|------|--------|-----|-------|-------------------|--------------------|------------------|--|---|--------------------------------------|------------------------|---------------------------------------|--|
|------|--------|-----|-------|-------------------|--------------------|------------------|--|---|--------------------------------------|------------------------|---------------------------------------|--|

|                  |        |    |                      |         |                    |                    | (shares)  |  | (shares) |  |           |  |
|------------------|--------|----|----------------------|---------|--------------------|--------------------|-----------|--|----------|--|-----------|--|
| Qiu Yibo         | Male   | 38 | President            | Current | May 15, 2015       | September 27, 2026 | 1,365,000 |  |          |  | 1,365,000 |  |
|                  |        |    | CEO                  | Current | September 15, 2020 | September 27, 2026 |           |  |          |  |           |  |
| Fang<br>Xianshui | Male   | 61 | Vice President       | Current | May 16, 2011       | September 27, 2026 | 4,777,500 |  |          |  | 4,777,500 |  |
| Ni Defeng        | Male   | 47 | Director             | Current | August 25, 2017    | September 27, 2026 | 6,051,500 |  |          |  | 6,051,500 |  |
| Wu Zhong         | Male   | 36 | Vice President       | Current | January 15, 2020   | September 27, 2026 | 109,200   |  |          |  | 109,200   |  |
|                  |        |    | Director             | Current | September 15, 2021 | September 27, 2026 |           |  |          |  |           |  |
| Zhao<br>Donghua  | Male   | 40 | Vice President       | Current | January 16, 2020   | September 27, 2026 | 327,600   |  |          |  | 327,600   |  |
|                  |        |    | Director             | Current | September 28, 2023 | September 27, 2026 |           |  |          |  |           |  |
| Luo Dan          | Female | 42 | Director             | Current | December 22, 2022  | September 28, 2026 | 0         |  |          |  | 0         |  |
| Chen<br>Linrong  | Male   | 54 | Independent Director | Current | September 28, 2023 | September 27, 2026 | 0         |  |          |  | 0         |  |
| Hou<br>Jiangtao  | Male   | 51 | Independent Director | Current | September 28, 2023 | 2026 年 September27 | 0         |  |          |  | 0         |  |
| Hong Xin         | Male   | 41 | Independent Director | Current | September 28, 2023 | September 27, 2026 | 0         |  |          |  | 0         |  |
| Wang             | Male   | 55 | Executive Vice       | Current | May 15, 2011       | September 27, 2026 | 5,778,500 |  |          |  | 5,778,500 |  |

|               |        |    |                                       |             |                    |                    |            |       |   |  |            |  |
|---------------|--------|----|---------------------------------------|-------------|--------------------|--------------------|------------|-------|---|--|------------|--|
| Songlin       |        |    | President                             |             |                    |                    |            |       |   |  |            |  |
| Chen Liancai  | Male   | 58 | Vice President                        | Current     | August 25, 2017    | September 27, 2026 | 3,640,000  |       |   |  | 3,640,000  |  |
| Zheng Xingang | Male   | 46 | Secretary of the BOD                  | Current     | August 28, 2017    | September 27, 2026 | 2,912,000  |       |   |  | 2,912,000  |  |
|               |        |    | Vice President and Financial Director | Current     | December 7, 2023   | September 27, 2026 |            |       |   |  |            |  |
| Li Yugang     | Male   | 48 | Chairman of the BOS                   | Current     | September 15, 2021 | September 27, 2026 | 218,400    |       |   |  | 218,400    |  |
| Jin Danwen    | Female | 39 | Supervisor                            | Current     | September 14, 2021 | September 27, 2026 | 109,200    |       |   |  | 109,200    |  |
| Xue Lili      | Female | 42 | Supervisor                            | Current     | December 20, 2024  | September 27, 2026 | 0          |       |   |  | 0          |  |
| Lou jianchang | Male   | 63 | Vice president                        | Retirement  | September 15, 2021 | March 1, 2024      | 0          |       |   |  | 0          |  |
| Wang Peng     | Male   | 46 | Supervisor                            | Resignation | September 28, 2023 | September 27, 2026 | 0          | 1,100 |   |  | 1,100      |  |
| Total         | --     | -- | --                                    | --          | --                 | --                 | 25,288,900 | 1,100 | 0 |  | 25,290,000 |  |



**(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          |
|---------------|----------------|-------------|-------------------|-----------------|
| Lou Jianchang | Vice president | Resignation | March 1, 2024     | Retirement      |
| Wang Peng     | Supervisor     | Resignation | December 19, 2024 | Personal reason |

**2. Employment status**

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 served as Investment Development Department Manager at Zhejiang Hengyi Group Co., Ltd. Currently serves as Chairman and President of Hengyi Petrochemical Co., Ltd., while also holding the 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 Jinhou 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. Additionally, he is one of the significant shareholders 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 has previously served as the 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 the Vice Chairman of Hengyi Petrochemical Co., Ltd., while also holding the 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 Baling Hengyi Caprolactam Co., Ltd., director of Hong Kong Tianyi International Holdings Co., Ltd., director of Good Park 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 and director 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., director of Dalian Yisheng Investment Co., Ltd. At the same time, he is also one of the key shareholders 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, Finance Manager and Investment Development Manager at Zhejiang Hengyi Group Co., Ltd., Assistant to the President of Zhejiang Hengyi Group Co., Ltd., and Investment Director of Hengyi Petrochemical Co., Ltd. Currently, he serves as a Director of Hengyi Petrochemical Co., Ltd., while also holding the following positions: 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 Proprietary Fund Investment Co., Ltd. Director of Dalian Yishengyuan Real Estate Co., Ltd. Chairman and General Manager of Hangzhou Jinyi Industrial Co., Ltd. Non-Executive Director of China Zheshang Bank 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 Founder Electric and 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) Supervisors**

**Li Yugang**, male, born in November 1977, Chinese nationality, holds a Master's degree, is an economist, an International Certified Internal Auditor, and a corporate lawyer with over twenty years of auditing experience. He previously served as the First Deputy Director of the Audit Department and Deputy Director of the Legal Department at Shagang Group. He is currently the Audit and Legal Director at Hengyi Petrochemical Co., Ltd.

**Jin Danwen**, female, born in April 1986, Chinese nationality, holds a Master's degree in Accounting from Hangzhou Dianzi University, is a Chinese Certified Public Accountant, and a Senior Accountant. She previously served as the Finance Director at Hengyi Industries (Brunei) Co., Ltd., and Deputy General Manager of the Financial Management Department at Hengyi Petrochemical Co., Ltd. She is currently the

Funds Director and General Manager of the Funds Management Department at Hengyi Petrochemical Co., Ltd., and also serves as a Director at Hangzhou Jinyi Industrial Co., Ltd., and as a Supervisor at Zhejiang Hengyi Engineering Management Co., Ltd., Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd., and Haining Hengyi New Materials Co., Ltd.

**Xue Lili**, female, born in March 1983, Chinese nationality, holds no permanent overseas residency, holds a Master's degree in Management from Zhejiang University of Technology, and is a Mid-level Economist. She previously served as Assistant Manager, Deputy Manager, and Director of the Human Resources Department at Hengyi Petrochemical Co., Ltd. She is currently the General Manager of the Human Resources Department.

### **(3)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 holds a Master's degree and is a Senior Economist with nearly 20 years of experience in investment and financing, capital market operations, and financial work. He previously served as Deputy Manager of the Capital Operations Department, Deputy Manager of the Investment Development Department, and Director of the Board Office at Hengyi Petrochemical Co., Ltd. He is currently a Director at Zhejiang Baling Hengyi Caprolactam Co., Ltd., and serves as Vice President, Board Secretary, and Chief Financial Officer at Hengyi Petrochemical Co., Ltd.

### 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 XianfengData 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 |
| 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 | Hong Kong Tianyi International Holding Co., Ltd.         | Director                | September 17, 2009 | 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<br>International Tourism<br>Development Co., Ltd. | Director                   | February 26, 2018 | No |
| Ni Defeng | Dalian Yishengyuan Real<br>Estate Co., Ltd.                            | Director                   | March 29, 2018    | No |
| Ni Defeng | Zhejiang Xiang Data<br>Technology Co., Ltd.                            | Director                   | June 7, 2016      | No |
| Ni Defeng | Ningbo Jingren Investment<br>Co., Ltd.                                 | General manager            | October 11, 2023  | No |
| Ni Defeng | China Zheshang Bank Co., Ltd.  | Non-Executive Director     | August 09, 2024   | No |
| Ni Defeng | Hengyi Energy Technology<br>(Turpan) Co., Ltd.                         | Executive Director &<br>GM | February 26, 2025 | No |
| Wu Zhong  | Ningbo Qingchi Chemical<br>Terminal Co.                                | Director                   | September 1, 2023 | No |
| Wu Zhong  | Fujian Yijin Chemical Fibre<br>Co., Ltd.                               | Director                   | October 22, 2021  | No |
| Wu Zhong  | Hong Kong Yitan Co., Ltd.  | Director                   | October 12, 2020  | No |
| Wu Zhong  | Zhejiang Hengyi Resource<br>Recycling Technology Co.,<br>Ltd.          | Director                   | November 05, 2024 | No |
| Wu Zhong  | Wenzhou Hengyi Resource<br>Regeneration Co., Ltd.                      | Director&GM                | November 19, 2024 | No |
| Wu Zhong  | Jingzhou Hengyi Resource   | Director&GM                | November 27, 2024 | No |

|                              |   |                         |                   |    |
|------------------------------|---|-------------------------|-------------------|----|
|                              | Recycling Co., Ltd.   |                         |                   |    |
| Jin Danwen                   | Hangzhou Jinyi Industrial Co., Ltd.                                       | Director                | February 28, 2021 | No |
| Jin Danwen                   | Zhejiang Hengyi Engineering Management Co., Ltd.                          | Supervisor              | January 29, 2018  | No |
| Jin Danwen                   | Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd.                    | Supervisor              | August 20, 2021   | No |
| Jin Danwen                   | Haining Hengyi New Materials Co., Ltd.                                    | Supervisor              | October 27, 2021  | 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 |
| 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**

On September 9, 2022, the Company received the Administrative Supervision Measures Decision Letter ([2022] No. 25) issued by the Guangxi Regulatory Bureau, i.e., Decision on Measures to Issue Warning Letter to Wuzhong. In accordance with Article 170 (2) of the *Securities Law of the People's Republic of China*, the Guangxi Regulatory Bureau decided to adopt the regulatory measures to issue a warning letter

to Wuzhong. For details, please refer to the Announcement on the Receipt of Warning Letter from Guangxi Regulatory Bureau by Company Directors (Announcement No. 2022-097) disclosed on September 17, 2022 in the STCN, China Securities Journal, Shanghai Securities News, Securities Daily, and CNINFO (www.cninfo.com.cn).

## **6. 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 passed the Salary and Performance Appraisal Management System for Senior Management Staff (reviewed and approved at the third meeting of the eighth session of the BOD) to conduct performance appraisal and pay remuneration to the Company's directors, supervisors and senior management. The annual remuneration of directors, supervisors and senior managers who receive remuneration from the Company in 2022 (including total remuneration of basic salary, bonuses, allowances, subsidies, employee benefits and various insurance premiums, public reserve funds and other forms of pre-tax payment from the Company) is released in accordance with the Company's relevant regulations, and based on the Company's operating conditions and the duties and work performance evaluation of relevant personnel by BOD. During the reporting period, the remunerations of the Company's directors, supervisors and senior management have been paid on a monthly basis.

Upon agreement reached at the first meeting of the eleventh BOD of the Company on September 15, 2020 and the fifth extraordinary general meeting of shareholders of the Company on October 12, 2020, the allowance standard of the independent director was adjusted to RMB 150,000 per person per year (including Tax), allowances are paid on an average monthly basis.

### **(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   | 61  | President and CEO  | Current           | 89.80  | No  |
| Fang Xianshui | Male   | 47  | Vice President   | Current           | 90.60  | No  |
| Ni Defeng     | Male   | 36  | Director   | Current           | -  | Yes   |
| Wu Zhong      | Male   | 40  | Director, Vice President                                 | Current           | 66.30  | No  |
| Zhao Donghua  | Male   | 42  | Director, Vice President                                 | Current           | 66.30  | No  |
| Luo Dan       | Female | 54  | Director   | Current           | 23.70  | No  |
| Chen Linrong  | Male   | 51  | Independent Director                                     | Current           | 15.00  | No  |
| Hou Jiangtao  | Male   | 41  | Independent Director                                     | Current           | 15.00  | No  |
| Hong Xin      | Male   | 55  | Independent Director                                     | Current           | 15.00  | No  |
| Wang Songlin  | Male   | 58  | Executive Vice President                                 | Current           | 72.80  | No  |
| Chen Liancai  | Male   | 63  | Vice President   | Current           | 84.04  | No  |
| Lou jianchang | Male   | 46  | Vice President   | Retirement        | 13.80  | No  |
| Zheng Xingang | Male   | 48  | Vice President, Secretary of the BOD, Financial Director | Current           | 46.40  | No  |
| Li Yugang     | Male   | 39  | Chairman of the BOS                                      | Current           | 41.85  | No  |
| Jin Danwen    | Female | 42  | Supervisor   | Current           | 35.50  | No  |
| Xue Lili      | Female | 46  | Supervisor   | Current           | 2.35   |   |
| Wang Peng     | Male   | 61  | Supervisor   | Step down         | 24.99  | No  |
| <b>Total</b>  | --     | --  | --   | --                | <b>703.43</b>  | --  |

Note: On December 24, 2024, the company disclosed the "Announcement on the Resignation of the Employee Representative Supervisor and the Election of a Replacement Employee Representative Supervisor" (Announcement No.: 2024-136). Mr. Wang Peng applied to resign from his position as the company's employee representative supervisor due to personal reasons. The company held its second Employee Representative Meeting of 2024, approving the election of Ms. Xue Lili as the employee representative supervisor of the company's 12th Supervisory Committee.

Therefore, the disclosed compensation for Mr. Wang Peng and Ms. Xue Lili represents the total remuneration they received during their respective terms as supervisors.

**(3)Other information notes**

☐Applicable    ☒Not applicable

## VI. Performance of Duties by the Directors during the reporting period

### 1. Performance of the BOD during the reporting period

| Session of meeting   | Date of meeting  | Disclosure date   | Meeting Resolution  |
|--|------------------|-------------------|---|
| The Seventh Meeting of the Twelfth Board of Directors                                  | January 31, 2024 | February 01, 2024 | Announcement on the Resolutions of the 12th Board of Directors' 7th Meeting of Hengyi Petrochemical (Announcement No.: 2024-006). Disclosed on: CNINFO (www.cninfo.com.cn)  |
| The Eighth Meeting of the Twelfth Board of Directors and the 2023 Annual Board Meeting | April 19, 2024   | April 20, 2024    | Announcement on the Resolutions of the 12th Board of Directors' 8th Meeting of Hengyi Petrochemical (Announcement No.: 2024-029). Disclosed on: CNINFO (www.cninfo.com.cn)  |
| The Ninth Meeting of the Twelfth Board of Directors                                    | April 26, 2024   | -                 | -   |
| The Tenth Meeting of the Twelfth Board of Directors                                    | May 09, 2024     | My 10, 2024       | Announcement on the Resolutions of the 12th Board of Directors' 10th Meeting of Hengyi Petrochemical (Announcement No.: 2024-044). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Eleventh Meeting of the Twelfth Board  | July 09, 2024    | July 10, 2024     | Announcement on the Resolutions of the 12th Board of Directors' 11th Meeting of   |



|  |                    |                    |   |
|--|--------------------|--------------------|---|
| of Directors   |                    |                    | Hengyi Petrochemical (Announcement No.: 2024-062). Disclosed on: CNINFO (www.cninfo.com.cn)   |
| The Twelfth Meeting of the Twelfth Board of Directors    | July 25, 2024      | July 26, 2024      | Announcement on the Resolutions of the 12th Board of Directors' 12th Meeting of Hengyi Petrochemical (Announcement No.: 2024-074). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Thirteenth Meeting of the Twelfth Board of Directors | August 22, 2024    | August 24, 2024    | Announcement on the Resolutions of the 12th Board of Directors' 13th Meeting of Hengyi Petrochemical (Announcement No.: 2024-081). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Fourteenth Meeting of the Twelfth Board of Directors | September 23, 2024 | September 23, 2024 | Announcement on the Resolutions of the 12th Board of Directors' 14th Meeting of Hengyi Petrochemical (Announcement No.: 2024-096). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Fifteenth Meeting of the Twelfth Board of Directors  | October 22, 2024   | October 24, 2024   | Announcement on the Resolutions of the 12th Board of Directors' 15th Meeting of Hengyi Petrochemical (Announcement No.: 2024-108). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Sixteenth Meeting of the Twelfth Board of Directors  | October 28, 2024   | -                  | -   |

|   |                   |                   |   |
|---|-------------------|-------------------|---|
| The Seventeenth Meeting of the Twelfth Board of Directors | November 01, 2024 | November 02, 2024 | Announcement on the Resolutions of the 12th Board of Directors' 17th Meeting of Hengyi Petrochemical (Announcement No.: 2024-116). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The eighteenth Meeting of the Twelfth Board of Directors  | November 18, 2024 | November 19, 2024 | Announcement on the Resolutions of the 12th Board of Directors' 18th Meeting of Hengyi Petrochemical (Announcement No.: 2024-125). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Nineteenth Meeting of the Twelfth Board of Directors  | December 09, 2024 | December 10, 2024 | Announcement on the Resolutions of the 12th Board of Directors' 19th Meeting of Hengyi Petrochemical (Announcement No.: 2024-134). Disclosed on: CNINFO (www.cninfo.com.cn) |
| The Twentieth Meeting of the Twelfth Board of Directors   | December 20, 2024 | December 24, 2024 | Announcement on the Resolutions of the 12th Board of Directors' 20th Meeting of Hengyi Petrochemical (Announcement No.: 2024-137). Disclosed on: CNINFO (www.cninfo.com.cn) |

## 2.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   | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Fang Xianshui  | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Ni Defeng  | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Wu Zhong   | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Zhao Donghua   | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Luo Dan  | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Chen Linrong   | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Hou Jiangtao   | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |
| Hong Xin   | 14   | 10  | 4  | 0   | 0                                    | No   | 7  |

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

## 3.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.

#### **4.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.

**VII. 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 | 5                       | April 11, 2024  | 1. Reviewed Internal Audit Performance Report 2023;<br>2. Reviewed Report on the Financial Accounts for the year 2023 (preliminary draft);<br>3. Reviewed Annual Audit Report 2023 (preliminary draft);<br>4. Reviewed Annual Report 2023 (preliminary draft); | 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 Annual Internal Control Self-Evaluation Report 2023;</p> <p>6. Reviewed Motion on the Annual Deposit and Use of Proceeds in FY2023;</p> <p>7. Reviewed Special Audit Report on Funds Utilisation by Related Parties for the Year 2023 (Preliminary Draft)</p> |  |  |  |
|  |  |  | April 22, 2024 | <p>1. Reviewed Half Yearly Report of the Company 2023 (preliminary draft);</p> <p>2. Reviewed Motion on the Special Report on the</p>  |  |  |  |

|  |  |  |                 |   |  |  |  |
|--|--|--|-----------------|---|--|--|--|
|  |  |  |                 | Deposit and Use of<br>Proceeds for the<br>Semi-Annual Period of<br>2023;<br><br>3. Reviewed Report on the<br>Semi-Annual Internal Audit<br>Exercise 2023 (preliminary<br>draft)                                     |  |  |  |
|  |  |  | August 12, 2024 | 1. Reviewed Half Yearly<br>Report of the Company<br>2023 (preliminary draft);<br><br>2. Reviewed Motion on the<br>Special Report on the<br>Deposit and Use of<br>Proceeds for the<br>Semi-Annual Period of<br>2023; |  |  |  |

|   |                                     |   |                  |   |  |                |                |
|---|-------------------------------------|---|------------------|---|--|----------------|----------------|
|   |                                     |   |                  | 3. Reviewed Report on the Semi-Annual Internal Audit Exercise 2023 (preliminary draft)  |  |                |                |
|   |                                     |   | October 23, 2024 | 1. Reviewed Third Quarterly Report 2024 (preliminary draft);<br>2. Reviewed Report on the Work of Internal Audit for the Third Quarter of 2024. |  |                |                |
|   |                                     |   | October 29, 2024 | 1. Reviewed Proposal Regarding the Renewal of the Accounting Firm's Engagement.   |  |                |                |
| Remuneration, Evaluation and Nomination | Hong Xin,<br>Qiu Yibo,<br>Wu Zhong, | 3 | January 24, 2024 | 1. Reviewed on Proposal Regarding the <Draft of the Sixth Phase of Employee   | 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<br>Linrong, Hou<br>Jiangtao |  |               | Stock Ownership Plan of Hengyi Petrochemical Co., Ltd.> and its Summary;<br><br>2. Reviewed on Proposal Regarding the <Management Measures for the Sixth Phase of Employee Stock Ownership Plan of Hengyi Petrochemical Co., Ltd. | 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. |  |  |
|           |                                  |  | July 24, 2024 | 1.Reviewed on Proposal on the Extension of the Fourth Phase of the Employee Stock Ownership Plan.   |   |  |  |
|           |                                  |  | July 24, 2024 | 1.Reviewed on Proposal on Adjustments to the <Draft of the Sixth Phase  |   |  |  |

|  |   |   |                  |   |   |                |                |
|--|---|---|------------------|---|---|----------------|----------------|
|  |   |   |                  | <p>Employee Stock Ownership Plan of Hengyi Petrochemical Co., Ltd.&gt;<br/>and Its Summary;</p> <p>2.Reviewed on Proposal on Adjustments to the &lt;Management Measures for the Sixth Phase Employee Stock Ownership Plan of Hengyi Petrochemical Co., Ltd.</p> |   |                |                |
| Strategy and Investment Decision- making Committee | <p>Qiu Yibo, Fang Xianshui, Ni Defeng, Hou Jiangtao</p> | 4 | January 24, 2024 | <p>1.Reviewed on Proposal on Conducting Foreign Exchange Hedging Business for 2024;</p> <p>2.Reviewed on Proposal on Conducting Commodity</p>   | <p>The Strategy and Investment 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</p> | Not applicable | Not applicable |

|  |  |  |                    |   |  |  |  |
|--|--|--|--------------------|---|--|--|--|
|  |  |  |                    | Hedging Business for 2024.  | opinions in accordance with the actual situation of the Company, and unanimously passed all the motions after full communication and discussion. |  |  |
|  |  |  | April 11, 2024     | 1. Reviewed on Proposal on Terminating the 2023 Issuance of A-Shares to Specific Targets  |  |  |  |
|  |  |  | September 20, 2024 | 1. Reviewed on Proposal on Acquiring Minority Shareholdings of Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd. and Related-Party Transaction |  |  |  |
|  |  |  | Decemeber 9, 2024  | 1. Reviewed on Proposal on Conducting Foreign Exchange Hedging Business for 2025;<br>2. Reviewed on Proposal on Conducting Commodity                |  |  |  |

|                        |  |   |                    |   |   |                |                |
|------------------------|--|---|--------------------|---|---|----------------|----------------|
|                        |  |   |                    | Hedging Business for 2025   |   |                |                |
| Risk Control Committee | Hou Jiangtao, Chen Linrong, Zhao Donghua | 4 | January 24, 2024   | 1.Reviewed on Proposal on Conducting Foreign Exchange Hedging Business for 2024;<br>2.Reviewed on Proposal on Conducting Commodity Hedging Business for 2024. | 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 |
|                        |  |   | April 11, 2024     | 1.Reviewed Report on the Financial Accounts for the year 2023 (preliminary draft)   |   |                |                |
|                        |  |   | September 20, 2024 | 1.Reviewed on Proposal on Acquiring Minority Shareholdings of Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd. and                                      |   |                |                |

|  |  |  |                   |   |  |  |  |
|--|--|--|-------------------|---|--|--|--|
|  |  |  |                   | Related-Party Transaction   |  |  |  |
|  |  |  | Decemeber 9, 2024 | 1.Reviewed on Proposal on<br>Conducting Foreign<br>Exchange Hedging Business<br>for 2025;<br>2.Reviewed on Proposal on<br>Conducting Commodity<br>Hedging Business for 2025 |  |  |  |

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

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

**IX. 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)         | 16,014                                      |
| Total number of employees in service at the end of the reporting period (person)                         | 16,014                                      |
| Total number of employees receiving salaries in current period (person)                                  | 16,014                                      |
| Number of retired employees whose expense is borne by the parent company and major subsidiaries (person) | 175   |
| Composition  |   |
| Professional composition category  | Number of professional composition (person) |
| Production personnel   | 12,881                                      |
| Sales staff  | 354   |
| Technical staff  | 2,124                                       |
| Finance staff  | 146   |
| Administrative staff   | 509   |
| Total  | 16,014                                      |

| Education level          |                   |
|--------------------------|-------------------|
| Education level category | Quantity (person) |
| Master degree or above   | 379               |
| Bachelor degree          | 2,410             |
| College degree or below  | 13,225            |
| Total                    | 16,014            |

## 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) | 12,264,266     |
| Total remuneration paid for labor outsourced (RMB)        | 329,612,236.00 |

#### **X.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 2023 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 Profit Distribution Plan for the Year 2023 and the Mid-Year Cash Dividend for 2024" approved at the company's 2023 Annual General Meeting held on May 10, 2024, the profit distribution plan for 2023 is as follows: based on the total share capital registered on the record date specified in the equity distribution announcement, a cash dividend of RMB 1.00 (inclusive of tax) per 10 shares will be distributed to all shareholders, with no bonus shares issued and no capital reserves converted into share capital. The company published the "Implementation Announcement of the 2023 Annual Equity Distribution of Hengyi Petrochemical Co., Ltd." and completed the implementation on June 26, 2024.

The proposal titled "On the Plan Not to Conduct Profit Distribution for the First Half of 2024," which was approved at the company's 13th meeting of the 12th Board of Directors and the 9th meeting of the 12th Supervisory Committee on August 22, 2024, outlines the following profit distribution plan for the first half of 2024: Considering industry conditions, the company's development strategy, and operational performance, no cash dividends will be distributed, no bonus shares will be issued, and no capital reserves will be converted into share capital for the first half of 2024. The undistributed profits will be carried forward to the next year. This plan complies with the profit distribution policy outlined in the *Articles of Association* and aligns with the company's disclosed shareholder return plan.

| 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)                | 0              |
| Equity base for the proposed distribution (shares)                 | 3,300,350,247  |
| Cash dividend amount (RMB) (including tax)                         | 165,017,512.35 |
| Amount of cash dividends in other ways (e.g. share buybacks) (RMB) | 0              |
| Total cash dividends (including other means) (RMB)                 | 165,017,512.35 |
| Distributable profit (RMB)   | 414,712,578.51 |

|   |      |
|---|------|
| Total cash dividends (including other methods)  | 100% |
| 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  |      |
| <p>On April 22, 2025, the 22nd meeting of the 12th Board of Directors of the company approved a proposal to distribute a cash dividend of RMB 0.50 (inclusive of tax) per 10 shares to all shareholders, based on the total share capital on the equity registration date for the implementation of the equity distribution, after deducting the number of shares held in the company's dedicated repurchase securities account. For this year, there will be no conversion of capital reserves into share capital and no issuance of bonus shares.</p> <p>As of March 31, 2025, the company's total share capital was 3,666,321,336 shares, Including 365,971,089 shares were held in the company's dedicated repurchase securities account and will not participate in this profit distribution. After excluding the shares held in the dedicated repurchase securities account, the company's total share capital amounts to 3,300,350,247 shares. Based on this, the total proposed cash dividend to be distributed is RMB 165,017,512.35 (inclusive of tax).</p> <p>If changes occur to the total share capital before the equity registration date due to events such as additional share issuance, share repurchase, or conversion of convertible bonds into shares, the company intends to maintain the per-share distribution amount unchanged while adjusting the corresponding total share capital.</p> <p>The above proposal is still subject to approval at the company's 2024 Annual General Meeting.</p> |      |

**XI.Implementation of the Company's SIPs, ESOPs or other employee incentives****1. Equity incentive**

☐Applicable ☒Not applicable

**2.Implementation of the Employee Share Ownership Plan****(1)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                          | /                 | 3.10%   | 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                           | /                 | 2.38%   | Legal remuneration of employees, self-financing and other means permitted by laws and regulations |

|   |   |                       |             |   |       |   |
|---|---|-----------------------|-------------|---|-------|---|
| Sixth Employee<br>Share Ownership<br>Plan | Directors, Supervisors, senior management of the<br>Company, regular employees of the Company<br>and its subsidiaries, and other persons as<br>determined by the Board of Directors | No more<br>than 2,500 | 114,090,297 | / | 3.11% | Legal remuneration of employees,<br>self-financing and other means<br>permitted by laws and regulations |
|---|---|-----------------------|-------------|---|-------|---|

**(2)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                                       | 1,550,388   | 2,411,732   | 0.07%   |
| Ni Defeng     | Director   | 1,958,551   | 2,819,895   | 0.08%   |
| Wu Zhong      | Director, Vice president                             | 924,959   | 1,642,745   | 0.04%   |
| Zhao Donghua  | Director, Vice president                             | 924,959   | 1,642,745   | 0.04%   |
| Luo Dan       | Director   | 356,357   | 571,693   | 0.02%   |
| Wang Songlin  | Vice president                                       | 408,163   | 1,125,949   | 0.03%   |
| Chen Liancai  | Vice president                                       | 924,959   | 1,642,745   | 0.04%   |
| Zheng Xingang | Vice president, Secretary of BOD, Financial Director | 761,694   | 1,479,480   | 0.04%   |
| Li Yugang     | Chairman of Supervisor                               | 503,296   | 862,189   | 0.02%   |
| Jin Danwen    | Supervisor   | 380,847   | 739,740   | 0.02%   |
| Xue Lili      | Supervisor   | 380,846   | 524,403   | 0.01%   |

**(3)Changes in asset management organisations during the reporting period**

☐Applicable ☒ Not applicable

**(4)Changes in equity during the reporting period arising from holders' disposals of shares, etc.**

☐Applicable ☒ Not applicable

**(5)Exercise of shareholders' rights during the reporting period**

☐Applicable ☒ Not applicable

**(6)Other relevant circumstances and description of the Employee Share Ownership Plan during the reporting period**

☐Applicable ☒ Not applicable

**(7)Changes in the membership of the Management Committee of the Employee Share Ownership Plan**

☐Applicable ☒ Not applicable

**(8)Financial impact of the Employee Share Ownership Plan on listed companies during the reporting period and related accounting treatment**

☐Applicable ☒ Not applicable

**(9)Termination of the Employee Share Ownership Plan during the reporting period**

☐Applicable ☒ Not applicable

**(10)Other notes:**

None

**3.Other employee incentives**

☐Applicable ☒ Not applicable

**XII.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

## **XIII.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.

**XIV. 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 24, 2025   |   |
| Disclosure index of full text of Internal Control Evaluation Report  | <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a>  |   |
| 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)Identification standard of major defects: ①lack of democratic decision-making process; ②huge errors caused by decision-making process;③violation of national laws and regulations and punishment;④serious loss of middle or senior management members and | (1)Major defects: The negative news about the safety, eco-friendliness, social responsibility, practice ethics and operation of the enterprise has been spread all over the country, has been specially investigated by the |

|                       |   |   |
|-----------------------|---|---|
| Qualitative criteria  | <p>senior technicians;⑤frequent negative news in the media, involving a wide range;⑥lack of system or system failures in major business;⑦ failure to rectify major or significant internal control defects.</p> <p>Identification standard of significant defects:① Imperfect democratic decision making procedures; ② decision-making procedures leading to general errors;③ violation of internal regulations of the Company, resulting in losses; ④ outflow of many business personnel in key positions;⑤ negative news appeared on the media, involving local region; ⑥defects in Important business systems or systems;⑦failure to rectify material or general deficiencies in internal control.(3) Identification standard of general defects: ①low efficiency of decision-making process; ② violation of internal rules and regulations without losses;③ serious loss of business personnel in general positions;④negative news in the media, with little impact; ⑤defects in general business systems; ⑥failure to rectify general defects; ⑦other defects.</p> | <p>government or regulatory agencies, and has caused continuous special reports by the public media. As a result, the enterprise has adverse events such as capital loan and recovery, suspension or revocation of administrative license, pledge of assets, and a large number of claims (occurrence of level-I mass disturbance).(2)Significant defects: The negative news about the safety, eco-friendliness, social responsibility, practice ethics and operation of the enterprise has been reported by the public media for three times in a row, and has been concerned and investigated by the industry or regulatory agencies, and has caused adverse effects within the industry (occurrence of level-II mass disturbance). (3)General defects: The negative news about the safety, eco- friendliness, social responsibility, practice ethics and operation of the enterprise has been reported by the public media for three times in a row, and has been concerned and investigated by the industry or regulatory agencies, and has caused adverse effects within the industry (occurrence of level-III or level-IV mass disturbance)</p> |
| Quantitative standard | (1)Major defects: The overall impact  | (1)Major defects: direct financial loss:  |
|                       | level is higher than the importance level (1% of the audited net assets of the previous year).(2)Significant defects: 0.2% of the audited net assets of the previous  | RMB 50 million or above; personnel health and safety impact: death of more than 10 people, or serious injury of more than 50 people. (2)Significant defects: direct   |

|   |   |   |
|---|---|---|
|   | year < overall importance level < 1% of the audited net assets of the previous year. (3)General defects: The overall importance level is less than 0.2% of the audited net assets of the previous year. | financial loss: RMB 10 million (included) to RMB 50 million; personnel health and safety impact: death of more than 3 (included) but less than 10 people, or serious injury of more than 10 (included) but less than 50 people. (3)General defects: direct financial loss: less than RMB 10 million; personnel health and safety impact: death of less than 3 people, or serious injury of less than 10 people. |
| Number of major defects in financial report (piece)           | 0   |   |
| Number of major defects in non- financial report (piece)      | 0   |   |
| Number of significant defects in financial report (piece)     | 0   |   |
| Number of significant defects in non-financial report (piece) | 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, 2024. |  |
| Disclosure of internal control audit report   | Disclosure   |
| Date of full-text disclosure for Internal Control Audit Report  | April 24, 2025   |
| Full-text disclosure index for the Internal Control Audit Report  | CNINFO ( <a href="http://www.cninfo.com.cn">http://www.cninfo.com.cn</a> ) |
| Category of opinions  | Standard unqualified opinion   |
| Whether there are major defects in the non-financial report   | No   |

**(1)Whether the accounting firm has issued an internal control audit report with modified and qualified opinions**

☐Yes    ☒No

**(2)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

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

Not applicable

## Section V Environmental and Social Responsibilities

### I. Major environmental issues

#### 1. Whether the listed company and its subsidiaries are the key pollutant discharge units announced by the environmental protection departments?

☒ Yes ☐ No

#### 2. Environmental protection related policies and industry standards

The company and its subsidiaries strictly comply with the environmental protection laws, regulations, and relevant provisions of the national and local governments, including the Environmental Protection Law, the Air Pollution Prevention and Control Law, the Water Pollution Prevention and Control Law, the Solid Waste Pollution Prevention and Control Law, the Noise Pollution Prevention and Control Law, the Environmental Protection Tax Law, the Soil Pollution Prevention and Control Law, the Regulations on Environmental Protection Management for Construction Projects, and the Regulations on Pollutant Discharge Permits. All pollutants are discharged in strict accordance with relevant standards, including the *"Emission Standard of Pollutants for Synthetic Resin Industry"* (GB31752-2015), the *"Emission Standard of Air Pollutants for Boilers"* (GB13271-2014), the *"Emission Standard for Odor Pollutants"* (GB14554-93), the *"Standard for Pollution Control on Hazardous Waste Storage"* (GB18597-2023), the *"Emission Standard for Industrial Enterprises Noise at Boundary"* (GB12348-2008), and the *"Standard for Pollution Control on the Storage and Landfill of General Industrial Solid Waste"* (GB18599-2020), among others.

**3.Environmental protection administrative permits**

| No. | Holder                 | Certification            | Certification No.      | Issuer   | Valid period |
|-----|------------------------|--------------------------|------------------------|--|--------------|
| 1   | Hengyi Limited         | Emission Permit          | 91330000765215943G001Y | Hangzhou Municipal Bureau of Ecology and Environment | 2029.10.17   |
| 2   | Hengyi High-Tech       | Emission Permit          | 913301006680033406001Q | Hangzhou Municipal Bureau of Ecology and Environment | 2029.05.08   |
| 3   | Hengyi Polymer         | Emission Permit          | 913301097245283880001P | Hangzhou Municipal Bureau of Ecology and Environment | 2026.11.02   |
| 4   | Hengyi Polyme          | Radiation Safesty Permit | ZHFZ No. A2255         | Hangzhou Municipal Bureau of Ecology and Environment | 2029.08.19   |
| 5   | Jiaxing Yipeng         | Emission Permit          | 91330411MA28BLMY30001V | Jiaxing Municipal Bureau of Ecology and Environment  | 2029.07.29   |
| 6   | Taicang Yifeng         | Emission Permit          | 91320585MA1P1GPBXM00V  | Suzhou Municipal Bureau of Ecology and Environment   | 2028.02.29   |
| 7   | Shuangtu New Materials | Emission Permit          | 91330100566050736P001Y | Hangzhou Municipal Bureau of Ecology and Environment | 2029.05.08   |
| 8   | Shuangtu New Materials | Radiation Safesty Permit | ZHFZ No. A3048         | Hangzhou Municipal Bureau of Ecology and Environment | 2028.12.12   |

| No. | Holder                                  | Certification              | Certification No.      | Issuer   | Valid period |
|-----|---|----------------------------|------------------------|--|--------------|
| 9   | Fujian Yiji                             | Emission Permit            | 91350582MA31G07Q8C001V | Quanzhou Municipal<br>Bureau of Ecology<br>and Environment                   | 2026.04.07   |
| 10  | Suqian Yida                             | Emission Permit            | 91321311MA1UXUC8XJ001R | Suqian Municipal<br>Bureau of Ecology<br>and Environment                     | 2028.11.05   |
| 11  | Suqian Yida                             | Radiation Safety<br>Permit | SHFZ No. 0199          | Suqian Municipal<br>Bureau of Ecology<br>and Environment                     | 2027.01.12   |
| 12  | Suqian<br>Hengyuan<br>Thermal<br>Energy | Emission Permit            | 91321311MA25ADT26R001V | Suqian Municipal<br>Bureau of Ecology<br>and Environment                     | 2028.12.27   |
| 13  | Haining<br>Thermal<br>Power             | Emission Permit            | 91330481MA29HXML34001R | Jiaxin Municipal<br>Bureau of Ecology<br>and Environment                     | 2029.06.13   |
| 14  | Haining New<br>Materials                | Emission Permit            | 91330481MA29HRX724001V | Jiaxin Municipal<br>Bureau of Ecology<br>and Environment                     | 2029.11.12   |
| 15  | Zhejiang<br>Yisheng                     | Emission Permit            | 91330200744973411W001W | Beilun Branch of<br>Ningbo Municipal<br>Bureau of Ecology<br>and Environment | 2029.11.12   |
| 16  | Zhejiang<br>Yisheng                     | Radiation Safety<br>Permit | ZHFZ No. B2005         | Zhejiang Provincial<br>Department of<br>Ecology and<br>Environment           | 2029.11.10   |



**4.Industry emission standards and specific situations of pollutant emissions involved in production and business activities**

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
| Hengyi High-Tech              | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 6.99                   | GB31572-2015                              | /               | /                        | Up to standard      |
|                               | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 10.95mg/L              | GB31572-2015                              | 0.03t           | 25.72t                   | Up to standard      |
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 1.36mg/L               | GB31572-2015                              | 0.001t          | 1.80t                    | Up to standard      |
|                               | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 2                         | Heat transfer station           | 1.29/1.79mg/m3         | DB33/2147-2018                            | 1.57t           | 3.43t                    | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 2                         | Heat transfer station           | 7.12/10.55mg/m3        | DB33/2147-2018                            | 9.44t           | 40.42t                   | Up to standard      |
|                               | Waste gas                                     | NOx   | Discharge after treatment | 2                         | Heat transfer station           | 31.21/30mg/m3          | DB33/2147-2018                            | 33.23t          | 60.92t                   | Up to standard      |
| Hengyi Polymer                | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 7.84                   | GB31572-2015                              | /               | /                        | Up to standard      |

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration    | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|---------------------------|---|-----------------|--------------------------|---------------------|
|                               | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 97.39mg/L                 | GB31572-2015                              | 4.18t           | 34.50t                   | Up to standard      |
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 6.11mg/L                  | GB31572-2015                              | 0.3t            | 2.42t                    | Up to standard      |
|                               | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 3                         | Heat transfer station           | 6.48/5.23/2.94m3          | GB13271-2014                              | 1.49t           | 14.02t                   | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 3                         | Heat transfer station           | 28.3/21.4/20.63mg/m3      | GB13271-2014                              | 9.85t           | 29.22t                   | Up to standard      |
|                               | Waste gas                                     | NOx   | Discharge after treatment | 3                         | Heat transfer station           | 114.64/100.64/112.57mg/m3 | GB13271-2014                              | 31.18t          | 87.67t                   | Up to standard      |
| Shuangtu New Materials        | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 2                         | Heat transfer station           | 1.77/1.38mg/m3            | DB33/2147-2018                            | 1.39t           | 5.55t                    | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 2                         | Heat transfer station           | 10.13/22.48mg/m3          | DB33/2147-2018                            | 13.68t          | 38.82t                   | Up to standard      |

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
|                               | Waste gas                                     | NOx   | Discharge after treatment | 2                         | Heat transfer station           | 38.22/40.27mg/m3       | DB33/2147-2018                            | 41.68t          | 55.45t                   | Up to standard      |
| Haining Hengyi Thermal Power  | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 8                      | GB8978-1996                               | /               | /                        | Up to standard      |
|                               | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 35.1mg/L               | GB8978-1996                               | 13.56t          | 21.33t                   | Up to standard      |
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 0.398mg/L              | GB8978-1996                               | 0.019t          | 2.13t                    | Up to standard      |
|                               | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 1                         | Heat transfer station           | 0.606mg/m3             | DB33/2147-2018                            | 2.36t           | 8.83t                    | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 1                         | Heat transfer station           | 16.31mg/m3             | DB33/2147-2018                            | 26.06t          | 61.52t                   | Up to standard      |
|                               | Waste gas                                     | NOx   | Discharge after treatment | 1                         | Heat transfer station           | 45.45mg/m3             | DB33/2147-2018                            | 8.18t           | 88.33t                   | 超标                  |

| Name of Company or subsidiary      | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|------------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
| Haining<br>Hengyi New<br>Materials | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 7.5                    | GB31572-2015                              | /               | /                        | Up to standard      |
|                                    | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 21.34mg/L              | GB31572-2015                              | 0.062t          | 4.26t                    | Up to standard      |
|                                    | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 0.11mg/L               | GB31572-2015                              | 0.0003t         | 0.42t                    | Up to standard      |
| Jiaxing<br>Yipeng                  | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 7.44                   | GB31572-2015                              | /               | /                        | Up to standard      |
|                                    | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 4.20mg/L               | GB31572-2015                              | 0.11t           | 6.03t                    | Up to standard      |
|                                    | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 0.11mg/L               | GB31572-2015                              | 0.003t          | 0.80t                    | Up to standard      |
|                                    | Waste gas                                     | NOx   | Discharge after treatment | 2                         | Heat transfer station           | 34.96/50.27mg/m3       | GB13271-2014                              | 23.24t          | 48.49t                   | Up to standard      |

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
| Taicang<br>Yifeng             | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 8.31                   | GB31572-2015                              | /               | /                        | Up to standard      |
|                               | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 26.65mg/L              | GB31572-2015                              | 1.09t           | 13.27t                   | Up to standard      |
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 0.63mg/L               | GB31572-2015                              | 0.03t           | 0.46t                    | Up to standard      |
|                               | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 1                         | Heat transfer station           | 4.59mg/m3              | GB31572-2015                              | 1.40t           | 9.72t                    | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 1                         | Heat transfer station           | 2.03mg/m3              | GB31572-2015                              | 0.63t           | 3.80t                    | Up to standard      |
|                               | Waste gas                                     | NOx   | Discharge after treatment | 1                         | Heat transfer station           | 68.05mg/m3             | GB31572-2015                              | 22.32t          | 26.60t                   | Up to standard      |
| Suqian Yida                   | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 8.39                   | GB31572-2015                              | /               | /                        | Up to standard      |

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
|                               | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 22.35mg/L              | GB31572-2015                              | 2.71t           | 7.85t                    | Up to standard      |
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 0.51mg/L               | GB31572-2015                              | 0.048t          | 0.09t                    | Up to standard      |
| Suqian                        | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 1                         | Boiler Island                   | 0.37mg/m3              | DB33/2147-2018                            | 0.42t           | 12.41t                   | Up to standard      |
| Hengyuan                      | Waste gas                                     | SO2   | Discharge after treatment | 1                         | Boiler Island                   | 3.21mg/m3              | DB33/2147-2018                            | 2.72t           | 46.21t                   | Up to standard      |
| Thermal Energy                | Waste gas                                     | NOx   | Discharge after treatment | 1                         | Boiler Island                   | 15.76mg/m3             | DB33/2147-2018                            | 10.2t           | 59.33t                   | Up to standard      |
| Fujian                        | Process waste water                           | PH  | Discharge after treatment | 1                         | Sewage treatment plant          | 8.05                   | GB31572-2015                              | /               | /                        | Up to standard      |
| Yijin                         | Process waste water                           | COD   | Discharge after treatment | 1                         | Sewage treatment plant          | 15.17mg/L              | GB31572-2015                              | 0.312t          | 3.45t                    | Up to standard      |

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 1                         | Sewage treatment plant          | 0.24mg/L               | GB31572-2015                              | 0.004t          | 0.46t                    | Up to standard      |
|                               | Waste gas                                     | Particulate matter                                    | Discharge after treatment | 1                         | Heat transfer station           | 8.81mg/m3              | GB13271-2014                              | 6.02t           | 49.5t                    | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 1                         | Heat transfer station           | 27.24mg/m3             | GB13271-2014                              | 19.7t           | 143.29t                  | Up to standard      |
|                               | Waste gas                                     | NOx   | Discharge after treatment | 1                         | Heat transfer station           | 160.16mg/m3            | GB13271-2014                              | 113.17t         | 179.12t                  | Up to standard      |
| Zhejiang Yisheng              | Process waste water                           | COD   | Discharge after treatment | 2                         | Wastewater station              | 49.19mg/L              | 100mg/L                                   | 506.32t         | 880.08t                  | Up to standard      |
|                               | Process waste water                           | Ammonia nitrogen                                      | Discharge after treatment | 2                         | Wastewater station              | 0.16mg/L               | 8mg/L                                     | 1.65t           | 13.2t                    | Up to standard      |
|                               | Waste gas                                     | SO2   | Discharge after treatment | 2                         | Boiler Island                   | 10.1mg/m3              | 35mg/m3                                   | 24.61t          | 333.47t                  | Up to standard      |

| Name of Company or subsidiary | Main pollutants and characteristic pollutants | Name of main pollutants and characteristic pollutants | Way to discharge          | Number of discharge ports | Distribution of discharge ports | Emission concentration | Pollutant discharge standards implemented | Total emissions | Total approved emissions | Excessive emissions |
|-------------------------------|---|---|---------------------------|---------------------------|---------------------------------|------------------------|---|-----------------|--------------------------|---------------------|
|                               | Waste gas                                     | NOx   | Discharge after treatment | 2                         | Boiler Island                   | 17.6mg/m3              | 50mg/m3                                   | 64.23t          | 880.08t                  | Up to standard      |
|                               | Waste gas                                     | Particulates  | Discharge after treatment | 2                         | Boiler Island                   | 3.28mg/m3              | 10mg/m3                                   | 28.85t          | 110.46t                  | Up to standard      |



## 5. Treatment of pollutants

### (1) Wastewater Treatment

The principle of "separation of clean water and sewage, separation of stormwater and sewage, and separation of industrial and domestic sewage" is implemented. A comprehensive wastewater collection system has been established within the plant area, with measures for corrosion prevention, leak prevention, and seepage control. Polyester production wastewater is pretreated via a stripping unit and then combined with wastewater from the spinning workshop and domestic sewage for treatment at the sewage treatment station. The sewage treatment station adopts a "pre-treatment + anaerobic + aerobic secondary biological treatment" process. After treatment, part of the water is reused through a reclaimed water system, while the remaining treated wastewater is discharged into the sewage network after meeting the relevant standards in the *Discharge Standard of Pollutants for Synthetic Resin Industry* (GB31752-2015).

### (2) Exhaust Gas Treatment

The principle of classified management is applied to exhaust gas treatment, focusing on source control. Various control measures proposed in the Environmental Impact Assessment (EIA) are implemented to reduce the generation of exhaust gases and strictly control and minimize fugitive emissions. PTA (Purified Terephthalic Acid) feed dust is treated with a bag filter before discharge. Polyester exhaust gas is directed into the thermal oil furnace for incineration before being discharged. Spinning exhaust gas is treated with an oil fume purifier before discharge. Flue gas from the coal-water slurry boiler undergoes denitrification, dust removal, and desulfurization before being discharged through the chimney. The organized emissions of dust, non-methane hydrocarbons, and acetaldehyde comply with the relevant standards in the *Discharge Standard of Pollutants for Synthetic Resin Industry* (GB31752-2015). Boiler flue gas emissions in Zhejiang Province comply with the local standards, *Emission Standard of Air Pollutants for Coal-Fired Power Plants* (DB33/2147-2018) and *Emission Standard of Air Pollutants for Boilers* (DB33/1415-2025). In other regions, emission

standards follow the national *Emission Standard of Air Pollutants for Boilers* (GB13271-2014). The emission of malodorous pollutants complies with the relevant standards in the *Emission Standard for Odor Pollutants* (GB14554-93).

### (3) General and Hazardous Solid Waste

Treatment In accordance with the principles of "resource utilization, reduction, and harmlessness," a ledger system has been established, and a temporary waste storage facility has been set up. Hazardous and general solid waste are collected, stored, and disposed of separately to facilitate the comprehensive utilization of resources. Hazardous waste, such as waste oil agents, is entrusted to qualified units with the corresponding hazardous waste treatment capabilities for disposal. The transfer and approval procedures for hazardous waste are handled in accordance with relevant regulations, strictly implementing the hazardous waste transfer manifest system. The temporary storage of hazardous waste strictly adheres to the relevant provisions of the *Standard for Pollution Control on Hazardous Waste Storage* (GB18597-2023). General solid waste management complies with the *Standard for Pollution Control on the Storage and Landfill of General Industrial Solid Waste* (GB18599-2020).

## **6. Environmental emergency response plan**

(1) The Emergency Response Plan for Environmental Incidents of Zhejiang Hengyi High-Tech Materials Co., Ltd. was filed with the local environmental protection department in March 2025.

(2) The Emergency Response Plan for Environmental Incidents of Zhejiang Hengyi Polymer Co., Ltd. was filed with the local environmental protection department in August 2024.

(3) The Emergency Response Plan for Environmental Incidents of Zhejiang Shuangtu New Materials Co., Ltd. was filed with the local environmental protection department in October 2022.

(4) The Emergency Response Plan for Environmental Incidents of Haining Hengyi Thermal Power Co., Ltd. was filed with the local environmental protection

department in July 2024.

(5)The Emergency Response Plan for Environmental Incidents of Haining Hengyi New Materials Co., Ltd. was filed with the local environmental protection department in July 2024.

(6)The Emergency Response Plan for Environmental Incidents of Jiaxing Yipeng Chemical Fiber Co., Ltd. was filed with the local environmental protection department in November 2023.

(7)The Emergency Response Plan for Environmental Incidents of Suqian Yida New Materials Co., Ltd. was filed with the local environmental protection department in August 2023.

(8)The Emergency Response Plan for Environmental Incidents of Suqian Hengyuan Thermal Energy Co., Ltd. was filed with the local environmental protection department in February 2023.

(9)The Emergency Response Plan for Environmental Incidents of Fujian Yijin Chemical Fiber Co., Ltd. was filed with the local environmental protection department in January 2025.

(10)The Emergency Response Plan for Environmental Incidents of Zhejiang Hengyi Petrochemical Co., Ltd. was filed with the local environmental protection department in June 2022.

(11)The Emergency Response Plan for Environmental Incidents of Zhejiang Yisheng Petrochemical Co., Ltd. was revised, reviewed, and filed with the local environmental protection department in September 2023.

## **7.Environmental self-monitoring program**

The company and its subsidiaries strictly comply with national and local environmental protection laws, regulations, and related provisions. They have established an environmental self-monitoring plan to ensure that all pollutants are discharged and disposed of in strict accordance with the requirements of the laws and regulations. The self-monitoring plan has been made public in the Pollutant Source Monitoring Data Management System. The company meticulously conducts pollutant

source monitoring in strict adherence to the monitoring plan to ensure that all pollutants meet the required standards set forth by laws and regulations. Additionally, the company entrusts qualified third-party monitoring agencies to carry out regular monitoring.

### **8. Investments in environmental governance and protection and payment of environmental protection taxes**

Enterprises are not only economic entities striving to maximize profits but also key drivers of economic wealth accumulation, social progress, and environmental sustainability. The company conscientiously implements the ecological and environmental requirements of the national and local governments, earnestly practices the development philosophy of "lucid waters and lush mountains are invaluable assets," focuses on pollution prevention and control, ensures compliance with emission standards as a foundation, actively responds to the "Battle for Blue Skies," vigorously promotes clean transformation, and continues efforts in air pollution control, achieving positive progress and results while effectively improving the ecological environment.

In 2024, the company and its subsidiaries collectively invested approximately RMB 400 million in environmental protection, with an accrued environmental protection tax of RMB 1.88 million. Among these: Zhejiang Hengyi Polymer Co., Ltd. invested approximately RMB 80 million to upgrade its coal-fired thermal oil boiler, reducing pollutant emission standards and pollutant discharge amounts. Zhejiang Hengyi Petrochemical Co., Ltd. invested approximately RMB 500,000 to update its oil fume purifiers. Zhejiang Hengyi High-Tech Materials Co., Ltd. invested approximately 2.21 million to implement an integrated upgrade of the oil fume purifiers in the spinning AB workshop, improving VOCs treatment efficiency. Haining Hengyi New Materials Co., Ltd. invested approximately RMB 800,000 to upgrade the SCR system of its boiler flue gas denitrification facilities, enhancing denitrification efficiency. Jiaxing Yipeng Chemical Fiber Co., Ltd. invested approximately RMB 640,000

to standardize the transformation of its wastewater treatment plant's backup exhaust gas processing facilities and spinning exhaust gas detection ports. Suqian Yida New Materials Co., Ltd. invested approximately RMB 1.7 million to upgrade the first-phase VOC treatment facilities and sewage lifting tanks, reducing exhaust gas and wastewater emissions and minimizing abnormal data occurrences. Fujian Yijin Chemical Fiber Co., Ltd. invested approximately RMB 5.66 million to upgrade the denitrification, desulfurization, and dust removal facilities for its coal-fired thermal oil boiler and flue gas, lowering pollutant emission standards and reducing pollutant discharge amounts.

### **9.Measures taken to reduce carbon emissions during the reporting period and their effects**

Improving coal quality to make chemical raw materials lighter; implementing a series of measures such as upgrading to energy-saving lamps, merging the use of air compressors, and updating equipment to reduce the company's electricity consumption. Actively utilizing solar thermal power generation, the company has established a solar thermal and photovoltaic power generation experimental base on the rooftops of its factory buildings. Employees are encouraged to use new energy vehicles as transportation, and new non-road mobile machinery equipment powered by new energy has been added on-site. The company strengthens ecological civilization education among employees, integrating the green and low-carbon concept organically into daily life and production. It actively promotes and posts advertisements, conducts thematic promotional activities such as Environment Day and Low Carbon Day for all employees, and enhances their green and low-carbon awareness.

**10. Administrative punishment for environmental issues during the reporting period**

| Name of Company or subsidiary | Reasons for punishment   | Violations   | Penalty results     | Impacts on the production and operation of listed companies  | Rectification measures of the Company  |
|-------------------------------|--|--|---------------------|--|--|
| Hengyi High-Tech              | On May 23rd, it was discovered that, without the approval of the environmental impact assessment documents, the construction of two new 24.5MW natural gas furnaces and two 52.5MW coal-fired boilers began in April 2022, was completed in September, and put into operation in December.   | Violated Article 22, Paragraph 1 of the <i>Environmental Impact Assessment Law of the People's Republic of China</i> .                           | Fine of RMB 500,100 | It has not affected the company's production and operations. | The company has obtained the environmental impact assessment approval for the project.                   |
| Hengyi High-Tech              | On May 23, it was discovered during an inspection that the environmental impact assessment documents had not been submitted for approval. Construction of two new 24.5MW natural gas furnaces and two 52.5MW coal-fired boilers began in April 2022, was completed in September, and put into operation in December. The environmental protection facilities completion acceptance process was not conducted, resulting in the operation of a construction project without the acceptance of | Violation of the first paragraph of Article 19 of the "Regulations on the Administration of Environmental Protection for Construction Projects". | Fine of RMB 376,000 | It has not affected the company's production and operations. | The company has completed the environmental protection facilities completion acceptance for the project. |

| Name of Company or subsidiary | Reasons for punishment   | Violations  | Penalty results     | Impacts on the production and operation of listed companies  | Rectification measures of the Company  |
|-------------------------------|--|---|---------------------|--|--|
|                               | environmental protection facilities.   |   |                     |  |  |
| Shuangtu New Material         | On May 23rd, it was discovered during an inspection that the environmental impact assessment documents had not been approved. The construction of three new 70t/h (49MW) coal-fired boilers began in March 2022, was completed in August, and they were put into use in December.  | Violated Article 22, Paragraph 1 of the <i>Environmental Impact Assessment Law of the People's Republic of China</i> .                          | Fine of RMB 560,900 | It has not affected the company's production and operations. | The company has obtained the environmental impact assessment approval for the project.                   |
| Shuangtu New Material         | On May 23, it was discovered that without approval of the environmental impact assessment documents, the newly constructed three 70t/h (49MW) coal-fired boilers began construction in March 2022, were completed in August, and put into use in December. The environmental protection facility completion acceptance was not carried out, indicating the use of a construction project with environmental protection facilities that have not been inspected and accepted. | Violation of the first paragraph of Article 19 of the "Regulations on the Administration of Environmental Protection for Construction Projects" | Fine of RMB 370,600 | It has not affected the company's production and operations. | The company has completed the environmental protection facilities completion acceptance for the project. |

| Name of Company or subsidiary | Reasons for punishment  | Violations  | Penalty results    | Impacts on the production and operation of listed companies  | Rectification measures of the Company   |
|-------------------------------|---|---|--------------------|--|---|
| Suqian Yida                   | On September 19, it was discovered that self-monitoring of antimony in wastewater for December 2023 was not conducted in accordance with the stipulations of the emission permit.                   | Violation of the first paragraph of Article 19 of the <i>"Regulations on the Administration of Pollutant Discharge Permits"</i>     | Fine of 20,000     | It has not affected the company's production and operations. | The company will conduct self-inspection for antimony every month in the future.                      |
| Jiaxing Yipeng                | Fire sprinkler pump No. 2 is malfunctioning and cannot be started remotely. The unit's fire protection facilities were not maintained in good and effective working condition                       | This violates the provisions of Article 16, Paragraph 1, Item 2 of the <i>Fire Protection Law of the People's Republic of China</i> | Fine of RMB 15,000 | It has not affected the company's production and operations. | The company immediately repaired the remote start function of the fire pump and passed the inspection |
| Jiaxing Yipeng                | Goods were placed on the fire truck passage between the stereoscopic warehouse and the Textile Workshop No. 2, preventing the fire truck from passing. The unit has occupied the fire truck passage | Violated the provisions of Article 28 of the <i>Fire Protection Law of the People's Republic of China</i>                           | Fine of RMB 35,000 | It has not affected the company's production and operations. | The company immediately cleared the on-site goods to ensure the fire access remains unobstructed      |



| Name of Company or subsidiary | Reasons for punishment   | Violations   | Penalty results    | Impacts on the production and operation of listed companies  | Rectification measures of the Company   |
|-------------------------------|--|--|--------------------|--|---|
| Jiaxing Yipeng                | The north side of the first floor of Building A in the Phase II Spinning Project was arbitrarily changed from a production workshop to a raw material and finished goods warehouse, covering an area of over 1,000 square meters, without installing smoke exhaust facilities as required. Additionally, the conveyor corridor between the automated storage system and Spinning Workshop 2 lacked an automatic fire suppression system, and the fire protection facilities were not up to standard. | Violated the provisions of Article 16, Paragraph 1, Item 2 of the <i>"Fire Protection Law of the People's Republic of China"</i> | Fine of RMB 35,000 | It has not affected the company's production and operations. | The company immediately cleared the goods in the workshop and installed automatic fire extinguishing facilities in the corridor                           |
| Jiaxing Yipeng                | ①The exits of two Class C warehouses are blocked by stacked items; ②The diesel unloading area does not have static elimination facilities, and the static grounding clamps are malfunctioning; ③The area where the fuel dispensers are located lacks ventilation measures, and the surrounding electrical equipment is not explosion-proof. Additionally, there are no combustible gas concentration alarm   | Violated Article 42, Paragraph 2, and Article 41, Paragraph 2 of the <i>Work Safety Law of the People's Republic of China</i>    | Fine of 180,000    | It has not affected the company's production and operations. | ①Clear debris from the warehouse exits; ②Install additional static electricity elimination facilities; ③Install additional static electricity elimination |

| Name of Company or subsidiary | Reasons for punishment   | Violations  | Penalty results        | Impacts on the production and operation of listed companies         | Rectification measures of the Company   |
|-------------------------------|--|---|------------------------|---|---|
|                               | <p>devices or static elimination devices installed; ④The diesel unloading area, refueling area, and storage tanks have not undergone formal design and safety evaluation; ⑤There is an office inside the warehouse, but it does not have a direct safety exit leading outdoors.; ⑥The nitrogen storage tank manhole in the air separation storage tank area lacks proper confined space hard isolation measures during maintenance</p> |   |                        |   | <p>facilities; ④Engage a third party to conduct a safety assessment;</p> <p>⑤Decommission the warehouse office; ⑥Improve protective measures for confined spaces</p>                |
| <p>Jiaxing<br/>Yipeng</p>     | <p>In the '3 • 22' thermal oil boiler fire incident, there were violations of Articles 18, 41, and 42 of the Special Equipment Safety Law of the People's Republic of China</p>  | <p>Violations of Articles 18, 41, and 42 of the Special <i>Equipment Safety Law of the People's Republic of China</i></p> | <p>Fine of 150,000</p> | <p>It has not affected the company's production and operations.</p> | <p>The company has replaced the boiler involved in the accident, enhanced training on safety operating procedures for the position, and revised the emergency response plan for</p> |

| Name of Company or subsidiary | Reasons for punishment   | Violations  | Penalty results | Impacts on the production and operation of listed companies  | Rectification measures of the Company  |
|-------------------------------|--|---|-----------------|--|--|
|                               |  |   |                 |  | accidents  |
| Hengyi Limited                | A total of 13 individuals were not arranged for a follow-up occupational health examination based on the circumstances outlined in Occupational Health Examination Certificate No. (Xiaokai) Zhi Jian Zi No. (2022-0072) and No. (Xiaokai) Zhi Jian Zi No. (2022-0073) | A violation of Article 17, Item 3 of the "Administrative Measures for Supervision and Management of Occupational Health Monitoring by Employers | Fine of 27,000  | It has not affected the company's production and operations. | The company has arranged for 13 people to undergo follow-up occupational health examinations |

### 11. Other environmental information that shall be made public

Environmental information that shall be made public had been disclosed as required.

## **12.Other environmental protection information**

The company and its subsidiaries place a high priority on environmental protection and make significant environmental decisions on a regular or irregular basis. The company has established a Health, Safety, and Environment (HSE) Management Committee to comprehensively oversee and manage HSE work. Each subsidiary has a dedicated environmental protection department responsible for daily comprehensive management and supervision. The company has established a strict monitoring system and has commissioned environmental management monitoring departments to conduct monitoring of water, air, noise, and waste throughout the entire plant to keep track of pollution dynamics.

**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***

## **13.Relevant situations of environmental accidents in listed companies**

Not applicable

## **II..Social responsibility**

Please see the Social, Environmental, Governance (ESG) report of 2024 for details.

**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 2024, the company maintained a stable safety production situation, with no major safety production accidents and zero new cases of occupational diseases. The company consistently prioritizes safety as the foremost element of development, fully fulfills its primary responsibility for safety management, and rigorously manages safety across all aspects of operations.

Actively Enforcing Safety Responsibilities: At the beginning of the year, the company signed the "Safety and Environmental Protection Production Target Responsibility Agreement" with each subsidiary and relevant departments, clarifying safety

production responsibilities, strengthening safety awareness, and fostering a positive structure where all levels actively promote and implement safety measures.

**Promoting Subsidiary Safety Standardization and Dual-Prevention Mechanism Construction:** The company actively advanced the development of safety standardization systems and dual-prevention mechanisms within its subsidiaries. In the road transportation sector, safety production standardization reached Level 1 standards, the hazardous chemical production sector maintained Level 2 standards, and 80% of chemical fiber manufacturing enterprises achieved Level 3 safety production standardization. Other subsidiaries are progressively creating and improving their systems.

**Comprehensive Safety Inspection and Rectification:** The company conducted extensive safety production inspections and special checks on the implementation of the all-employee safety production responsibility system. Methods such as comprehensive inspections, external expert reviews, and on-site inspections were employed to enhance the depth and professionalism of safety supervision. The annual hazard rectification completion rate reached 100%.

**Increasing Investment in Safety Production:** The company actively adopted new technologies, processes, and equipment to continuously improve safety conditions and elevate intrinsic safety levels. In total, the company invested RMB 169 million in safety-related expenses throughout the year.

**Emphasizing Safety Education and Training:** The company prioritized increasing safety awareness among all employees. Its safety training system covered key personnel, safety production management staff, specialized operations and equipment operators, other employees, and contractors/subcontractors and labor workers. Throughout the year, 37,497 person-times of safety education and training were conducted, achieving a 100% completion and qualification rate, ensuring

comprehensive coverage with a focus on key areas.

**Building a Dual-Prevention Safety Mechanism:** The company strengthened its safety production defense line by constructing a robust dual-prevention mechanism. Throughout the year, subsidiaries underwent 47 routine safety inspections by supervising authorities, with no violations, penalties, or major safety hazards identified.

### **III.Consolidating and Expanding Poverty Alleviation Achievements and Rural Revitalization**

The company consistently adheres to the philosophy of "industrial service to the nation," integrating philanthropy into its corporate DNA. With a sense of responsibility, it practices great love and takes action for good. By actively participating in various public welfare activities such as volunteer service, educational donations, community building, and environmental protection, the company not only demonstrates the social value of a modern enterprise but also contributes to social progress, collaborating with partners to create a beautiful life together.

In 2024, the company and its controlling shareholder, Hengyi Group, donated a total of RMB 28.77 million. Some details are as follows:

(1)Education is the cornerstone of national revitalization and social progress, the core carrier of knowledge innovation and talent cultivation, and a long-term project to promote national prosperity and achieve people's happiness.

1)The company actively responded to the call for educational philanthropy in the new era, donating RMB 25,300 during the reporting period to provide scholarships for the "Dream Building Class" of the 2021 cohort at Qinzhou No. 2 High School. The "Dream Building Class" project is an "educational precision poverty alleviation" initiative strongly supported by the Guangxi Zhuang Autonomous Region Education Department, targeting academically outstanding, impoverished high school students. The 2021 "Dream Building Class" was jointly funded by the Guangxi National

Education Development Foundation and the company. Since the initiation of support, the company has donated a total of RMB 423,300 to cover tuition, living expenses, daily purchases of learning and sports supplies, and special scholarships. In 2024, this class delivered impressive results in the college entrance exam: all 50 students from underprivileged backgrounds were admitted to undergraduate institutions, with 12 entering "985 Double First-Class Universities," 17 entering "211 Universities," and 48 exceeding the special control line.

2)Hengyi Group signed a cooperation agreement with Donghua University, committing RMB 10 million during the cooperation period to support the university's scientific research, talent cultivation, and discipline construction, with a donation of RMB 1 million already executed in 2024.

3)In 2024, the company donated RMB 10 million to the Zhejiang University Education Foundation, with the funds managed under the "Zhejiang University Education Foundation Hengyi Excellence Development Fund," primarily supporting Zhejiang University's talent recruitment and "Double First-Class" construction.

4)Hengyi Group signed the "Hengyi Education Reward Fund Donation Agreement" with the Xiaoshan District People's Education Foundation, establishing a RMB 20 million principal-named fund aimed at rewarding top innovative talent cultivation and outstanding teacher awards, with a donation of RMB 1 million already executed in 2024.

(2)To assist the development of the China Chemical Fiber Industry Association and promote industry progress, Hengyi Group donated RMB 800,000 to the China Chemical Fiber Industry Association Hengyi Fund in 2024.

(3)To support the development of charity in Beilun District, Ningbo City, and contribute to the modernization of the urban fire control system and governance capacity, the company donated RMB 30,000 to the "Safety Guardian" fire protection charity fund in Qijiashan Street.

(4) Since 2016, the company has established environmental public welfare funds and new era civilization practice charity funds. In 2024, the company donated 300,000 yuan, primarily for environmental and charity projects in Beilun District, Ningbo City, with cumulative donations reaching RMB 1.9 million .

(5) The company's development is inseparable from neighborhood support. To foster harmonious relationships and community cohesion, the company donated RMB 146,000 to sponsor cultural activities in streets, surrounding communities, and schools, actively engaging in public welfare.

(6) To support the growth and development of local talent in Brunei, foster positive interactions, strengthen connections between Hengyi Brunei and the community, and protect local biodiversity and natural environment, Hengyi Brunei launched several projects like "Towards the Future," "Hengyi Care," and "One Earth," contributing to Brunei's Vision 2035.

1) The "Towards the Future" project focuses on supporting the cultivation and development of local talent, promoting youth entrepreneurship, and empowering Hengyi Brunei employees. It includes joint scholarships, student awards, and book scholarship sponsorship, with actual expenditures of 1,425,500 USD in 2024.

2) The "Hengyi Care" project sponsors community and national activities, organizes donation activities to help impoverished families and orphans, striving to promote unity, care, progress, and inclusiveness within the community and support national and community development, with actual expenditures of 100,400 USD in 2024.

3) The "One Earth" project aims to protect and maintain Brunei's biodiversity and natural environment, such as providing clean energy to local communities, especially in remote areas lacking reliable energy supply or public facilities (like parks and schools), sponsoring and participating in activities themed around environmental protection, sustainable development, and green economy, and collaborating with environmental NGOs to restore areas affected by exploration and mining activities, focusing on biodiversity restoration, with actual expenditures of 17,800 USD in 2024.



## Section VI 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. | April29, 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 against [us/me] in accordance with their established or issued regulations and rules. | 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 | <p>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-filling 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-filling measures.From the date this commitment is issued until the completion of the company's current public issuance of A-share convertible corporate bonds, if the China Securities</p> <p style="text-align: center;">1</p> <p>Regulatory Commission (CSRC) introduces new regulatory requirements regarding return-filling measures and related</p> | 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 in accordance with the latest regulations of the CSRC at that time. | April 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 losses to the company or its shareholders, I agree to bear corresponding legal responsibilities in accordance with laws,<br>1<br>regulations, and relevant provisions of securities regulatory authorities.From the date this commitment letter is issued until the | April 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 | Long-term effective | 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

**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, the BOS, 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 2024 was 54, an increase of 4 subsidiaries and a decrease of 2 subsidiaries compared with the previous year. For details, please refer to "VI. Interests in Other Entities" in "Section X. 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                           | 6   |
| Name of CPA in domestic accounting firms   | Zhang Liming, Yin Yanning                     |
| Consecutive years of audit services provided by the domestic accounting firm's CPAs        | 1   |
| Name of overseas accounting firms (if any)   | None  |
| Remuneration of overseas accounting firms (RMB 10,000) (if any)                            | 0   |
| Consecutive years of audit services of overseas accounting firms (if any)                  | None  |
| Name of the certified public accountant of the overseas accounting firms (if any) (if any) | None  |
| Consecutive years of CPA audit services of overseas accounting firms (if any)              | None  |

**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 approve d quota | Settlement method of related- party transactions | Available market prices for similar transaction s |
|----------------|-------------------------|-------------------------------------|---|---|--------------------------------------|--|--|---|--|--|---|
| Yisheng Dahua  | Associated enterprises  | Procurement of goods                | PTA                                     | Market price                                      | Market price                         | 38,152.38  | 1.22%  | 80,300                                  | No                                     | Bill/cash  | Market price                                      |
|                |                         | Sales of goods                      | PIA                                     | Market price                                      | Market price                         | 29,152.83  | 16.52%   | 29,500                                  | No                                     | Bill/cash  | Market price                                      |
|                |                         |                                     | PX                                      | Market price                                      | Market price                         | 11,482.50  | 1.37%  | 15,000                                  | No                                     | Bill/cash  | Market price                                      |
| Hainan Yisheng | JV                      | Procurement of goods                | PTA                                     | Market price                                      | Market price                         | 105,302.89   | 3.37%  | 120,000                                 | No                                     | Bill/cash  | Market price                                      |
|                |                         | Sales of                            | PX                                      | Market  | Market                               | 382,614.27   | 45.78%   | 500,000                                 | No                                     | Bill/cash  | Market  |

|                          |                        |                      |                                   |              |              |              |         |           |    |           |              |
|--------------------------|------------------------|----------------------|-----------------------------------|--------------|--------------|--------------|---------|-----------|----|-----------|--------------|
|                          |                        | goods                |                                   | price        | price        |              |         |           |    |           | price        |
|                          |                        |                      | PIA                               | Market price | Market price | 48,126.77    | 27.27%  | 54,000    | No | Bill/cash | Market price |
| Yisheng<br>New materials | Associated enterprises | Procurement of goods | PTA                               | Market price | Market price | 1,211,640.53 | 38.74%  | 1,500,000 | No | Bill/cash | Market price |
|                          |                        | Sales of goods       | PX                                | Market price | Market price | 6,353.45     | 0.76%   | 7,000     | No | Bill/cash | Market price |
|                          |                        | Provision of labor   | Transportation of goods           | Market price | Market price | 6,744.66     | 7.33%   | 7,000     | No | Bill/cash | Market price |
| Hengyi<br>Caprolactam    | JV                     | Procurement of goods | Power and energy-related products | Market price | Market price | 47,223.89    | 100.00% | 49,000    | No | Bill/cash | Market price |
|                          |                        |                      | Auxiliary materials               | Market price | Market price | 166.89       | 2.98%   | 1,900     | No | Bill/cash | Market price |
|                          |                        | Sales of goods       | Power and energy-related products | Market price | Market price | 110,918.94   | 70.59%  | 160,000   | No | Bill/cash | Market price |

|                   |   |                      |                         |              |              |              |        |           |    |           |              |
|-------------------|---|----------------------|-------------------------|--------------|--------------|--------------|--------|-----------|----|-----------|--------------|
|                   |   |                      | Benzene                 | Market price | Market price | 47,386.22    | 7.76%  | 50,000    | No | Bill/cash | Market price |
|                   |   | Provision of labor   | Transportation of goods | Market price | Market price | 454.75       | 0.49%  | 550       | No | Bill/cash | Market price |
|                   |   |                      | Engineering management  | Market price | Market price | 2,428.5      | 65.96% | 3,500     | 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 | 1,199.38     | 1.30%  | 1,200     | No | Bill/cash | Market price |
|                   |   | Sales of goods       | Auxiliary materials     | Market price | Market price | 2,302.14     | 45.97% | 3,000     | No | Bill/cash | Market price |
|                   |   | Procurement of goods | Polyamide flake         | Market price | Market price | 5,748        | 24.91% | 25,000    | No | Bill/cash | Market price |
| Shaoxing Hengming | Associated enterprises of the ultimate parent       | Procurement of goods | Polyester products      | Market price | Market price | 1,007,659.79 | 16.46% | 1,020,000 | No | Bill/cash | Market price |
|                   |   |                      | Packing materials       | Market price | Market price | 2,488.52     | 29.50% | 5,000     | No | Bill/cash | Market price |
|                   |   | Sales of             | Equipment               | Market       | Market       | 6,551.5      | 67.44% | 6,700     | No | Bill/cash | Market       |



|          |           |                    |                           |              |              |           |         |        |    |           |              |
|----------|-----------|--------------------|---------------------------|--------------|--------------|-----------|---------|--------|----|-----------|--------------|
|          | company   | goods              |                           | price        | price        |           |         |        |    |           | price        |
|          |           |                    | Packing materials         | Market price | Market price | 2,983.2   | 33.01%  | 3,500  | No | Bill/cash | Market price |
|          |           |                    | Auxiliary materials       | Market price | Market price | 2,984.25  | 46.17%  | 4,500  | No | Bill/cash | Market price |
|          |           |                    | Power and energy products | Market price | Market price | 32,999.89 | 21.00%  | 35,000 | No | Bill/cash | Market price |
|          |           | Provision of labor | Custodian Fee             | Market price | Market price | 169.81    | 100.00% | 180    | No | Bill/cash | Market price |
|          |           |                    | Trademark Licensing Fee   | Market price | Market price | 1,398.72  | 100.00% | 1,500  | No | Bill/cash | Market price |
|          |           |                    | Transportation of goods   | Market price | Market price | 11,951.59 | 12.99%  | 12,000 | No | Bill/cash | Market price |
|          |           |                    | Engineering management    | Market price | Market price | 554.27    | 15.05%  | 1,200  | No | Bill/cash | Market price |
| Hangzhou | A holding | Procurement        | Polyamide                 | Market       | Market       | 17,330.37 | 75.09%  | 33,000 | No | Bill/cash | Market       |

|                                       |   |                                     |   |                 |                 |          |        |       |     |           |                 |
|---------------------------------------|---|-------------------------------------|---|-----------------|-----------------|----------|--------|-------|-----|-----------|-----------------|
| Yichen                                | subsidiary  | of goods                            | flake                                   | price           | price           |          |        |       |     |           | price           |
|                                       | of the  | Provision of                        | Transportation                          | Market          | Market          | 2,199.7  | 2.39%  | 3,000 | No  | Bill/cash | Market          |
|                                       | ultimate  | labor                               | of goods                                | price           | price           |          |        |       |     |           | price           |
|                                       | parent  | Sales of                            | Auxiliary                               | Market          | Market          | 2,706.01 | 54.03% | 3,000 | No  | Bill/cash | Market          |
|                                       | company   | goods                               | materials                               | price           | price           |          |        |       |     |           | price           |
| Hengqi<br>Environmental<br>Protection | JV of the<br>ultimate<br>parent<br>company  | Sales of<br>goods                   | Power and<br>energy-related<br>products | Market<br>price | Market<br>price | 3,216.55 | 2.05%  | 3,000 | Yes | Bill/cash | Market<br>price |
| Qingzhi<br>Matou                      | Related<br>Legal<br>Entity in<br>which a<br>Director<br>of the<br>Listed<br>Company | Procurement<br>of Labor<br>Services | Loading and<br>unloading of<br>goods    | Market<br>price | Market<br>price | 2,324.98 | 2.63%  | 6,000 | No  | Bill/cash | Market<br>price |

|                           |  |                                     |   |                 |                 |              |        |           |    |           |                 |
|---------------------------|--|-------------------------------------|---|-----------------|-----------------|--------------|--------|-----------|----|-----------|-----------------|
|                           | Serves as<br>a Director  |                                     |   |                 |                 |              |        |           |    |           |                 |
| Hangzhou<br>Yijing        | A holding<br>subsidiary<br>of the<br>ultimate<br>parent<br>company | Procurement<br>of Labor<br>Services | Rental service  | Market<br>price | Market<br>price | 2,156.55     | 9.08%  | 3,900     | No | Bill/cash | Market<br>price |
|                           |  | Procurement<br>of goods             | Equipment   | Market<br>price | Market<br>price | 10,662.75    | 12.34% | 17,000    | No | Bill/cash | Market<br>price |
| Hong Kong<br>Yitian       | A holding<br>subsidiary<br>of the<br>ultimate<br>parent<br>company | Procurement<br>of goods             | Crude oil   | Market<br>price | Market<br>price | 1,117,935.7  | 34.29% | 1,200,000 | No | Bill/cash | Market<br>price |
| Total                     |  |                                     |   | --              | --              | 4,285,673.14 | --     | 4,965,430 | -- | --        | --              |
| Disclosure date and index |  |                                     | Announcement on Estimated Amount of 2024 Daily Related-party Transactions" (Announcement No.: 2024-008)<br>disclosed by the Company on February 1, 2024; "Announcement on Additional Estimated Amount of 2024 Daily |                 |                 |              |        |           |    |           |                 |

|  |  |
|--|--|
|  | Related-party Transactions" (Announcement Nos.: 2024-034, 2024-085, 2024-139) disclosed on April 20, 2024, August 24, 2024, and December 24, 2024, respectively.   |
| 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 aforementioned related-party transactions are beneficial in fully utilizing the advantageous resources of the company and its significant related parties, ensuring the stable supply of essential raw materials and the continuous transmission of electricity. These transactions safeguard the sales of downstream products, facilitate the company's exploration of upstream product operations, and help consolidate the advantages of an integrated industry chain.  |
| Reasons for the large difference between the transaction price and the market reference price (if applicable)  | The related-party transactions between the company and the aforementioned related parties are all connected to the company's daily operations. These transactions are priced based on market prices or the electricity rates determined by the power department, adhering to the principles of fairness, justice, and transparency. They do not harm the interests of the company or minority shareholders. The company's main business will not become significantly dependent on these related-party transactions, ensuring the company's independence. These transactions have a positive impact on the company's current and future financial condition and operating results. |

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

| Related Party    | Nature of Relationship                    | Type of Related Party Transaction | Details of Related Party Transaction  | Pricing Principle of Related Party Transaction | Book Value of Transferred Assets (10,000 RMB) | Appraised Value of Transferred Assets (10,000 RMB) | Transfer Price (10,000 RMB) | Settlement Method of Related Party Transaction | Profit or Loss from Transaction (10,000 RMB) | Disclosure Date    | Disclosure Reference  |
|------------------|---|-----------------------------------|---|--|---|--|-----------------------------|--|--|--------------------|---|
| Hong Kong Yitian | Subsidiary of the Ultimate Parent Company | Transfer of Equity                | Sale of 100% Equity Interest in Hengyi Industries International (Singapore) Co., Ltd. (Singapore) | Market price                                   | \$179.48                                      | 0  | \$180.26                    | Cash   | \$0.79                                       | Not applicable     | Not applicable  |
| Hengyi Group     | Controlling Shareholder                   | Acquisition of Equity             | Acquisition of 25% Equity Interest in Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd.      | Market price                                   | 26,583.58                                     | 31,511.23  | 31,500                      | Cash   | -  | September 24, 2024 | <a href="http://www.cninfo.com.cn/new/disclosure/detail?orgId=gssz0000703&amp;announcementId=1221276140&amp;announcementTime=2024-09-24">http://www.cninfo.com.cn/new/disclosure/detail?orgId=gssz0000703&amp;announcementId=1221276140&amp;announcementTime=2024-09-24</a> |

|  |   |
|--|---|
| Reasons for Significant Differences Between the Transfer Price and Book Value or Appraised Value (If Any)              | Not Applicable  |
| Impact on the Company's Operating Results and Financial Condition  | The transaction price is fair and reasonable and will not have an adverse impact on the company's financial condition or operating results. |
| If the relevant transaction involves performance commitments, the performance realization during the reporting period. | Not Applicable  |

### 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

#### 1. Are there any non-operating related-party creditor-debtor transaction

##### (1) Accounts receivable from related parties

| 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) | Closing balance (RMB 10,000) |
|--|----------------------------|-----------------|--|--------------------------------|---------------------------------------|---|---------------|-----------------------------------|------------------------------|
| Yisheng New materials  | Associated enterprise      | Entrusted Loan  | No   | 78,714.92                      | 0                                     | 80,445.31                                   | 4.785%        | 1,730.39                          | 0                            |
| The impact of related party claims on the company's operating results and financial position |                            |                 |  |                                | Not applicable                        |   |               |                                   |                              |

##### (2) 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 | Inter fund Borrowing | 0 | 575,965        | 575,965 | 3.45% | 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   | February 01, 2024                                      | 95,000           | July 08, 2024  | 67,345.50               | General guaranty   | July 08, 2024 to November 17, 2025 | No                            | Yes                                     |
| Total amount of external guarantees approved during the reporting period （A1）                |  |                  | 95,000         |                         | Total amount of external guarantees actually incurred during the reporting period （A2） |                                    | 67,345.50                     |   |
| Total amount of external guarantees approved at the end of the reporting period （A3）         |  |                  | 95,000         |                         | Total balance of actual external guarantees at the end of the reporting period （A4）    |                                    | 67,345.50                     |   |
| The Company's guarantees for 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 |
| Hengyi Limited   | December 07,   | 113,268.44       | April 12, 2023 | 113,268.44              | General  | April 12, 2023 to                  | Yes                           | Yes                                     |

|                  |                      |           |                   |           |                     |   |     |     |
|------------------|----------------------|-----------|-------------------|-----------|---------------------|---|-----|-----|
|                  | 2022                 |           |                   |           | guaranty            | December 28, 2024                         |     |     |
| Hengyi Limited   | December 07,<br>2022 | 3,304.24  | January 19, 2024  | 3,304.24  | General<br>guaranty | January 19, 2024 to April<br>18, 2024     | Yes | Yes |
| Hengyi Limited   | February 01,<br>2024 | 41,482.34 | February 22, 2024 | 41,482.34 | General<br>guaranty | February 22, 2024 to April<br>29, 2024    | Yes | Yes |
| Hengyi High-Tech | December 07<br>2022  | 83,780    | February 07, 2024 | 83,780    | General<br>guaranty | February 07, 2023 to<br>December 27, 2024 | Yes | Yes |
| Hengyi High-Tech | December 07,<br>2022 | 25,000    | January 01, 2024  | 25,000    | General<br>guaranty | January 01, 2024 to June<br>30, 2024      | Yes | Yes |
| Hengyi High-Tech | February 01,<br>2024 | 36,000    | February 20, 2024 | 36,000    | General<br>guaranty | February 20, 2024 to<br>August 31, 2024   | Yes | Yes |
| Hengyi High-Tech | December 07,<br>2022 | 64,520    | October 24, 2023  | 64,520    | General<br>guaranty | October 24, 2023 to<br>December 9, 2024   | Yes | Yes |
| Hengyi High-Tech | February 01,<br>2024 | 30,000    | February 02, 2024 | 30,000    | General<br>guaranty | February 2, 2024 to<br>November 1, 2024   | Yes | Yes |
| Hengyi Polymer   | December 07,<br>2022 | 39,300    | January 04, 2023  | 23,580    | General<br>guaranty | January 4, 2023 to<br>December 28, 2024   | Yes | Yes |

|                           |                      |         |                   |          |                     |   |     |     |
|---------------------------|----------------------|---------|-------------------|----------|---------------------|---|-----|-----|
| Hengyi Polymer            | December 07,<br>2022 | 12,600  | January 01, 2024  | 7,560    | General<br>guaranty | January 1, 2024 to June<br>30, 2024       | Yes | Yes |
| Hengyi Polymer            | December 07,<br>2022 | 5,000   | November 30, 2023 | 3,000    | General<br>guaranty | November 30, 2023 to<br>November 29, 2024 | Yes | Yes |
| Hengyi Polymer            | February 01,<br>2024 | 7,400   | February 19, 2024 | 4,440    | General<br>guaranty | February 19, 2024 to<br>August 19, 2024   | Yes | Yes |
| Hengyi Polymer            | February 01,<br>2024 | 12,600  | June 20, 2024     | 7,560    | General<br>guaranty | June 20, 2024 to<br>December 31, 2024     | Yes | Yes |
| Shuangtu New<br>Materials | December 07,<br>2022 | 73,400  | March 24, 2023    | 73,400   | General<br>guaranty | March 24, 2023 to<br>December 28, 2024    | Yes | Yes |
| Shuangtu New<br>Materials | February 01,<br>2024 | 25,000  | February 23, 2024 | 25,000   | General<br>guaranty | February 23, 2024 to<br>November 18, 2024 | Yes | Yes |
| Shuangtu New<br>Materials | December 07,<br>2022 | 13,000  | December 18, 2023 | 13,000   | General<br>guaranty | December 18, 2023 to<br>December 12, 2024 | Yes | Yes |
| January 03, 2023          | January 22, 2022     | 20,000  | March 22, 2022    | 14,000   | General<br>guaranty | March 22, 2022 to March<br>20, 2024       | Yes | Yes |
| July 10, 2023             | December 07,         | 106,435 | January 04, 2023  | 74,504.5 | General             | January 4, 2023 to                        | Yes | Yes |

|                     |                      |           |                   |           |                     |   |     |     |
|---------------------|----------------------|-----------|-------------------|-----------|---------------------|---|-----|-----|
|                     | 2022                 |           |                   |           | guaranty            | December 6, 2024                        |     |     |
| Taicang Yifeng      | December 07,<br>2022 | 15,370    | January 03, 2023  | 15,370    | General<br>guaranty | January 3, 2023 to March<br>23, 2024    | Yes | Yes |
| Taicang Yifeng      | December 07,<br>2022 | 5,000     | July 10, 2023     | 5,000     | General<br>guaranty | July 10, 2023 to July 9,<br>2024        | Yes | Yes |
| Taicang Yifeng      | December 07,<br>2022 | 12,000    | January 03, 2024  | 12,000    | General<br>guaranty | January 3, 2024 to<br>December 31, 2024 | Yes | Yes |
| Taicang Yifeng      | February 01,<br>2024 | 50        | February 29, 2024 | 50        | General<br>guaranty | February 29, 2024 to<br>August 28, 2024 | Yes | Yes |
| Suqian Yida         | December 07,<br>2022 | 7,000     | June 25, 2023     | 7,000     | General<br>guaranty | June 25, 2023 to June 19,<br>2024       | Yes | Yes |
| Suqian Yida         | December 07,<br>2022 | 5,000     | July 26, 2023     | 5,000     | General<br>guaranty | July 26, 2023 to July 22,<br>2024       | Yes | Yes |
| Hong Kong<br>Tianyi | December 07,<br>2022 | 16,547.86 | October 07, 2023  | 16,547.86 | General<br>guaranty | July 26, 2023 to July 22,<br>2024       | Yes | Yes |
| Hong Kong<br>Tianyi | February 01,<br>2024 | 13,555.44 | March 11, 2024    | 13,555.44 | General<br>guaranty | March 11, 2024 to<br>November 29, 2024  | Yes | Yes |

|                          |                      |        |                    |        |                     |   |     |     |
|--------------------------|----------------------|--------|--------------------|--------|---------------------|---|-----|-----|
| Jiaxing Yipeng           | December 07,<br>2022 | 10,000 | October 10, 2023   | 10,000 | General<br>guaranty | October 10, 2023 to April<br>9, 2024      | Yes | Yes |
| Jiaxing Yipeng           | February 01,<br>2024 | 9,999  | April 18, 2024     | 9,999  | General<br>guaranty | April 18, 2024 to October<br>18, 2024     | Yes | Yes |
| Jiaxing Yipeng           | December 07,<br>2022 | 60,000 | September 01, 2023 | 60,000 | General<br>guaranty | September 1, 2023 to<br>November 23, 2024 | Yes | Yes |
| Haining Thermal<br>Power | January 16, 2020     | 6,250  | April 24, 2020     | 6,250  | General<br>guaranty | April 24, 2020 to June 10,<br>2024        | Yes | Yes |
| Haining Thermal<br>Power | January 22, 2021     | 12,750 | January 04, 2022   | 12,750 | General<br>guaranty | January 4, 2022 to January<br>4, 2024     | Yes | Yes |
| Haining Thermal<br>Power | January 22, 2022     | 675    | October 21, 2022   | 675    | General<br>guaranty | October 21, 2022 to<br>October 21, 2024   | Yes | Yes |
| Haining Thermal<br>Power | December 07,<br>2022 | 11,575 | January 06, 2023   | 11,575 | General<br>guaranty | January 6, 2023 to<br>November 21, 2024   | Yes | Yes |
| Haining Thermal<br>Power | December 07,<br>2022 | 13,500 | January 05, 2024   | 13,500 | General<br>guaranty | January 5, 2024 to<br>September 30, 2024  | Yes | Yes |
| Haining Thermal          | February 01,         | 10,000 | May17, 2024        | 10,000 | General             | May 17, 2024 to                           | Yes | Yes |

|                       |                   |            |                   |           |                  |  |     |     |
|-----------------------|-------------------|------------|-------------------|-----------|------------------|--|-----|-----|
| Power                 | 2024              |            |                   |           | guaranty         | November 13, 2024                      |     |     |
| Haining Thermal Power | December 07, 2022 | 20,000     | January 04, 2024  | 20,000    | General guaranty | January 4, 2024 to July 4, 2024        | Yes | Yes |
| Haining Thermal Power | February 01, 2024 | 32,000     | February 19, 2024 | 32,000    | General guaranty | February 19, 2024 to August 1, 2024    | Yes | Yes |
| Haining Thermal Power | January 22, 2021  | 17,259     | April 20, 2021    | 17,259    | General guaranty | April 20, 2021 to October 26, 2024     | Yes | Yes |
| Fujian Yijin          | January 16, 2020  | 12,029.28  | May26, 2020       | 10,826.35 | General guaranty | May 26, 2020 to November 21, 2024      | Yes | Yes |
| Fujian Yijin          | February 01, 2024 | 3,000      | March12, 2024     | 2,700     | General guaranty | March 12, 2024 to September 13, 2024   | Yes | Yes |
| Hengyi Singapore      | December 07, 2022 | 73,875.68  | July 06, 2023     | 51,712.98 | General guaranty | July 6, 2023 to March 22, 2024         | Yes | Yes |
| Hengyi Singapore      | December 07, 2022 | 14,376.8   | January 05, 2024  | 10,063.76 | General guaranty | January 5, 2024 to July 3, 2024        | Yes | Yes |
| Hengyi Singapore      | February 01, 2024 | 103,953.83 | February 13, 2024 | 72,767.68 | General guaranty | February 13, 2024 to November 22, 2024 | Yes | Yes |

|                |                      |            |                  |            |                     |  |     |     |
|----------------|----------------------|------------|------------------|------------|---------------------|--|-----|-----|
| Hengyi Brunei  | December 07,<br>2022 | 202,382.95 | October 09, 2023 | 141,668.07 | General<br>guaranty | October 9, 2023 to May<br>30, 2024     | Yes | Yes |
| Hengyi Brunei  | December 07,<br>2022 | 50,000     | January 05, 2024 | 35,000     | General<br>guaranty | January 5, 2024 to April 5,<br>2024    | Yes | Yes |
| Hengyi Brunei  | February 01,<br>2024 | 481,409.19 | March 05, 2024   | 336,986.43 | General<br>guaranty | March 5, 2024 to<br>December 27, 2024  | Yes | Yes |
| Hengyi Limited | February 01,<br>2024 | 104,437.68 | May 10, 2024     | 104,437.68 | General<br>guaranty | May 10, 2024 to October<br>18, 2025    | No  | Yes |
| Hengyi Limited | December 07,<br>2022 | 20,000     | January 09, 2024 | 20,000     | General<br>guaranty | January 9, 2024 to<br>February 5, 2025 | No  | Yes |
| Hengyi Limited | February 01,<br>2024 | 132,500    | March 14, 2024   | 132,500    | General<br>guaranty | March 14, 2024 to<br>November 26, 2025 | No  | Yes |
| Hengyi Limited | February 01,<br>2024 | 32,000     | August 01, 2024  | 32,000     | General<br>guaranty | August 1, 2024 to<br>February 1, 2025  | No  | Yes |
| Hengyi Limited | February 01,<br>2024 | 23,000     | August 01, 2024  | 23,000     | General<br>guaranty | August 1, 2024 to March<br>24, 2025    | No  | Yes |
| Hengyi High-   | December 07,         | 15,000     | January 18, 2024 | 15,000     | General             | January 1, 2024 to January             | No  | Yes |

|                  |                   |         |                   |         |                  |  |    |     |
|------------------|-------------------|---------|-------------------|---------|------------------|--|----|-----|
| Tech             | 2022              |         |                   |         | guaranty         | 17, 2025                               |    |     |
| Hengyi High-Tech | February 01, 2024 | 103,080 | February 04, 2024 | 103,080 | General guaranty | February 4, 2024 to November 13, 2025  | No | Yes |
| Hengyi High-Tech | December 07, 2022 | 5,000   | January 31, 2024  | 5,000   | General guaranty | January 31, 2024 to January 25, 2025   | No | Yes |
| Hengyi High-Tech | February 01, 2024 | 88,156  | July 18, 2024     | 88,156  | General guaranty | July 18, 2024 to November 13, 2025     | No | Yes |
| Hengyi High-Tech | February 01, 2024 | 26,000  | May 30, 2024      | 26,000  | General guaranty | May 30, 2024 to November 12, 2025      | No | Yes |
| Hengyi Polymer   | December 07, 2022 | 6,000   | January 04, 2024  | 3,600   | General guaranty | January 4, 2024 to January 17, 2025    | No | Yes |
| Hengyi Polymer   | February 01, 2024 | 3,000   | March 08, 2024    | 1,800   | General guaranty | March 8, 2024 to March 14, 2025        | No | Yes |
| Hengyi Polymer   | February 01, 2024 | 20,000  | December 04, 2024 | 12,000  | General guaranty | December 4, 2024 to December 3, 2025   | No | Yes |
| Hengyi Polymer   | February 01, 2024 | 5,000   | November 12, 2024 | 3,000   | General guaranty | November 12, 2024 to November 12, 2025 | No | Yes |



|                        |                   |           |                   |           |                  |  |    |     |
|------------------------|-------------------|-----------|-------------------|-----------|------------------|--|----|-----|
| Hengyi Polymer         | February 01, 2024 | 10,000    | May 30, 2024      | 6,000     | General guaranty | May 30, 2024 to May 29, 2025           | No | Yes |
| Shuangtu New Materials | December 07, 2022 | 15,000    | January 1, 2024   | 15,000    | General guaranty | January 1, 2024 to June 3, 2025        | No | Yes |
| Shuangtu New Materials | February 01, 2024 | 71,800    | June 07, 2024     | 71,800    | General guaranty | June 7, 2024 to October 29, 2025       | No | Yes |
| Shuangtu New Materials | February 01, 2024 | 65,000    | August 09, 2024   | 65,000    | General guaranty | August 9, 2024 to September 20, 2027   | No | Yes |
| Shuangtu New Materials | December 07, 2022 | 8,000     | January 18, 2024  | 8,000     | General guaranty | January 01, 2024 to January 17, 2025   | No | Yes |
| Shuangtu New Materials | February 01, 2024 | 32,999.75 | August 06, 2024   | 32,999.75 | General guaranty | August 6, 2024 to November 21, 2025    | No | Yes |
| Zhejiang Yisheng       | December 07, 2022 | 2,240     | November 13, 2023 | 1,568     | General guaranty | November 13, 2023 to November 12, 2025 | No | Yes |
| Zhejiang Yisheng       | December 07, 2022 | 15,000    | January 02, 2024  | 10,500    | General guaranty | January 2, 2024 to May 2, 2025         | No | Yes |
| Zhejiang               | February 01, 2024 | 124,555   | February 20, 2024 | 87,188.5  | General          | February 20, 2024 to                   | No | Yes |

|                     |                      |           |                   |           |                     |   |    |     |
|---------------------|----------------------|-----------|-------------------|-----------|---------------------|---|----|-----|
| Yisheng             | 2024                 |           |                   |           | guaranty            | October 15, 2026                        |    |     |
| Zhejiang<br>Yisheng | February 01,<br>2024 | 5,000     | November27, 2024  | 3,500     | General<br>guaranty | November 27, 2024 to<br>May 27, 2025    | No | Yes |
| Zhejiang<br>Yisheng | February 01,<br>2024 | 57,727.8  | February 06, 2024 | 40,409.46 | General<br>guaranty | February 6, 2024 to<br>December 9, 2025 | No | Yes |
| Zhejiang<br>Yisheng | February 01,<br>2024 | 21,816.72 | July 03, 2024     | 15,271.7  | General<br>guaranty | July 3, 2024 to April 16,<br>2025       | No | Yes |
| Taicang Yifeng      | February 01,<br>2024 | 6,950     | February 29, 2024 | 6,950     | General<br>guaranty | February 29, 2024 to<br>March 28, 2025  | No | Yes |
| Taicang Yifeng      | February 01,<br>2024 | 3,000     | March 26, 2024    | 3,000     | General<br>guaranty | March 26, 2024 to March<br>25, 2025     | No | Yes |
| Suqian Yida         | February 01,<br>2024 | 8,000     | June 28, 2024     | 8,000     | General<br>guaranty | June 28, 2024 to July 22,<br>2025       | No | Yes |
| Suqian Yida         | February 01,<br>2024 | 5,000     | August 26, 2024   | 5,000     | General<br>guaranty | August 26, 2024 to<br>February 26, 2025 | No | Yes |
| Suqian Yida         | February 01,<br>2024 | 8,000     | May 17, 2024      | 8,000     | General<br>guaranty | May 17, 2024 to May 16,<br>2025         | No | Yes |

|                       |                   |        |                    |        |                  |  |    |     |
|-----------------------|-------------------|--------|--------------------|--------|------------------|--|----|-----|
| Jiaxing Yipeng        | February 01, 2024 | 10,000 | April 02, 2024     | 10,000 | General guaranty | April 2, 2024 to April 1, 2025           | No | Yes |
| Jiaxing Yipeng        | February 01, 2024 | 10,000 | October 23, 2024   | 10,000 | General guaranty | October 23, 2024 to April 23, 2025       | No | Yes |
| Jiaxing Yipeng        | February 01, 2024 | 60,000 | September 04, 2024 | 60,000 | General guaranty | September 4, 2024 to September 5, 2025   | No | Yes |
| Haining Thermal Power | January 16, 2020  | 25,250 | April 24, 2020     | 25,250 | General guaranty | April 24, 2020 to December 10, 2029      | No | Yes |
| Haining Thermal Power | February 01, 2024 | 14,000 | September 27, 2024 | 14,000 | General guaranty | September 27, 2024 to September 27, 2026 | No | Yes |
| Haining Thermal Power | February 01, 2024 | 20,000 | March 27, 2024     | 20,000 | General guaranty | March 27, 2024 to March 26, 2025         | No | Yes |
| Haining Thermal Power | February 01, 2024 | 20,000 | August 20, 2024    | 20,000 | General guaranty | August 20, 2024 to June 11, 2025         | No | Yes |
| Haining Thermal Power | February 01, 2024 | 20,000 | July 09, 2024      | 20,000 | General guaranty | July 9, 2024 to July 10, 2025            | No | Yes |
| Haining Thermal       | February 01, 2024 | 32,000 | August 01, 2024    | 32,000 | General          | August 1, 2024 to                        | No | Yes |

|                       |                   |            |                    |            |                  |                                       |    |     |
|-----------------------|-------------------|------------|--------------------|------------|------------------|---------------------------------------|----|-----|
| Power                 | 2024              |            |                    |            | guaranty         | February 1, 2025                      |    |     |
| Haining Thermal Power | January 22, 2021  | 97,627     | April 20, 2021     | 97,627     | General guaranty | April 20, 2021 to April 26, 2029      | No | Yes |
| Fujian Yijin          | January 16, 2020  | 21,652.71  | May 26, 2020       | 19,487.44  | General guaranty | May 26, 2020 to May 21, 2028          | No | Yes |
| Fujian Yijin          | February 01, 2024 | 3,000      | September 13, 2024 | 2,700      | General guaranty | September 13, 2024 to March 13, 2025  | No | Yes |
| Guangxi New Materials | December 07, 2022 | 278,146.8  | January 13, 2023   | 278,146.8  | General guaranty | January 13, 2023 to December 25, 2032 | No | Yes |
| Guangxi New Materials | December 07, 2022 | 25,192.05  | January 01, 2024   | 25,192.05  | General guaranty | January 1, 2024 to December 25, 2032  | No | Yes |
| Guangxi New Materials | February 01, 2024 | 126,063.58 | February 07, 2024  | 126,063.58 | General guaranty | February 7, 2024 to December 25, 2032 | No | Yes |
| Hong Kong Tianyi      | February 01, 2024 | 8,134.19   | November 05, 2024  | 8,134.19   | General guaranty | November 5, 2024 to January 20, 2025  | No | Yes |
| Hengyi Singapore      | February 01, 2024 | 112,877    | September 30, 2024 | 79,013.9   | General guaranty | September 30, 2024 to May 16, 2025    | No | Yes |

|   |  |                  |                   |   |                   |                                     |                               |   |
|---|--|------------------|-------------------|---|-------------------|-------------------------------------|-------------------------------|---|
| Hengyi Brunei   | February 01, 2024                                      | 50,000           | December 27, 2024 | 35,000  | General guaranty  | December 27, 2024 to March 27, 2025 | No                            | Yes                                     |
| Hengyi Brunei   | February 01, 2024                                      | 31,309.34        | December 27, 2024 | 21,916.54   | General guaranty  | December 27, 2024 to June 4, 2025   | No                            | Yes                                     |
| Hengyi Brunei   | February 01, 2024                                      | 162,757.13       | November 12, 2024 | 113,929.99  | General guaranty  | November 12, 2024 to May 26, 2025   | No                            | Yes                                     |
| Total amount of guarantees to subsidiaries approved during the reporting period （B1）        |  |                  | 3,355,000         | Total amount of guarantees to subsidiaries actually incurred during the reporting period （B2）         |                   |                                     | 2,303,112.23                  |   |
| Total amount of guarantees to subsidiaries approved at the end of the reporting period （B3） |  |                  | 3,355,000         | Total balance of guarantees to subsidiaries actually incurred at the end of the reporting period （B4） |                   |                                     | 1,976,222.58                  |   |
| Subsidiary guarantees for 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 |
| Hengyi Limited  | December 07, 2022                                      | 30,500           | March16, 2023     | 30,500  | General guaranty  | March 16, 2023 to December 10, 2024 | Yes                           | Yes                                     |
| Hengyi Limited  | February 01,   | 26,750           | February 09, 2024 | 26,750  | General           | February 9, 2024 to                 | Yes                           | Yes                                     |

|                  |                   |           |                   |           |                  |                                       |     |     |
|------------------|-------------------|-----------|-------------------|-----------|------------------|---------------------------------------|-----|-----|
|                  | 2024              |           |                   |           | guaranty         | September 6, 2024                     |     |     |
| Hengyi High-Tech | February 01, 2024 | 3,307.57  | February 09, 2024 | 3,307.57  | General guaranty | February 9, 2024 to May 9, 2024       | Yes | Yes |
| Hengyi High-Tech | December 07, 2022 | 44,881.89 | June 21, 2023     | 44,881.89 | General guaranty | June 21, 2023 to December 5, 2024     | Yes | Yes |
| Hengyi Polymer   | December 07, 2022 | 34,555    | February 16, 2023 | 20,733    | General guaranty | February 16, 2023 to August 23, 2024  | Yes | Yes |
| Hengyi Polymer   | December 07, 2022 | 20,000    | December 27, 2023 | 12,000    | General guaranty | December 27, 2023 to November 1, 2024 | Yes | Yes |
| Hengyi Polymer   | December 07, 2022 | 8,400     | August 31, 2023   | 5,040     | General guaranty | August 31, 2023 to August 23, 2024    | Yes | Yes |
| Hengyi Polymer   | December 07, 2022 | 7,700     | January 16, 2024  | 4,620     | General guaranty | January 1, 2024 to July 12, 2024      | Yes | Yes |
| Zhejiang Yisheng | January 22, 2022  | 5,000     | February 25, 2022 | 3,500     | General guaranty | February 25, 2022 to August 23, 2024  | Yes | Yes |
| Zhejiang Yisheng | December 07, 2022 | 79,650    | February 27, 2023 | 55,755    | General guaranty | February 27, 2023 to December 2, 2024 | Yes | Yes |

|                          |                      |            |                    |           |                     |  |     |     |
|--------------------------|----------------------|------------|--------------------|-----------|---------------------|--|-----|-----|
| Zhejiang<br>Yisheng      | December 07,<br>2022 | 45,594.2   | January 03, 2024   | 31,915.94 | General<br>guaranty | January 3, 2024 to<br>December 5, 2024     | Yes | Yes |
| Zhejiang<br>Yisheng      | February 01,<br>2024 | 15,457.5   | April 03, 2024     | 10,820.25 | General<br>guaranty | April 3, 2024 to December<br>31, 2024      | Yes | Yes |
| Hengyi High-<br>Tech     | December 07,<br>2022 | 20,000     | December28, 2023   | 20,000    | General<br>guaranty | December 28, 2023 to<br>December 26, 2024  | Yes | Yes |
| Hengyi High-<br>Tech     | December 07,<br>2022 | 5,000      | January 26, 2024   | 5,000     | General<br>guaranty | January 26, 2024 to<br>December 26, 2024   | Yes | Yes |
| Haining Thermal<br>Power | January 23, 2019     | 6,456.23   | September 15, 2019 | 6,456.23  | General<br>guaranty | September 15, 2019 to<br>December 23, 2024 | Yes | Yes |
| Haining Thermal<br>Power | January 16, 2020     | 2,092.74   | March 29, 2020     | 2,092.74  | General<br>guaranty | March 29, 2020 to<br>November 11, 2024     | Yes | Yes |
| Hengyi Brunei            | December 07,<br>2022 | 42,760.8   | November 20, 2023  | 29,932.56 | General<br>guaranty | November 20, 2023 to<br>May 20, 2024       | Yes | Yes |
| Hengyi Brunei            | February 01,<br>2024 | 71,268     | May 14, 2024       | 49,887.6  | General<br>guaranty | November 20, 2023 to<br>May 20, 2024       | Yes | Yes |
| Hengyi Brunei            | December 07,         | 243,553.57 | October 27, 2023   | 170,487.5 | General             | October 27, 2023 to March                  | Yes | Yes |

|                  |                   |            |                   |            |                  |  |     |     |
|------------------|-------------------|------------|-------------------|------------|------------------|--|-----|-----|
|                  | 2022              |            |                   |            | guaranty         | 26, 2024                               |     |     |
| Hengyi Brunei    | January 22, 2022  | 132,338.44 | May 27, 2022      | 92,636.91  | General guaranty | May 27, 2022 to September 30, 2024     | Yes | Yes |
| Hengyi Brunei    | December 07, 2022 | 14,376.8   | January 24, 2024  | 10,063.76  | General guaranty | January 24, 2024 to April 24, 2024     | Yes | Yes |
| Hengyi Brunei    | February 01, 2024 | 682,474.44 | February 02, 2024 | 477,732.11 | General guaranty | December 26, 2024 to December 19, 2025 | Yes | Yes |
| Hengyi Limited   | December 07, 2022 | 9,800      | November 29, 2023 | 9,800      | General guaranty | November 29, 2023 to November 22, 2025 | No  | Yes |
| Hengyi Limited   | February 01, 2024 | 35,730     | August 21, 2024   | 35,730     | General guaranty | August 21, 2024 to September 5, 2025   | No  | Yes |
| Hengyi Limited   | February 01, 2024 | 15,000     | December 26, 2024 | 15,000     | General guaranty | December 26, 2024 to December 19, 2025 | No  | Yes |
| Hengyi High-Tech | February 01, 2024 | 39,710     | June 20, 2024     | 39,710     | General guaranty | June 20, 2024 to December 5, 2025      | No  | Yes |
| Ningbo Hengyi    | December 07, 2022 | 1,000      | January 25, 2024  | 700        | General guaranty | January 25, 2024 to January 24, 2025   | No  | Yes |



|                  |                   |           |                    |           |                  |  |    |     |
|------------------|-------------------|-----------|--------------------|-----------|------------------|--|----|-----|
| Ningbo Hengyi    | February 01, 2024 | 9,000     | September 06, 2024 | 6,300     | General guaranty | September 6, 2024 to April 27, 2025    | No | Yes |
| Ningbo Hengyi    | February 01, 2024 | 12,580.86 | September 06, 2024 | 8,806.6   | General guaranty | September 6, 2024 to September 5, 2025 | No | Yes |
| Hengyi Polymer   | December 07, 2022 | 1,300     | January 12, 2024   | 780       | General guaranty | January 1, 2024 to January 31, 2025    | No | Yes |
| Hengyi Polymer   | February 01, 2024 | 34,800    | July 19, 2024      | 20,880    | General guaranty | July 19, 2024 to September 26, 2025    | No | Yes |
| Zhejiang Yisheng | January 22, 2022  | 7,500     | February 25, 2022  | 5,250     | General guaranty | February 25, 2022 to February 22, 2026 | No | Yes |
| Zhejiang Yisheng | February 01, 2024 | 4,300     | January 18, 2024   | 3,010     | General guaranty | January 1, 2024 to January 16, 2025    | No | Yes |
| Zhejiang Yisheng | February 01, 2024 | 49,267    | April 09, 2024     | 34,486.9  | General guaranty | April 9, 2024 to March 5, 2026         | No | Yes |
| Zhejiang Yisheng | February 01, 2024 | 2,694.42  | December 16, 2024  | 1,886.09  | General guaranty | December 16, 2024 to March 16, 2025    | No | Yes |
| Zhejiang         | February 01,      | 79,235.8  | July 22, 2024      | 55,465.06 | General          | July 22, 2024 to December              | No | Yes |

|                          |                      |           |                    |           |                     |  |    |     |
|--------------------------|----------------------|-----------|--------------------|-----------|---------------------|--|----|-----|
| Yisheng                  | 2024                 |           |                    |           | guaranty            | 5, 2025                                    |    |     |
| Zhejiang<br>Yisheng      | February 01,<br>2024 | 2,500     | December 27, 2024  | 1,750     | General<br>guaranty | December 27, 2024 to<br>December 27, 2025  | No | Yes |
| Zhejiang<br>Yisheng      | February 01,<br>2024 | 18,000    | October 09, 2024   | 12,600    | General<br>guaranty | October 9, 2024 to April 9,<br>2025        | No | Yes |
| Zhejiang<br>Yisheng      | February 01,<br>2024 | 4,200     | August 06, 2024    | 2,940     | General<br>guaranty | August 6, 2024 to<br>February 6, 2025      | No | Yes |
| Hengyi High-<br>Tech     | December 07,<br>2022 | 15,500    | January 30, 2024   | 15,500    | General<br>guaranty | January 30, 2024 to<br>January 24, 2025    | No | Yes |
| Hengyi High-<br>Tech     | February 01,<br>2024 | 7,500     | May 15, 2024       | 7,500     | General<br>guaranty | May 15, 2024 to February<br>9, 2025        | No | Yes |
| Haining Thermal<br>Power | January 23, 2019     | 31,489.28 | September 15, 2019 | 31,489.28 | General<br>guaranty | September 15, 2019 to<br>December 23, 2029 | No | Yes |
| Haining Thermal<br>Power | January 16, 2020     | 22,510.09 | March 29, 2020     | 22,510.09 | General<br>guaranty | March 29, 2020 to May<br>11, 2030          | No | Yes |
| Hengyi Brunei            | February 01,<br>2024 | 74,710.12 | October 18, 2024   | 52,297.08 | General<br>guaranty | October 18, 2024 to<br>February 21, 2025   | No | Yes |

|   |                   |            |                    |   |                  |                                      |              |     |
|---|-------------------|------------|--------------------|---|------------------|--------------------------------------|--------------|-----|
| Hengyi Brunei   | February 01, 2024 | 20,161.12  | October 24, 2024   | 14,112.78   | General guaranty | October 24, 2024 to February 6, 2025 | No           | Yes |
| Hengyi Brunei   | February 01, 2024 | 95,218.65  | September 25, 2024 | 66,653.06   | General guaranty | September 25, 2024 to June 25, 2027  | No           | Yes |
| Hengyi Brunei   | February 01, 2024 | 14,980.81  | December 30, 2024  | 10,486.56   | General guaranty | December 30, 2024 to April 3, 2025   | No           | Yes |
| Hengyi Brunei   | February 01, 2024 | 212,275.65 | October 17, 2024   | 148,592.96  | General guaranty | October 17, 2024 to March 17, 2025   | No           | Yes |
| Total amount of guarantees to subsidiaries approved during the reporting period (C1)        |                   |            | 1,575,000          | Total amount of guarantees to subsidiaries actually incurred during the reporting period (C2)         |                  |                                      | 1,175,284.32 |     |
| Total amount of guarantees to subsidiaries approved at the end of the reporting period (C3) |                   |            | 1,575,000          | Total balance of guarantees to subsidiaries actually incurred at the end of the reporting period (C4) |                  |                                      | 624,236.46   |     |
| 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)                  |                   |            | 5,025,000          | Total amount of guarantees actually incurred during the reporting period (A2+B2+C2)                   |                  |                                      | 3,545,742.05 |     |
| Total amount of guarantees approved at the end of the reporting                             |                   |            | 5,025,000          | Total balance of guarantees actually incurred at the end of   |                  |                                      | 2,667,804.54 |     |

| period (A3+B3+C3)  |  | the reporting period (A4+B4+C4) |  |
|--|--|---------------------------------|--|
| Proportion of the actual total amount of guarantee (A4+B4+C4) to the Company's net assets  |  | 107.82%                         |  |
| 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)   |  | 914,470.55                      |  |
| Total amount of the total guarantee exceeding 50% of the net assets (F)  |  | 1,430,701.95                    |  |
| Total amount of the above three guarantees (D+E+F)   |  | 1,651,215.44                    |  |
| 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****1) Overview of entrusted loans during the reporting period**

Unit: RMB 10,000

| Total amount | Sources of funds   | Outstanding balance | Overdue amount |
|--------------|--------------------|---------------------|----------------|
| 78,600       | Self-owned capital | 0                   | 0              |

**2)High-risk entrusted loans with significant individual amounts or low security or low liquidity**

Unit: RMB 10,000

| Loan object           | Loan object type   | Loan interest rate | Loan amount | Sources of funds   | Start date       | End date          | Expected return (if any) | Actual profit and loss during the reporting period | Actual recovery of profits and losses during the reporting period | Amount of provision for impairment reserves (if any) | Whether it goes through legal procedures | Whether there is any entrusted loan plan in the future | Summary of matters and related query index (if any)   |
|-----------------------|--------------------|--------------------|-------------|--------------------|------------------|-------------------|--------------------------|--|---|--|--|--|---|
| Yisheng New Materials | Associated company | 4.785%             | 78,600      | Self-owned capital | January 09, 2023 | December 24, 2024 | 1,632.44                 | 1,632.44   | 1,632.44  | 0  | Yes                                      | Yes  | <a href="http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1218182258&amp;announcementTime=2023-10-28">http://www.cninfo.com.cn/new/disclosure/detail?plate=szse&amp;orgId=gssz0000703&amp;stockCode=000703&amp;announcementId=1218182258&amp;announcementTime=2023-10-28</a> |
| Total                 |                    |                    | 78,600      | --                 | --               | --                | 1,632.44                 | 1,632.44   | --  | --   | --                                       | --   | --  |

**3)The principal of the entrusted loans is expected to be unable to be recovered or there are other situations that may cause impairment**

☐Applicable ☒Not applicable

**4.Other major contracts**

There were no other major contracts during the reporting period

**XVI.Description of other important matters**

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

**XVII.Important matters of subsidiaries of the company**

☐Applicable ☒Not applicable

## Section VII 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 | 19,239,675        | 0.52%          |   |          |                | -271,900            | -271,900 | 18,967,775       | 0.52%               |
| 1.State shares                      |                   |                |   |          |                |                     |          |                  |                     |
| 2.State-owned legal person shares   |                   |                |   |          |                |                     |          |                  |                     |
| 3.Other domestic shares             | 19,239,675        | 0.52%          |   |          |                | -271,900            | -271,900 | 18,967,775       | 0.52%               |
| Wherein: Domestic corporate shares  |                   |                |   |          |                |                     |          |                  |                     |



|   |               |         |  |  |  |          |          |               |         |
|---|---------------|---------|--|--|--|----------|----------|---------------|---------|
| Domestic natural person shares          | 19,239,675    | 0.52%   |  |  |  | -271,900 | -271,900 | 18,967,775    | 0.52%   |
| I.Shares with Restrictions on Sales     |               |         |  |  |  |          |          |               |         |
| 1. State shares                         |               |         |  |  |  |          |          |               |         |
| 2. State-owned legal person shares      |               |         |  |  |  |          |          |               |         |
| II.Shares without Restrictions on Sales | 3,647,062,350 | 99.48%  |  |  |  | 284,082  | 284,082  | 3,647,346,432 | 99.48%  |
| 1.Ordinary shares in RMB                | 3,647,062,350 | 99.48%  |  |  |  | 284,082  | 284,082  | 3,647,346,432 | 99.48%  |
| 2.Domestically listed foreign shares    |               |         |  |  |  |          |          |               |         |
| 3.Overseas listed foreign shares        |               |         |  |  |  |          |          |               |         |
| 4.Others                                |               |         |  |  |  |          |          |               |         |
| III.Total Number of Shares              | 3,666,302,025 | 100.00% |  |  |  | 12,182   | 12,182   | 3,666,314,207 | 100.00% |

## **2.Reasons for change in shares**

(1)During the reporting period, Shares held by Ms. Ni Jinmei, former supervisor of the company, were converted from 273,000 restricted shares to unrestricted shares, as her resignation had exceeded half a year. Mr. Wang Peng, who resigned as a supervisor less than half a year ago due to personal reasons, holds 1,100 restricted shares acquired during his tenure.

(2)During the reporting period, 90 "Hengyi Convertible Bonds" were converted into 822 shares of Hengyi Petrochemical. 1,183 "Hengyi Convertible Bonds Series 2" were converted into 11,360 shares of Hengyi Petrochemical. Total new shares issued from convertible bond conversions: 12,182 shares.

## **3.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".

## **4.Transfer of changed shares**

☐Applicable ☒Not applicable

**5.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**

The Company's share capital was 3,666,302,025 shares at the beginning of the reporting period and was 3,666,314,207 shares as at the end of the reporting period. The change in shares resided in the conversion of convertible corporate bonds into shares. In accordance with *Accounting Standards for Business Enterprises - Earnings Per Share*, the most recent share capital was recalculated on the basis of the adjusted number of shares, and therefore the basic earnings per share over the past period was RMB 0.07/share and the diluted earnings per share after the change was RMB 0.07/share.

#### 6. Miscellaneous disclosures deemed necessary by the Company or required by regulatory authorities

☐ Applicable ☒ Not applicable

#### 7. 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            | 273,000  | 0   | 273,000  | 0  | A supervisor who resigned upon completion of their term has exceeded half a year since resignation. | March 12, 2024              |

| 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 |
|----------------------|--|---|--|--|--|-----------------------------|
| Wang Peng            | 0  | 1,100   | 0  | 1,100  | A supervisor resigned due to personal reasons, and the resignation has not yet reached half a year | --                          |
| <b>Total</b>         | <b>273,000</b>   | <b>1,100</b>  | <b>273,000</b>   | <b>1,100</b>                                     | <b>--</b>  | <b>--</b>                   |

## 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, the Company's conversion of convertible corporate bonds into shares resulted in change in the total number of shares, which was 3,666,302,025 at the beginning of period and was 3,666,314,207 as at the disclosure date of the report.

### 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  | 44,126                 | The total number of shareholders as at March 31, 2024 | 42,581                                  | 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<br>non-<br>state-owne<br>d legal<br>person | 40.61% | 1,488,933,728    | 0           | 0    | 1,488,933,728 | Pledg<br>ed           | 264,050,000 |
| Hangzhou Hengyi Investment Co.,<br>Ltd.  | Domestic<br>non-<br>state-owne<br>d legal<br>person | 6.99%  | 256,338,027      | 0           | 0    | 256,338,027   | Not<br>applic<br>able | 0           |
| Hengyi petrochemical Co., Ltd.-Phase<br>VI Employee Share Ownership Plan                     | Others  | 3.11%  | 114,090,297      | 114,090,297 | 0    | 114,090,297   | Not<br>applic<br>able | 0           |
| GongqingchengShengbang Investment<br>Management Co., Ltd. -<br>Gongqingcheng Shengbang Kaimi | Others  | 2.68%  | 98,111,801       | 0           | 0    | 98,111,801    | Not<br>applic<br>able | 0           |

|   |                                       |       |            |          |   |            |                |   |
|---|---------------------------------------|-------|------------|----------|---|------------|----------------|---|
| Investment Partnership (limited partnership)  |                                       |       |            |          |   |            |                |   |
| Xinghui Chemical Fibre Group Co., Ltd.  | Domestic non-state-owned legal person | 2.66% | 97,662,383 | 0        | 0 | 97,662,383 | Not Applicable | 0 |
| Hengyi Petrochemical Company Limited- Phase V Employee Share Ownership Plan                   | Others                                | 2.38% | 87,167,750 | 0        | 0 | 87,167,750 | Not Applicable | 0 |
| Huaneng Guicheng Trust Co., Ltd. - Huaneng Trust Jinyi Xincheng Assembled Funds Trust Program | Others                                | 1.96% | 72,030,334 | 0        | 0 | 72,030,334 | Not Applicable | 0 |
| Shenwan Hongyuan Securities Co.,Ltd.  | State-owned legal person              | 1.67% | 61,152,097 | -926,100 | 0 | 61,152,097 | Not Applicable | 0 |
| Bersegold Asset Management Co.,   | Others                                | 1.36% | 49,936,900 | 0        | 0 | 49,936,900 | Not            | 0 |

|  |   |       |            |   |   |            |               |   |
|--|---|-------|------------|---|---|------------|---------------|---|
| Ltd. – Berseagold Hui Xin No. 8 Private Securities Investment Fund   |   |       |            |   |   |            | Appliable     |   |
| Tibetan Trust Co., Ltd. - Tibetan Trust - Hong Jing No. 29 Assembled Funds Trust Program                                     | Others  | 1.30% | 47,841,104 | 0 | 0 | 47,841,104 | Not Appliable | 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 362,030,589 shares of the Company in its special securities account for repurchases, accounting for 9.87% 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.   | 1,488,933,728  | Ordinary shares in RMB | 1,488,933,728 |
| Hangzhou Hengyi Investment Co., Ltd.  | 256,338,027  | Ordinary shares in RMB | 256,338,027   |
| 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.<br><br>-Gongqingcheng Shengbang Kaimi Investment Partnership (limited partnership) | 98,111,801   | Ordinary shares in RMB | 98,111,801    |
| Xinghui Chemical Fibre Group Co., Ltd.  | 97,662,383   | Ordinary shares in RMB | 97,662,383    |
| Hengyi Petrochemical Company Limited-Phase V Employee Share   | 87,167,750   | Ordinary shares in RMB | 87,167,750    |

|  |  |                        |            |
|--|--|------------------------|------------|
| Ownership Plan   |  |                        |            |
| Huaneng Guicheng Trust Co., Ltd. - Huaneng Trust Jinyi Xincheng Assembled Funds Trust Program  | 72,030,334   | Ordinary shares in RMB | 72,030,334 |
| Shenwan Hongyuan Securities Co.,Ltd.   | 61,152,097   | Ordinary shares in RMB | 61,152,097 |
| Bersegold Asset Management Co., Ltd. – Bersegold Hui Xin No. 8 Private Securities Investment Fund  | 49,936,900   | Ordinary shares in RMB | 49,936,900 |
| Tibetan Trust Co., Ltd. - Tibetan Trust - Hong Jing No. 29 Assembled Funds Trust Program   | 47,841,104   | Ordinary shares in RMB | 47,841,104 |
| 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. |                        |            |
| Statement of the top 10 common shareholders involvement in margin trading and securities lending business (if any) (Please refer to Note 4)  | <p>1. The shareholder Zhejiang Hengyi Group Co., Ltd. held 1,400,471,542 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 1,488,933,728 shares.</p> <p>2.The shareholder Hangzhou Hengyi Investment Co., Ltd. held 0 shares through ordinary securities account</p>   |                        |            |

|  |   |
|--|---|
|  | <p>and held 256,338,027 shares through Soochow Securities Co., Ltd. customer credit collateral securities trading account, both Including sum up to 256,338,027 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 87,167,750 shares through a customer credit transaction guarantee securities account of Guoxin Securities Company Limited, totalling 87,167,750 shares.</p> <p>5.The shareholder Berseagold Asset Management Co., Ltd. - Berseagold Hui Xin No. 8 private securities investment fund held zero share through general securities account and held 49,936,900 shares through Guosen Securities Co., Ltd. customer credit collateral securities trading account, both Including sum up to 49,936,900 shares.</p> |
|--|---|

**2.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

**3.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

**4.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.

**5.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. |
|--|--|

## 6.Change in majority shareholder in the reporting period

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

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

Nature of actual controller: domestic natural person

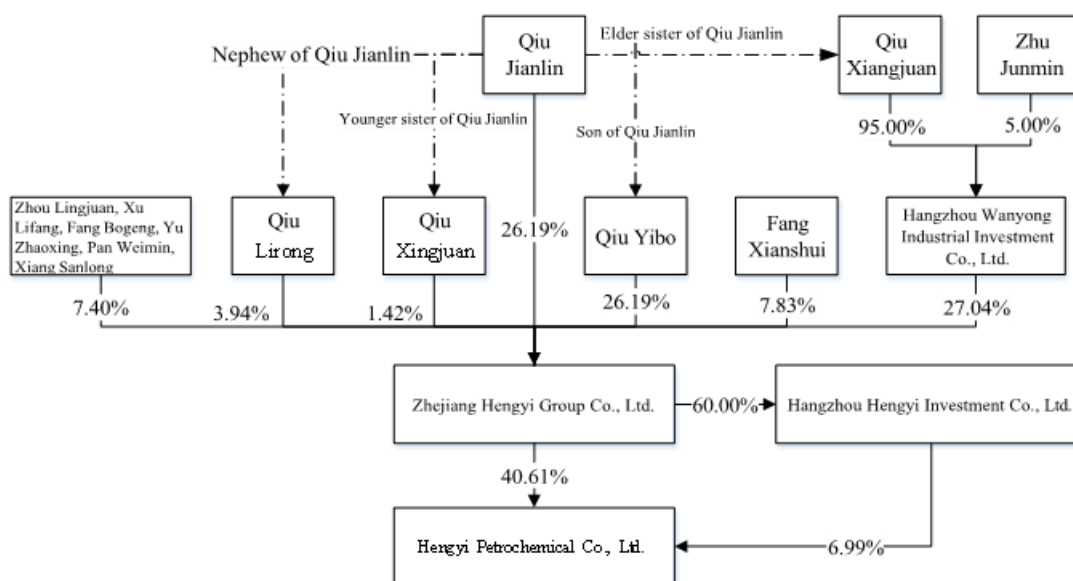
Type of actual controller: natural person

| 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 40.61% of the Company shares and holds 6.99% 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. |             |   |

## 8.Change in actual controller in the reporting period

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

## 9.Block diagram of equity and control relationship between the Company and the actual controller



Note: As of December 31, 2024, Qiu Jianlin holds 26.19% of the equity of Hengyi Group and actually controls 84.77% of the equity of Hengyi Group through acting in concert with his family members (Qiu Jianlin signed the *Acting-in-Concert Agreement* with Hangzhou Wanyong Industrial Investment Co., Ltd., Qiu Xiangjuan, Qiu Yibo, Qiu Lirong and Qiu Xingjuan on February 8, 2018. The agreement has maintained effective and under the agreement, Wanyong Industrial Investment Co., Ltd. controlled by Qiu Xiangjuan, Qiu Yibo, Qiu Lirong and Qiu Xingjuan are persons acting in concert with Qiu Jianlin. The four shareholders hold 27.04%, 26.19%, 3.94% and 1.42% of Hengyi Group equity respectively). Hengyi Group owns a direct 40.61% stake of Hengyi Petrochemical and owns a 6.99% stake of Hengyi Petrochemical through its controlled subsidiary - Hengyi Investment Co., Ltd., both Including sum up to a 47.60% stake of Hengyi Petrochemical. Therefore, Qiu Jianlin remains the actual controller of the listed Company.

The share purchase plan by controlling shareholder Hengyi Group is currently underway. As of April 8, 2025, Hengyi Group directly holds 1,528,281,108 shares of the Company, representing a 41.68% equity stake; Through its affiliate Hengyi Investment, it holds 256,338,027 shares (6.99% ownership). The combined holdings of controlling shareholder Hengyi Group and its acting-in-concert party Hengyi

Investment total 1,784,619,135 shares, constituting a 48.68% controlling interest. Mr. Qiu Jianlin remains the ultimate beneficial owner of the listed entity.

**10.The actual controller controls the Company through trust or other means of asset management.**

☐Applicable ☒Not applicable

**11.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

**12.Other corporate shareholders with the holding over 10%**

☐Applicable ☒Not applicable

**13.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<br>of the plan | Proposed amount of<br>repurchase                                      | Proposed period of<br>repurchase         | Purpose of repurchase   | Repurchased<br>shares |
|--------------------------------|---|--|---|-----------------------|
| December 16,<br>2023           | Not less than RMB 500<br>million and not more than<br>RMB 1 billion   | December 16, 2023<br>to December15, 2024 | Implement employee stock<br>ownership plan or share<br>incentive plan later | 122,212,697           |
| October 24,<br>2024            | Not less than RMB 250<br>million and not more than<br>RMB 125 million | October 22, 2024 to<br>October 21, 2025  | Implement employee stock<br>ownership plan or share<br>incentive plan later | 25,300,340            |

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

☐Applicable ☒Not applicable





## **Section VIII Preference Shares**

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

## **Section IX 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. Historic changes in conversion price**

(1) Hengyi convertible bonds (Bond code: 127022)

Since the Company implemented the equity distribution 2020 business, the convertible corporate bonds issued by the Company (bond abbreviation: Hengyi Convertible Bonds; bond code: 127022) were subject to change in the conversion price: original conversion price was RMB 11.50 per share and the changed conversion price was RMB 11.20 per share, and the change took effect since July 6, 2021.

Since the Company implemented the equity distribution 2021 business, the convertible corporate bonds issued by the Company (bond abbreviation: Hengyi Convertible Bonds; bond code: 127022) were subject to change in the conversion price. The original conversion price of Hengyi Convertible Bonds was RMB 11.20 per share and the changed conversion price of Hengyi Convertible Bonds was RMB 11.00 per share, and the change took effect since July 7, 2022.

Due to the Company's implementation of the 2023 annual rights distribution, the conversion price of "Hengyi Convertible Bonds" will be adjusted accordingly: The conversion price before adjustment was RMB 11.00 per share, and the adjusted conversion price will be RMB 10.91 per share. The adjusted conversion price will take effect from June 26, 2024.

According to the Announcement on the Downward Adjustment of the Conversion Price of "Hengyi Convertible Bonds" (Announcement No.: 2024-127) disclosed by the Company on November 19, 2024, and based on the authorization from the Company's 2024 Fifth Extraordinary General Meeting of Shareholders, the Company's Board of Directors has approved to downward adjust the conversion price of "Hengyi Convertible Bonds" from RMB 10.91 per share to RMB 9.20 per share. The revised conversion price will take effect from November 19, 2024.

## (2)Hengyi Convertible Bonds 2 (Bond Code: 127067)

Due to the Company's implementation of the 2023 annual rights distribution, the conversion price of its issued convertible corporate bonds (Bond Abbreviation: Hengyi Zhuan 2, Bond Code: 127067) will be adjusted accordingly. The conversion price of "Hengyi Zhuan 2" before adjustment was RMB 10.50 per share, and the adjusted conversion price will be RMB 10.41 per share. The revised conversion price will take effect from June 26, 2024.

## 2.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,            | 20,000,000             | 2,000,000,000                  | 193,800                                 | 17,035   | 0.0005%  | 1,999,806,200                       | 99.99%  |

|                                  |                                      |            |               |         |        |         |               |        |
|----------------------------------|--------------------------------------|------------|---------------|---------|--------|---------|---------------|--------|
|                                  | 2026                                 |            |               |         |        |         |               |        |
| Hengyi<br>Convertible<br>Bonds 2 | January 30, 2023<br>to July 20, 2028 | 30,000,000 | 3,000,000,000 | 329,900 | 31,495 | 0.0009% | 2,999,670,100 | 99.99% |

### 3.Top 10 Hengyi convertible bonds holders

| 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  | Minsheng Securities Co., Ltd.   | Domestic<br>Non-State-Owned<br>Legal Person | 885,512   | 88,551,200  | 4.43%   |
| 2  | China Merchants Bank Co., Ltd.<br>- Bosera CSI Convertible & Exchangeable Bond ETF                          | Others                                      | 882,101   | 88,210,100  | 4.41%   |
| 3  | Bank of China Co., Ltd. -<br>Nanhua Ruizhe Bond Securities<br>Investment Fund                               | Others                                      | 532,136   | 53,213,600  | 2.66%   |
| 4  | E Fund Yitian Allocation Mixed<br>Pension Product - Industrial<br>and Commercial Bank of China<br>Co., Ltd. | Others                                      | 401,407   | 40,140,700  | 2.01%   |
| 5  | Industrial and Commercial Bank<br>of China Co., Ltd. - Fullgoal<br>Xingli Enhanced Bond Initiative<br>Fund  | Others                                      | 399,300   | 39,930,000  | 2.00%   |

|    |  |        |         |            |       |
|----|--|--------|---------|------------|-------|
| 6  | China National Petroleum Corporation Corporate Annuity Plan - Industrial and Commercial Bank of China Co., Ltd | Others | 362,726 | 36,272,600 | 1.81% |
| 7  | Basic Old-Age Insurance Fund Portfolio 107   | Others | 356,558 | 35,655,800 | 1.78% |
| 8  | Southern Fund Ningyuan Fixed-Income Pension Product - Agricultural Bank of China Co., Ltd.                     | Others | 351,596 | 35,159,600 | 1.76% |
| 9  | China Construction Bank Co., Ltd. - E Fund Dual Bond Enhanced Bond Securities Investment Fund                  | Others | 298,720 | 29,872,000 | 1.49% |
| 10 | Bank of China Co., Ltd. - E Fund Stable Return Bond Securities Investment Fund                                 | Others | 287,004 | 28,700,400 | 1.44% |

#### 4.Top 10 Hengyi convertible bonds 2 holders

| 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 Life Asset Management - Bank of China - China Life Assets | Others                              | 5,040,499   | 504,049,900   | 16.80%  |

|   |  |   |           |             |       |
|---|--|---|-----------|-------------|-------|
|   | - Dingkun<br>Advantage<br>Selection 2383<br>Asset<br>Management<br>Product                     |   |           |             |       |
| 2 | Hangzhou Hengyi<br>Investment Co.,<br>Ltd.   | Domestic<br>Non-State-Owned Legal<br>Person | 2,144,011 | 214,401,100 | 7.15% |
| 3 | CITIC Securities<br>Company Limited  | State-Owned Legal<br>Person                 | 1,986,500 | 198,650,000 | 6.62% |
| 4 | Guotai Junan<br>Securities Co.,<br>Ltd.  | State-Owned Legal<br>Person                 | 1,635,100 | 163,510,000 | 5.45% |
| 5 | China Merchants<br>Bank Co., Ltd. -<br>Bosera CSI<br>Convertible &<br>Exchangeable<br>Bond ETF | Others                                      | 1,292,534 | 129,253,400 | 4.31% |
| 6 | Bank of China<br>Co., Ltd. - E Fund<br>Stable Income<br>Bond Fund                              | Others                                      | 987,219   | 98,721,900  | 3.29% |
| 7 | Shenwan<br>Hongyuan<br>Securities Co.,<br>Ltd.   | State-Owned Legal<br>Person                 | 884,400   | 88,440,000  | 2.95% |
| 8 | China Life Asset   | Others                                      | 708,060   | 70,806,000  | 2.36% |

|    |  |        |         |            |       |
|----|--|--------|---------|------------|-------|
|    | Management -<br>Bank of China -<br>China Life Assets<br>- Dingkun<br>Advantage<br>Selection 2384<br>Asset<br>Management<br>Product |        |         |            |       |
| 9  | Shanghai Pudong<br>Development<br>Bank Co., Ltd. - E<br>Fund Yu Xiang<br>Return Bond Fund  | Others | 637,980 | 63,798,000 | 2.13% |
| 10 | Dajia Life<br>Insurance Co.,<br>Ltd. - Traditional<br>Product  | Others | 592,043 | 59,204,300 | 1.97% |

### 5. Major changes in the profitability, condition of assets and credit status of guarantor

☐Applicable ☒Not applicable

### 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

#### (1) Relevant accounting data and financial indicators

| Item | End of current<br>reporting period | End of<br>previous year | Add/deduct at the end of current<br>reporting period over the end of<br>previous year |
|------|------------------------------------|-------------------------|---|
|------|------------------------------------|-------------------------|---|

|                             |                          |                                  |   |
|-----------------------------|--------------------------|----------------------------------|---|
| Liquidity ratio             | 0.63                     | 0.66                             | -4.55%  |
| Debt-to-asset ratio         | 71.42%                   | 70.42%                           | 1.00%   |
| Acid-test ratio             | 0.40                     | 0.43                             | -6.98%  |
| Item                        | Current reporting period | The same period of previous year | Year-on-year add/deduct in the reporting period |
| Interest coverage ratio     | 0.96                     | 1.10                             | -12.73%   |
| Loan repayment ratio (%)    | 100%                     | 100%                             | 0.00%   |
| Interest repayment rate (%) | 100%                     | 100%                             | 0.00%   |

### **(2) Credit rating of convertible bonds**

During the reporting period, Shanghai New Century Credit Appraisal & Investment Services Co., Ltd. conducted follow-up ratings on the long-term credit status of the main body of the Company and the HengYi Convertible Bonds and HengYi Convertible Bonds 2 issued by the Company, and maintained the main body of the Company's credit rating at AA+, and assigned the abovementioned bonds a credit rating of AA+. During the term of this convertible bond, Shanghai New Century Credit Appraisal & Investment Services Co., Ltd. will conduct regular follow-up ratings once a year.

### **(3)Cash arrangement for debt repayment in the coming years**

The Company maintains stable operations with robust cash flow. Both asset scale and profitability have demonstrated steady growth, while the asset-liability ratio remains at a prudent level. With a sound credit standing, the Company will ensure stable and sufficient capital reserves to prudently arrange for future interest payments on convertible bonds and bond redemptions, supported by disciplined financial management.



**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  | 0.63                            | 0.66                             | -4.55%  |
| Debt-to-asset ratio                                      | 71.42%                          | 70.42%                           | 1.00%   |
| Acid-test ratio  | 0.40                            | 0.43                             | -6.98%  |
|  | 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 | 2,027.65                        | 5,368.58                         | -62.23%   |
| Debts to EBITDA  | 8.38%                           | 9.55%                            | -1.17%  |
| Times interest earned ratio                              | 0.96                            | 1.10                             | -12.73%   |

|                                    |         |         |        |
|------------------------------------|---------|---------|--------|
| Times cash interest earned ratio   | 3.55    | 2.72    | 30.51% |
| EBITDA times interest earned ratio | 2.01    | 2.10    | -4.29% |
| Loan repayment ratio               | 100.00% | 100.00% | 0.00%  |
| Interest coverage                  | 100.00% | 100.00% | 0.00%  |

## **Section X Financial Report**

### **I.Audit Report by Zhongxinghua Certified Public Accountants (Special General Partnership)**

ZXHSZ (2025) No. 014536

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's balance sheets as of December 31, 2024 and the consolidated statement, the parent company's income statements and the consolidated statement, the parent company's cash flow statements and the consolidated statement, the parent company's statements of changes in shareholders' equity and the consolidated statement, and notes to the financial statements for the year 2024.

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, 2024, and the results of their operations and cash flows for the year 2024 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 5.48 "Operating Revenue and Operating Costs" in the financial statement annexes. In fiscal year 2024, Hengyi Petrochemical Co., Ltd. reported consolidated operating revenue of CNY 125,463,237,100, reflecting a decrease of 7.85% compared to the previous fiscal year. Given the materiality of revenue recognition to the financial statements as a whole and the inherent risk of management manipulation to achieve specific targets or expectations, we have identified revenue recognition as a key audit matter in our audit.

##### **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 some major clients, implementing field-visit procedures to understand and evaluate the transaction purpose and business background of relevant businesses;

(7) 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;

(8) 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, 2024, the book value of Hengyi Petrochemical Company's fixed asset projects was RMB 43,686.607 million, primarily comprising machinery and

equipment used for the production of aromatics, refined 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, 2024, the book balance of Hengyi Petrochemical Company's construction in progress projects was RMB 8,712.8915 million, primarily consisting of the second phase of the Brunei Refinery and Chemical Project, the first phase 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 2024 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.

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

#### **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 |
|---|-------------------|-------------------|
| <b>Current assets:</b>                                |                   |                   |
| Monetary funds  | 13,093,174,547.46 | 13,827,903,087.40 |
| Settlement Reserve Fund                               |                   |                   |
| Funds Lent  |                   |                   |
| Financial Assets at Fair Value Through Profit or Loss | 153,091,745.24    | 366,311,518.38    |
| Derivative Financial Assets                           | 4,783,678.80      | 0.00              |
| Notes Receivable                                      | 6,833,997.24      | 167,871,662.32    |
| Accounts Receivable                                   | 5,944,293,285.48  | 5,925,174,959.59  |
| Receivables Financing                                 | 8,782,497.35      | 36,904,996.06     |
| Prepayments   | 1,570,761,713.95  | 1,820,494,475.73  |
| Premiums Receivable                                   |                   |                   |
| Reinsurance Receivables                               |                   |                   |
| Reinsurance Contract Assets                           |                   |                   |
| Other Receivables                                     | 262,407,082.57    | 187,541,184.46    |
| Including: Interest Receivable                        |                   |                   |
| Dividends Receivable                                  |                   |                   |
| Financial Assets Purchased Under Resale Agreements    |                   |                   |
| Inventory   | 12,407,437,115.10 | 13,060,195,863.37 |
| Including: Data Resources                             |                   |                   |
| Contract Assets                                       |                   |                   |
| Assets Held for Sale                                  |                   |                   |
| Non-current Assets Due Within One Year                | 68,036,685.67     | 0.00              |
| Other Current Assets                                  | 1,132,982,413.41  | 1,533,885,409.09  |

| Item                                | Ending balance     | Beginning balance  |
|-------------------------------------|--------------------|--------------------|
| Total Current Assets                | 34,652,584,762.27  | 36,926,283,156.40  |
| Non-current Assets:                 |                    |                    |
| Loans and Advances Granted          |                    |                    |
| Debt Investments                    |                    |                    |
| Other Debt Investments              |                    |                    |
| Long-term Receivables               | 23,640,428.71      | 140,987,280.45     |
| Long-term Equity Investments        | 13,911,759,800.05  | 13,669,254,123.61  |
| Other Equity Instrument Investments | 5,600,000.00       | 5,600,000.00       |
| Other Non-current Financial Assets  |                    |                    |
| Investment Properties               |                    |                    |
| Fixed Assets                        | 43,686,606,928.39  | 45,430,020,661.94  |
| Construction in Progress            | 8,712,891,498.77   | 4,610,305,760.02   |
| Productive Biological Assets        |                    |                    |
| Oil and Gas Assets                  |                    |                    |
| Right-of-use Assets                 | 411,420,429.59     | 414,782,305.73     |
| Intangible Assets                   | 2,635,077,804.22   | 2,734,338,605.88   |
| Including: Data Resources           |                    |                    |
| Development Expenditures            | 89,193,644.85      | 48,821,220.24      |
| Including: Data Resources           |                    |                    |
| Goodwill                            | 221,865,586.69     | 221,865,586.69     |
| Long-term Prepaid Expenses          | 374,048,947.17     | 460,659,030.78     |
| Deferred Tax Assets                 | 300,209,043.63     | 339,577,579.58     |
| Other Non-current Assets            | 2,503,929,185.78   | 3,049,611,614.62   |
| Total Non-current Assets            | 72,876,243,297.85  | 71,125,823,769.54  |
| Total Assets                        | 107,528,828,060.12 | 108,052,106,925.94 |
| Current Liabilities:                |                    |                    |
| Short-term Borrowings               | 38,031,193,372.03  | 41,122,258,268.86  |
| Borrowings from the Central Bank    |                    |                    |

| Item  | Ending balance    | Beginning balance |
|---|-------------------|-------------------|
| Funds Borrowed                                    |                   |                   |
| Trading Financial Liabilities                     | 2,546,598.89      | 108,194,619.69    |
| Derivative Financial Liabilities                  |                   |                   |
| Notes Payable                                     | 1,149,382,637.33  | 740,998,553.81    |
| Accounts Payable                                  | 6,516,393,154.04  | 6,562,123,368.59  |
| Deferred Revenue                                  |                   |                   |
| Contract Liabilities                              | 1,253,402,884.38  | 756,571,793.30    |
| 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                         | 182,643,488.89    | 177,419,198.25    |
| Taxes Payable                                     | 551,789,117.92    | 306,721,370.31    |
| Other Payable                                     | 211,562,059.73    | 188,374,004.43    |
| Including: Interest Payable                       |                   |                   |
| Dividends Payable                                 |                   |                   |
| Handling Charges and Commission Payable           |                   |                   |
| Reinsurance Payable                               |                   |                   |
| Liabilities Held for Sale                         |                   |                   |
| Non-current Liabilities Due Within One Year       | 6,899,022,314.11  | 5,809,708,815.79  |
| Other Current Liabilities                         | 133,419,904.46    | 76,672,908.46     |
| Total Current Liabilities                         | 54,931,355,531.78 | 55,849,042,901.49 |
| Non-current Liabilities:                          |                   |                   |
| Insurance Contract Reserves                       |                   |                   |
| Long-term Borrowings                              | 15,504,087,484.02 | 14,739,441,863.92 |
| Bonds Payable                                     | 4,494,979,631.55  | 4,278,805,701.33  |
| Including: Preferred Stock                        |                   |                   |

| Item  | Ending balance     | Beginning balance  |
|---|--------------------|--------------------|
| Perpetual Bonds   |                    |                    |
| Lease Liabilities   | 456,139,594.54     | 449,163,796.50     |
| Long-term Payable   | 1,070,496,662.83   | 464,759,585.87     |
| Long-term Employee Benefits Payable                       |                    |                    |
| Provisions  | 2,630,823.25       | 819,949.97         |
| Deferred Income   | 269,021,790.94     | 223,722,228.38     |
| Deferred Tax Liabilities                                  | 68,008,990.43      | 83,862,227.74      |
| Other Non-current Liabilities                             |                    |                    |
| Total Non-current Liabilities                             | 21,865,364,977.56  | 20,240,575,353.71  |
| Total Liabilities   | 76,796,720,509.34  | 76,089,618,255.20  |
| Owners' Equity:   |                    |                    |
| Share Capital   | 3,666,314,207.00   | 3,666,302,025.00   |
| Other Equity Instruments                                  | 1,159,002,779.38   | 1,159,031,770.29   |
| Including: Preferred Stock                                |                    |                    |
| Perpetual Bonds   |                    |                    |
| Capital Surplus   | 8,753,596,729.54   | 9,085,229,180.87   |
| Less: Treasury Stock                                      | 2,676,639,183.21   | 2,368,941,966.92   |
| Other Comprehensive Income                                | 955,761,424.10     | 680,732,360.18     |
| Special Reserves  |                    |                    |
| Surplus Reserves  | 807,136,900.99     | 807,136,900.99     |
| General Risk Reserves                                     |                    |                    |
| Undistributed Profits                                     | 12,076,878,979.32  | 12,181,660,569.68  |
| Total Equity Attributable to Owners of the Parent Company | 24,742,051,837.12  | 25,211,150,840.09  |
| Non-controlling Interests                                 | 5,990,055,713.66   | 6,751,337,830.65   |
| Total Owners' Equity                                      | 30,732,107,550.78  | 31,962,488,670.74  |
| Total Liabilities and Owners' Equity                      | 107,528,828,060.12 | 108,052,106,925.94 |

Legal representative: Qiu Yibo Chief accountant: Zheng Xingang Head of accounting agency: Yu Zhicheng

**2.Parent company balance sheet**

Unit: RMB

| Item  | Closing balance         | Beginning balance       |
|---|-------------------------|-------------------------|
| <b>Current assets:</b>                                |                         |                         |
| Monetary funds  | 479,486,887.90          | 460,230,369.89          |
| Financial Assets at Fair Value Through Profit or Loss |                         |                         |
| Derivative Financial Assets                           |                         |                         |
| Notes Receivable                                      | 0.00                    | 199,750,000.00          |
| Accounts Receivable                                   |                         |                         |
| Receivables Financing                                 | 1,452,086.00            | 0.00                    |
| Prepayments   | 4,689,162.00            | 112,674.42              |
| Other Receivables                                     | 6,204,340,335.74        | 5,912,890,574.22        |
| Including: Interest Receivable                        |                         |                         |
| Dividends Receivable                                  | 340,000,000.00          | 765,000,000.00          |
| Inventory   |                         |                         |
| Including: Data Resources                             |                         |                         |
| Contract Assets                                       |                         |                         |
| Non-current Assets Held for Sale                      |                         |                         |
| Non-current Assets Due within One Year                |                         |                         |
| Other Current Assets                                  | 4,609,681.15            | 6,225,369.08            |
| <b>Total Current Assets</b>                           | <b>6,694,578,152.79</b> | <b>6,579,208,987.61</b> |
| <b>Non-current Assets:</b>                            |                         |                         |
| Debt Investments                                      |                         |                         |
| Other Debt Investments                                |                         |                         |
| Long-term Receivables                                 |                         |                         |
| Long-term Equity Investments                          | 16,052,619,316.60       | 15,955,924,520.80       |
| Investments in Other Equity Instruments               |                         |                         |
| Other Non-current Financial Assets                    |                         |                         |

| Item   | Closing balance   | Beginning balance |
|--|-------------------|-------------------|
| 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  |                   |                   |
| Including: Data Resources                                  |                   |                   |
| Development Costs  |                   |                   |
| Including: Data Resources                                  |                   |                   |
| Goodwill   |                   |                   |
| Long-term Prepaid Expenses                                 |                   |                   |
| Deferred Tax Assets  |                   |                   |
| Other Non-current Assets                                   |                   |                   |
| Total Non-current Assets                                   | 16,052,619,966.00 | 15,955,925,170.20 |
| Total Assets   | 22,747,198,118.79 | 22,535,134,157.81 |
| Current liabilities:                                       |                   |                   |
| Short-term borrowings                                      | 332,361,777.78    | 199,750,000.00    |
| Financial Liabilities at Fair Value through Profit or Loss |                   |                   |
| Derivative Financial Liabilities                           |                   |                   |
| Notes Payable  | 1,083,306,000.00  | 847,800,000.00    |
| Accounts Payable   | 0.00              | 60,008,624.46     |
| Advances from Customers                                    |                   |                   |
| Contract Liabilities                                       | 70,970.45         | 0.00              |
| Employee Benefits Payable                                  |                   |                   |
| Taxes Payable  | 528,739.90        | 296,916.07        |
| Other Payable  | 815,497,075.98    | 572,827,721.60    |

| Item  | Closing balance   | Beginning balance |
|---|-------------------|-------------------|
| Including: Interest Payable                 |                   |                   |
| Dividends Payable                           |                   |                   |
| Liabilities Held for Sale                   |                   |                   |
| Non-current Liabilities Due within One Year | 13,206,855.21     | 10,092,304.09     |
| Other Current Liabilities                   | 9,226.16          | 0.00              |
| Total Current Liabilities                   | 2,244,980,645.48  | 1,690,775,566.22  |
| Non-current Liabilities:                    |                   |                   |
| Long-term Borrowings                        |                   |                   |
| Bonds Payable                               | 4,494,979,631.55  | 4,278,805,701.33  |
| 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               | 4,494,979,631.55  | 4,278,805,701.33  |
| Total Liabilities                           | 6,739,960,277.03  | 5,969,581,267.55  |
| Equity:                                     |                   |                   |
| Share Capital                               | 3,666,314,207.00  | 3,666,302,025.00  |
| Other Equity Instruments                    | 1,159,002,779.38  | 1,159,031,770.29  |
| Including: Preference Shares                |                   |                   |
| Perpetual Bonds                             |                   |                   |
| Capital Reserve                             | 12,743,923,502.17 | 13,008,445,718.54 |
| Less: Treasury Shares                       | 2,676,639,183.21  | 2,368,941,966.92  |
| Other Comprehensive Income                  |                   |                   |



| Item                         | Closing balance   | Beginning balance |
|------------------------------|-------------------|-------------------|
| Special Reserves             |                   |                   |
| Surplus Reserve              | 699,923,957.91    | 664,659,745.28    |
| Retained Earnings            | 414,712,578.51    | 436,055,598.07    |
| Total Equity                 | 16,007,237,841.76 | 16,565,552,890.26 |
| Total Liabilities and Equity | 22,747,198,118.79 | 22,535,134,157.81 |

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

Zhicheng

### 3.Consolidated income statement

Unit: RMB

| Item                                    | Year 2024          | Year 2023          |
|---|--------------------|--------------------|
| I.Total operating revenue               | 125,463,237,098.17 | 136,148,114,082.34 |
| Including: Operating revenue            | 125,463,237,098.17 | 136,148,114,082.34 |
| Interest income                         |                    |                    |
| Earned premiums                         |                    |                    |
| Fee and Commission Income               |                    |                    |
| II.Total Operating Costs                | 126,063,153,820.20 | 136,903,509,470.71 |
| Of which: Cost of Sales/Operating Costs | 120,872,140,383.51 | 131,030,233,682.88 |
| Interest Expense                        |                    |                    |
| Fee and Commission Expenses             |                    |                    |
| Surrender Benefits                      |                    |                    |
| Net Claims Incurred                     |                    |                    |
| Net Change in Insurance Contract        |                    |                    |
| Liabilities                             |                    |                    |
| Policyholder Dividends                  |                    |                    |
| Reinsurance Expenses                    |                    |                    |
| Taxes and Surcharges                    | 237,188,466.91     | 249,541,289.88     |
| Selling Expenses                        | 243,762,401.38     | 229,284,289.09     |

| Item  | Year 2024        | Year 2023        |
|---|------------------|------------------|
| Administrative Expenses   | 1,102,851,622.36 | 1,434,227,935.73 |
| Research and Development Expenses<br>(R&D)                      | 723,365,790.03   | 716,319,527.66   |
| Financial Expenses  | 2,883,845,156.01 | 3,243,902,745.47 |
| Of which: Interest Expense                                      | 2,938,880,617.79 | 3,306,322,914.56 |
| Interest Income   | 208,017,001.29   | 217,648,751.41   |
| Add: Other Income   | 310,806,964.41   | 336,961,048.78   |
| Investment Income (Loss)  | 481,338,948.25   | 985,476,736.48   |
| Of which: Income from Associates and<br>Joint Ventures          | 351,824,646.06   | 490,890,359.42   |
| Gains on Derecognition of Financial<br>Assets at Amortized Cost |                  |                  |
| Exchange Gains (Loss)   |                  |                  |
| Net Hedging Gains (Loss)  |                  |                  |
| Fair Value Change Gains (Loss)                                  | -18,561,440.33   | -45,121,198.68   |
| Credit Impairment Losses(Loss)                                  | -6,389,552.52    | -11,426,732.92   |
| Asset Impairment Losses(Loss)                                   | -34,344,817.62   | -71,262,509.77   |
| Gains on Disposal of Assets(Loss)                               | -51,586,614.89   | -9,342,790.49    |
| III.Operating Profit (Loss)                                     | 81,346,765.27    | 429,889,165.03   |
| Add: Non-operating Income                                       | 9,539,070.90     | 35,920,509.46    |
| Less: Non-operating Expenses                                    | 61,383,940.48    | 65,971,503.46    |
| IV.Profit Before Tax (PBT) (Loss)                               | 29,501,895.69    | 399,838,171.03   |
| Less: Income Tax Expense  | 95,255,086.41    | 31,159,461.25    |
| V.Net Profit (Loss)   | -65,753,190.72   | 368,678,709.78   |
| (I)By Operational Continuity                                    |                  |                  |
| 1. Net Profit from Continuing Operations(Loss)                  | -65,753,190.72   | 368,678,709.78   |
| 2. Net Profit from Discontinued Operations(Loss)                |                  |                  |
| (II)By Ownership Attribution                                    |                  |                  |

| Item   | Year 2024       | Year 2023      |
|--|-----------------|----------------|
| 1.Net Profit Attributable to Parent Company Shareholders               | 233,939,342.84  | 435,458,340.57 |
| 2. Non-controlling Interests (Minority Interests)                      | -299,692,533.56 | -66,779,630.79 |
| VI.Other Comprehensive Income (OCI), Net of Tax                        | 266,298,955.54  | 301,662,130.69 |
| OCI Attributable to Parent Company Shareholders                        | 275,029,063.92  | 299,811,615.99 |
| (I)OCI Not Reclassifiable to Profit or Loss                            | 2,017,800.00    | 790,515.39     |
| 1. Remeasurements of Defined Benefit Plans                             |                 |                |
| 2.OCI from Equity Method Investments Not Reclassifiable                | 2,017,800.00    | 790,515.39     |
| 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                               | 273,011,263.92  | 299,021,100.60 |
| 1.OCI from Equity Method Investments Reclassifiable                    | 78,833,868.50   | 41,753,641.58  |
| 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   | 421,087.50      | 22,418,946.16  |
| 6.Foreign Currency Translation Differences                             | 193,756,307.92  | 234,848,512.86 |
| 7. Others  |                 |                |
| OCI Attributable to Non-controlling Interests                          | -8,730,108.38   | 1,850,514.70   |
| VII.Total Comprehensive Income   | 200,545,764.82  | 670,340,840.47 |
| Total Comprehensive Income Attributable to Parent Company Shareholders | 508,968,406.76  | 735,269,956.56 |
| Total Comprehensive Income Attributable to Non-controlling Interests   | -308,422,641.94 | -64,929,116.09 |

| Item                          | Year 2024 | Year 2023 |
|-------------------------------|-----------|-----------|
| VIII.Earnings Per Share (EPS) |           |           |
| (I)Basic EPS                  | 0.07      | 0.13      |
| (II)Diluted EPS               | 0.07      | 0.13      |

Legal representative: Qiu Yibo    Chief accountant: Zheng Xingang    Head of accounting agency: Yu Zhicheng

#### 4.Parent company income statement

Unit: RMB

| Item   | Year 2024        | Year 2023      |
|--|------------------|----------------|
| I.Total operating revenue                                    | 1,069,681,728.42 | 0.00           |
| Less: Cost of Sales/Operating Costs                          | 1,065,678,320.71 | 0.00           |
| Taxes and Surcharges   | 2,577,331.18     | 1,586,855.08   |
| Selling Expenses   |                  |                |
| Administrative Expenses                                      | 5,794,888.04     | 5,089,989.92   |
| Research and Development Expenses (R&D)                      |                  |                |
| Financial Expenses   | -13,854,988.64   | -12,982,277.77 |
| Of which: Interest Expense                                   | 264,479,682.30   | 266,658,832.11 |
| Interest Income  | 290,350,773.97   | 288,732,193.54 |
| Add: Other Income  | 3,340,558.65     | 2,128,804.24   |
| Investment Income (Loss)                                     | 339,694,795.80   | 339,901,377.58 |
| Of which: Income from Associates and Joint Ventures          | -305,204.20      | -98,622.42     |
| Gains on Derecognition of Financial Assets at Amortized Cost |                  |                |
| Net Hedging Gains (Loss)                                     |                  |                |
| Fair Value Change Gains (Loss)                               |                  |                |
| Credit Impairment Losses(Loss)                               | 0.00             | -10,000.00     |
| Asset Impairment Losses(Loss)                                |                  |                |

| Item  | Year 2024      | Year 2023      |
|---|----------------|----------------|
| Gains on Disposal of Assets(Loss)                             |                |                |
| II.Operating Profit (Loss)                                    | 352,521,531.58 | 348,325,614.59 |
| Add: Non-operating Income                                     | 120,594.69     | 234,746.93     |
| Less: Non-operating Expenses                                  |                |                |
| III.Profit Before Tax (PBT) (Loss)                            | 352,642,126.27 | 348,560,361.52 |
| Less: Income Tax Expense                                      |                |                |
| IV.Net Profit (Loss)  | 352,642,126.27 | 348,560,361.52 |
| (I)Net Profit from Continuing Operations (Loss)               | 352,642,126.27 | 348,560,361.52 |
| (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<br>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<br>FVOCI |                |                |
| 5. Cash Flow Hedge Reserve                                    |                |                |
| 6.Foreign Currency Translation Differences                    |                |                |
| VI.Total Comprehensive Income                                 | 352,642,126.27 | 348,560,361.52 |

### 5.Consolidated cash flow statement

Unit: RMB

| Item   | Year 2024          | Year 2023          |
|--|--------------------|--------------------|
| <b>I. Cash Flows from Operating Activities:</b>                        |                    |                    |
| Cash received from sales of goods and services                         | 133,741,965,540.01 | 149,171,462,352.96 |
| 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   | 1,284,902,741.57   | 1,704,518,936.01   |
| Other cash received related to operating activities                    | 530,856,341.36     | 466,751,335.95     |
| Subtotal of Operating Cash Inflows                                     | 135,557,724,622.94 | 151,342,732,624.92 |
| Cash paid for purchases of goods and services                          | 125,041,850,148.09 | 141,837,557,690.06 |
| 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 2024          | Year 2023          |
|---|--------------------|--------------------|
| Cash paid for policyholder dividends  |                    |                    |
| Cash paid to and on behalf of employees   | 2,470,514,775.18   | 2,447,999,748.11   |
| Taxes and fees paid   | 1,191,352,463.94   | 1,235,348,190.93   |
| Other cash paid related to operating activities   | 856,995,679.97     | 1,289,992,190.67   |
| Subtotal of Operating Cash Outflows   | 129,560,713,067.18 | 146,810,897,819.77 |
| Net Cash Flows from Operating Activities  | 5,997,011,555.76   | 4,531,834,805.15   |
| II. Cash Flows from Investing Activities:   |                    |                    |
| Cash received from disposal of investments  | 786,000,000.00     | 988,000,000.00     |
| Cash received from investment returns   | 290,020,712.53     | 301,046,977.47     |
| Net cash received from disposal of fixed assets, intangible assets, and other long-term assets        | 100,441,217.57     | 23,009,592.59      |
| Net cash received from disposal of subsidiaries and business units                                    | 56,084.57          | 138,494,181.97     |
| Other cash received related to investing activities   | 344,984,290.41     | 146,513,074.49     |
| Subtotal of Investing Cash Inflows  | 1,521,502,305.08   | 1,597,063,826.52   |
| Cash paid for acquisition/construction of fixed assets, intangible assets, and other long-term assets | 4,435,706,426.43   | 4,934,677,342.08   |
| Cash paid for investments   | 123,419,685.61     | 1,820,698,257.11   |
| Net increase in pledged loans   |                    |                    |
| Net cash paid for acquisition of subsidiaries and business units                                      |                    |                    |
| Other cash paid related to investing activities   | 50,495,239.10      | 144,345,965.50     |
| Subtotal of Investing Cash Outflows   | 4,609,621,351.14   | 6,899,721,564.69   |
| Net Cash Flows from Investing Activities  | -3,088,119,046.06  | -5,302,657,738.17  |
| III. Cash Flows from Financing Activities:  |                    |                    |
| Cash received from capital contributions  | 100,000.00         | 0.00               |
| Including: Cash received from minority shareholders' investments in subsidiaries                      | 100,000.00         | 0.00               |

| Item   | Year 2024         | Year 2023         |
|--|-------------------|-------------------|
| Cash received from borrowings  | 60,464,223,489.44 | 54,367,260,691.80 |
| Other cash received related to financing activities                        | 11,525,935,271.42 | 7,244,684,328.87  |
| Subtotal of Financing Cash Inflows   | 71,990,258,760.86 | 61,611,945,020.67 |
| Cash paid for debt repayment   | 60,911,284,372.07 | 52,009,598,096.99 |
| Cash paid for dividends, profit distributions, or interest payments        | 2,702,270,253.54  | 2,671,790,544.07  |
| Including: Dividends/profits paid to minority shareholders by subsidiaries |                   |                   |
| Other cash paid related to financing activities                            | 9,819,792,656.74  | 10,669,552,070.80 |
| Subtotal of Financing Cash Outflows  | 73,433,347,282.35 | 65,350,940,711.86 |
| Net Cash Flows from Financing Activities                                   |                   |                   |
| Subtotal of Financing Cash Outflows  | -1,443,088,521.49 | -3,738,995,691.19 |
| Net Cash Flows from Financing Activities                                   |                   |                   |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents           | 76,966,509.98     | 93,867,133.30     |
| V. Net Increase in Cash and Cash Equivalents                               | 1,542,770,498.19  | -4,415,951,490.91 |
| Add: Opening balance of cash and cash equivalents                          | 8,518,118,122.12  | 12,934,069,613.03 |
| VI. Closing Balance of Cash and Cash Equivalents                           | 10,060,888,620.31 | 8,518,118,122.12  |

## 6. Parent company cash flow statement

Unit: RMB

| Item  | Year 2024        | Year 2023        |
|---|------------------|------------------|
| I. Cash Flows from Operating Activities:            |                  |                  |
| Cash received from sales of goods and services      | 1,188,268,463.72 | 0.00             |
| Tax and fee refunds received                        |                  |                  |
| Other cash received related to operating activities | 248,223,517.39   | 1,040,086,300.14 |
| Subtotal of Operating Cash Inflows                  | 1,436,491,981.11 | 1,040,086,300.14 |



| Item  | Year 2024        | Year 2023        |
|---|------------------|------------------|
| Cash paid for purchases of goods and services   | 1,014,221,925.11 | 109,000,000.00   |
| Cash paid to and on behalf of employees   |                  |                  |
| Taxes and fees paid   | 2,345,507.35     | 1,821,256.10     |
| Other cash paid related to operating activities   | 735,034,477.07   | 18,375,813.22    |
| Subtotal of Operating Cash Outflows   | 1,751,601,909.53 | 129,197,069.32   |
| Net Cash Flows from Operating Activities  | -315,109,928.42  | 910,889,230.82   |
| II. Cash Flows from Investing Activities:   |                  |                  |
| Cash received from disposal of investments  |                  |                  |
| Cash received from investment returns   | 765,000,000.00   | 0.00             |
| 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   | 288,435,226.49   | 490,259,339.49   |
| Subtotal of Investing Cash Inflows  | 1,053,435,226.49 | 490,259,339.49   |
| Cash paid for acquisition/construction of fixed assets, intangible assets, and other long-term assets |                  |                  |
| Cash paid for investments   | 97,000,000.00    | 10,000,000.00    |
| Net cash paid for acquisition of subsidiaries and business units                                      |                  |                  |
| Other cash paid related to investing activities   | 0.00             | 81,350,573.14    |
| Subtotal of Investing Cash Outflows   | 97,000,000.00    | 91,350,573.14    |
| Net Cash Flows from Investing Activities  | 956,435,226.49   | 398,908,766.35   |
| III. Cash Flows from Financing Activities:  |                  |                  |
| Cash received from capital contributions  |                  |                  |
| Cash received from borrowings   | 332,000,000.00   | 199,750,000.00   |
| Other cash received related to financing activities   | 2,583,748,112.69 | 1,137,694,931.25 |
| Subtotal of Financing Cash Inflows  | 2,915,748,112.69 | 1,337,444,931.25 |

| Item  | Year 2024        | Year 2023         |
|---|------------------|-------------------|
| Cash paid for debt repayment  | 0.00             | 500,811,000.00    |
| Cash paid for dividends, profit distributions, or interest payments | 381,501,848.84   | 46,494,106.24     |
| Other cash paid related to financing activities                     | 2,933,096,243.91 | 2,446,291,636.25  |
| Subtotal of Financing Cash Outflows                                 | 3,314,598,092.75 | 2,993,596,742.49  |
| Net Cash Flows from Financing Activities                            | -398,849,980.06  | -1,656,151,811.24 |
| IV. Effect of Exchange Rate Changes on Cash and Cash Equivalents    |                  |                   |
| V. Net Increase in Cash and Cash Equivalents                        | 242,475,318.01   | -346,353,814.07   |
| Add: Opening balance of cash and cash equivalents                   | 20,350,369.89    | 366,704,183.96    |
| VI. Closing Balance of Cash and Cash Equivalents                    | 262,825,687.90   | 20,350,369.89     |

## 7.Consolidated statement of changes in equity

Current period amount

Unit: RMB

| Item   | Year 2024                             |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                                 |                       |
|--|---------------------------------------|--------------------------|---------------------|----------------------|----------------------|-----------------------------|--------------------------------------|--------------------|--------------------|----------------------------|-------------------------------|--------|-----------------------|---------------------------------|-----------------------|
|  | Equity attributable to parent company |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       | Non-contr<br>olling<br>interest | Total equity          |
|  | Share<br>capital                      | Other equity instruments |                     |                      | Capital<br>reserve   | Less:<br>Treasury<br>shares | Other<br>compreh<br>ensive<br>income | Special<br>reserve | Surplus<br>reserve | General<br>risk<br>reserve | Undistri<br>buted<br>interest | Others | Subtotal              |                                 |                       |
|  |                                       | Preferre<br>d shares     | Perpetua<br>l bonds | Others               |                      |                             |                                      |                    |                    |                            |                               |        |                       |                                 |                       |
| I.Closing Balance of Prior Year                                | 3,666,30<br>2,025.00                  |                          |                     | 1,159,03<br>1,770.29 | 9,085,22<br>9,180.87 | 2,368,94<br>1,966.92        | 680,732,<br>360.18                   |                    | 807,136,<br>900.99 |                            | 12,181,6<br>60,569.6<br>8     |        | 25,211,150<br>,840.09 | 6,751,337,<br>830.65            | 31,962,488,<br>670.74 |
| Add: Accounting Policy Changes                                 |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                                 |                       |
| Prior Period Error Corrections                                 |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                                 |                       |
| Other  |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                                 |                       |
| II. Opening Balance of Current Year                            | 3,666,30<br>2,025.00                  |                          |                     | 1,159,03<br>1,770.29 | 9,085,22<br>9,180.87 | 2,368,94<br>1,966.92        | 680,732,<br>360.18                   |                    | 807,136,<br>900.99 |                            | 12,181,6<br>60,569.6<br>8     |        | 25,211,150<br>,840.09 | 6,751,337,<br>830.65            | 31,962,488,<br>670.74 |
| III.Current period increase (or less: decrease)                | 12,182.0<br>0                         |                          |                     | -28,990.<br>91       | -331,632<br>,451.33  | 307,697,<br>216.29          | 275,029,<br>063.92                   |                    |                    |                            | -104,781<br>,590.36           |        | -469,099,0<br>02.97   | -761,282,1<br>16.99             | -1,230,381,<br>119.96 |
| (I)Total Comprehensive Income                                  |                                       |                          |                     |                      |                      |                             | 275,029,<br>063.92                   |                    |                    |                            | 233,939,<br>342.84            |        | 508,968,40<br>6.76    | -308,422,6<br>41.94             | 200,545,764<br>.82    |
| (II)Contributions from and Reductions in Owners' Equity        | 12,182.0<br>0                         |                          |                     | -28,990.<br>91       | -264,522<br>,216.37  | 307,697,<br>216.29          |                                      |                    |                    |                            |                               |        | -572,236,2<br>41.57   | -447,500,0<br>00.00             | -1,019,736,<br>241.57 |
| 1.Ordinary Shares Issued by Owners                             |                                       |                          |                     |                      | -169,040<br>.52      | 817,685,<br>803.20          |                                      |                    |                    |                            |                               |        | -817,854,8<br>43.72   | -447,500,0<br>00.00             | -1,265,354,<br>843.72 |
| 2.Capital Contributions by Holders of Other Equity Instruments | 12,182.0<br>0                         |                          |                     | -28,990.<br>91       | 127,298.<br>56       |                             |                                      |                    |                    |                            |                               |        | 110,489.65            |                                 | 110,489.65            |

|   |                      |  |  |                      |                      |                      |                    |                   |                    |  |                           |  |                       |                      |                       |
|---|----------------------|--|--|----------------------|----------------------|----------------------|--------------------|-------------------|--------------------|--|---------------------------|--|-----------------------|----------------------|-----------------------|
| 3.Share-Based Payments Recognized in Equity                           |                      |  |  |                      |                      |                      |                    |                   |                    |  |                           |  |                       |                      |                       |
| 4.Other   |                      |  |  |                      | -264,480<br>,474.41  | -509,988<br>,586.91  |                    |                   |                    |  |                           |  | 245,508,11<br>2.50    |                      | 245,508,112<br>.50    |
| (III)Profit Distribution  |                      |  |  |                      |                      |                      |                    |                   |                    |  | -338,720<br>,933.20       |  | -338,720,9<br>33.20   |                      | -338,720,93<br>3.20   |
| 1.Allocation to Surplus Reserves                                      |                      |  |  |                      |                      |                      |                    |                   |                    |  |                           |  |                       |                      |                       |
| 2.Allocation to General Risk Provisions                               |                      |  |  |                      |                      |                      |                    |                   |                    |  |                           |  |                       |                      |                       |
| 3.Distributions to Owners (or Shareholders)                           |                      |  |  |                      |                      |                      |                    |                   |                    |  | -338,720<br>,933.20       |  | -338,720,9<br>33.20   |                      | -338,720,93<br>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                                       |                      |  |  |                      |                      |                      |                    | 50,731,5<br>80.68 |                    |  |                           |  | 50,731,580<br>.68     |                      | 50,731,580.<br>68     |
| 2.Current Period Utilizations   |                      |  |  |                      |                      |                      |                    | 50,731,5<br>80.68 |                    |  |                           |  | 50,731,580<br>.68     |                      | 50,731,580.<br>68     |
| (VI)Other   |                      |  |  |                      | -67,110,<br>234.96   |                      |                    |                   |                    |  |                           |  | -67,110,23<br>4.96    | -5,359,475.<br>05    | -72,469,710<br>.01    |
| IV. Closing Balance of Current Year                                   | 3,666,31<br>4,207.00 |  |  | 1,159,00<br>2,779.38 | 8,753,59<br>6,729.54 | 2,676,63<br>9,183.21 | 955,761,<br>424.10 |                   | 807,136,<br>900.99 |  | 12,076,8<br>78,979.3<br>2 |  | 24,742,051<br>,837.12 | 5,990,055,<br>713.66 | 30,732,107,<br>550.78 |

## Previous period amount

| Item  | Year 2023                             |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
|---|---------------------------------------|--------------------------|---------------------|----------------------|----------------------|-----------------------------|--------------------------------------|--------------------|--------------------|----------------------------|-------------------------------|--------|-----------------------|----------------------|---------------------------------|
|   | Equity attributable to parent company |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      | Non-contr<br>olling<br>interest |
|   | Share<br>capital                      | Other equity instruments |                     |                      | Capital<br>reserve   | Less:<br>Treasury<br>shares | Other<br>compreh<br>ensive<br>income | Special<br>reserve | Surplus<br>reserve | General<br>risk<br>reserve | Undistri<br>buted<br>interest | Others | Subtotal              |                      | Total equity                    |
|   |                                       | Preferre<br>d shares     | Perpetua<br>l bonds | Others               |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
| I.Closing Balance of Prior Year                                   | 3,666,28<br>0,806.00                  |                          |                     | 1,159,08<br>2,382.38 | 9,170,63<br>7,734.40 | 1,483,56<br>6,737.98        | 380,920,<br>744.19                   |                    | 781,701,<br>619.18 |                            | 11,771,6<br>37,510.9<br>2     |        | 25,446,694<br>,059.09 | 7,211,451,<br>336.07 | 32,658,145,<br>395.16           |
| Add: Accounting Policy Changes                                    |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
| Prior Period Error Corrections                                    |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
| Other   |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
| II. Opening Balance of Current Year                               | 3,666,28<br>0,806.00                  |                          |                     | 1,159,08<br>2,382.38 | 9,170,63<br>7,734.40 | 1,483,56<br>6,737.98        | 380,920,<br>744.19                   |                    | 781,701,<br>619.18 |                            | 11,771,6<br>37,510.9<br>2     |        | 25,446,694<br>,059.09 | 7,211,451,<br>336.07 | 32,658,145,<br>395.16           |
| III.Current period increase (or less: decrease)                   | 21,219.0<br>0                         |                          |                     | -50,612.<br>09       | -85,408,<br>553.53   | 885,375,<br>228.94          | 299,811,<br>615.99                   |                    | 25,435,2<br>81.81  |                            | 410,023,<br>058.76            |        | -235,543,2<br>19.00   | -460,113,5<br>05.42  | -695,656,72<br>4.42             |
| (I)Total Comprehensive Income                                     |                                       |                          |                     |                      |                      |                             | 299,811,<br>615.99                   |                    |                    |                            | 435,458,<br>340.57            |        | 735,269,95<br>6.56    | -64,929,11<br>6.09   | 670,340,840<br>.47              |
| (II)Contributions from and Reductions in<br>Owners' Equity        | 21,219.0<br>0                         |                          |                     | -50,612.<br>09       | 106,188.<br>81       | 885,375,<br>228.94          |                                      |                    |                    |                            |                               |        | -885,298,4<br>33.22   | -188,768,4<br>32.00  | -1,074,066,<br>865.22           |
| 1.Ordinary Shares Issued by Owners                                |                                       |                          |                     |                      | -86,407.<br>31       | 885,375,<br>228.94          |                                      |                    |                    |                            |                               |        | -885,461,6<br>36.25   | -188,768,4<br>32.00  | -1,074,230,<br>068.25           |
| 2.Capital Contributions by Holders of Other<br>Equity Instruments | 21,219.0<br>0                         |                          |                     | -50,612.<br>09       | 192,596.<br>12       |                             |                                      |                    |                    |                            |                               |        | 163,203.03            |                      | 163,203.03                      |
| 3.Share-Based Payments Recognized in Equity                       |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
| 4.Other   |                                       |                          |                     |                      |                      |                             |                                      |                    |                    |                            |                               |        |                       |                      |                                 |
| (III)Profit Distribution  |                                       |                          |                     |                      |                      |                             |                                      |                    | 25,435,2           |                            | -25,435,                      |        |                       | -50,981,56           | -50,981,568                     |

|   |                  |  |  |                  |                  |                  |                |               |                |  |                   |  |                   |                  |                   |
|---|------------------|--|--|------------------|------------------|------------------|----------------|---------------|----------------|--|-------------------|--|-------------------|------------------|-------------------|
|   |                  |  |  |                  |                  |                  |                |               | 81.81          |  | 281.81            |  |                   | 8.00             | .00               |
| 1.Allocation to Surplus Reserves                                      |                  |  |  |                  |                  |                  |                |               | 25,435,281.81  |  | -25,435,281.81    |  |                   |                  |                   |
| 2.Allocation to General Risk Provisions                               |                  |  |  |                  |                  |                  |                |               |                |  |                   |  |                   |                  |                   |
| 3.Distributions to Owners (or Shareholders)                           |                  |  |  |                  |                  |                  |                |               |                |  |                   |  |                   | -50,981,568.00   | -50,981,568.00    |
| 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                                       |                  |  |  |                  |                  |                  |                | 56,840,830.32 |                |  |                   |  | 56,840,830.32     |                  | 56,840,830.32     |
| 2.Current Period Utilizations   |                  |  |  |                  |                  |                  |                | 56,840,830.32 |                |  |                   |  | 56,840,830.32     |                  | 56,840,830.32     |
| (VI)Other   |                  |  |  |                  | -85,514,742.34   |                  |                |               |                |  |                   |  | -85,514,742.34    | -155,434,389.33  | -240,949,131.67   |
| IV. Closing 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 |

## 8.Parent company statement of changes in equity

Current 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 Income                           |                  |                          |                 |                  |                   |                       |                            |                 |                 | 352,642,126.27  |       | 352,642,126.27    |
| (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                             |                  |                          |                 |                  | -169,040.52       | 817,685,803.20        |                            |                 |                 |                 |       | -817,854,843.72   |

|  |           |  |  |            |                 |                 |  |  |               |                 |  |                 |
|--|-----------|--|--|------------|-----------------|-----------------|--|--|---------------|-----------------|--|-----------------|
| Owners   |           |  |  |            |                 |                 |  |  |               |                 |  |                 |
| 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 |

Previous period amount

Unit: RMB

|      |           |
|------|-----------|
| Item | Year 2023 |
|------|-----------|

|   | 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                         | 3,666,280,806.00 |                          |                 | 1,159,082,382.38 | 13,008,339,529.73 | 1,483,566,737.98      |                            |                 | 629,803,709.13  | 122,351,272.70  |       | 17,102,290,961.96 |
| Add: Accounting Policy Changes                          |                  |                          |                 |                  |                   |                       |                            |                 |                 |                 |       |                   |
| Prior Period Error Corrections                          |                  |                          |                 |                  |                   |                       |                            |                 |                 |                 |       |                   |
| Other   |                  |                          |                 |                  |                   |                       |                            |                 |                 |                 |       |                   |
| II. Opening Balance of Current Year                     | 3,666,280,806.00 |                          |                 | 1,159,082,382.38 | 13,008,339,529.73 | 1,483,566,737.98      |                            |                 | 629,803,709.13  | 122,351,272.70  |       | 17,102,290,961.96 |
| III.Current period increase (or less: decrease)         | 21,219.00        |                          |                 | -50,612.09       | 106,188.81        | 885,375,228.94        |                            |                 | 34,856,036.15   | 313,704,325.37  |       | -536,738,071.70   |
| (I)Total Comprehensive Income                           |                  |                          |                 |                  |                   |                       |                            |                 |                 | 348,560,361.52  |       | 348,560,361.52    |
| (II)Contributions from and Reductions in Owners' Equity | 21,219.00        |                          |                 | -50,612.09       | 106,188.81        | 885,375,228.94        |                            |                 |                 |                 |       | -885,298,433.22   |
| 1. Ordinary Shares Issued by Owners                     |                  |                          |                 |                  | -86,407.31        | 885,375,228.94        |                            |                 |                 |                 |       | -885,461,636.25   |

|  |           |  |  |            |            |  |  |  |               |                |  |            |
|--|-----------|--|--|------------|------------|--|--|--|---------------|----------------|--|------------|
| 2.Capital Contributions by Holders of Other Equity Instruments | 21,219.00 |  |  | -50,612.09 | 192,596.12 |  |  |  |               |                |  | 163,203.03 |
| 3.Share-Based Payments Recognized in Equity                    |           |  |  |            |            |  |  |  |               |                |  |            |
| 4.Other  |           |  |  |            |            |  |  |  |               |                |  |            |
| (III)Profit Distribution                                       |           |  |  |            |            |  |  |  | 34,856,036.15 | -34,856,036.15 |  |            |
| 1.Allocation to Surplus Reserves                               |           |  |  |            |            |  |  |  | 34,856,036.15 | -34,856,036.15 |  |            |
| 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<br>Surplus<br>Reserves to<br>Offset Losses                          |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| 4.Revisions to<br>Defined Benefit<br>Plans<br>Transferred to<br>Retained<br>Earnings |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| 5.Reclassification<br>of Other<br>Comprehensive<br>Income to<br>Retained<br>Earnings |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| 6.Other  |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| (V)Special<br>Reserves   |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| 1.Current Period<br>Appropriations   |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| 2.Current Period<br>Utilizations   |                      |  |  |                      |                       |                      |  |  |                    |                    |  |                       |
| (VI)Other  | 3,666,302,025.0<br>0 |  |  | 1,159,031,770.2<br>9 | 13,008,445,718.5<br>4 | 2,368,941,966.9<br>2 |  |  | 664,659,745.2<br>8 | 436,055,598.0<br>7 |  | 16,565,552,890.2<br>6 |

### **III. 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 (ZJXK [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.

After the conversion of the aforementioned "Hengyi Convertible Bond" and "Hengyi Convertible Bond 2" into 48,530 shares, as of December 31, 2024, the company's registered capital was RMB 3,666,265,677.00, and the share capital changed to RMB 3,666,314,207.00.

After the conversion of the aforementioned "Hengyi Convertible Bond" and "Hengyi Convertible Bond 2" into 48,530 shares, as of December 31, 2024, the company's registered capital was RMB 3,666,265,677.00, and the share capital changed to RMB 3,666,314,207.00.

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

The approved business scope of the Company: production, processing and sales of chemical fibers, chemical raw materials (excluding hazardous chemicals); imports and exports (except the items banned and restricted under national laws and regulations).

## 4. Key Products

The Company's main products include purified terephthalic acid (PTA), polyethylene terephthalate (PET) flakes, PET bottle flakes, 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 22, 2025

### **I.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.

## **II.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, 2024, as well as the consolidated and parent company operating results and cash flows for the year 2024.

### **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.27   | The company identifies accounts payable with individual amounts exceeding 0.25% of the total assets as important accounts payable.                                   |
| Important contract liabilities                            | V.28   | The company identifies contract  |

| 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   |
|--|--|--|
| with an aging of over one year                           |  | 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.31   | The company identifies other payable with individual amounts exceeding 0.25% of the total assets as important 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 ①the 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; ②the 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; ③the 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 aging. | Confirm the expected credit rate with reference to corresponding policy of receivables                                      |

## 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 edit 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 |
| Receivables and payable such as advance from entities beyond the scope of consolidation |   |  |
| Combination of consumption taxes  |   |  |

|  |   |
|--|---|
| and export tax rebates receivable                                    | and the expected credit loss rate within the next 12 months or for the entire duration. |
| Combination of tax refunds receivable and other government subsidies |   |
| Portfolio of deposits and security                                   |   |
| 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.

I 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, 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<br>(Year) | Residual ratio (%) | Yearly<br>depreciation<br>rate (%) |
|---------------------|-------------------------------|--------------------|------------------------------------|
| Houses & buildings  | 20 year, 30 year, 50<br>year  | 5.00               | 4.75, 4.50                         |
|                     |                               | 10.00              | 3.17, 3.00                         |
| Structures          | 10 year, 20 year              | 5.00               | 1.90, 1.80                         |
|                     |                               | 10.00              | 9.50, 4.75                         |
| Machinery equipment | 5-30 years                    | 5.00               | 9.00, 4.50                         |
|                     |                               | 10.00              | 3.00-19.00                         |

| Category                     | Depreciation Period<br>(Year)    | Residual ratio (%) | Yearly<br>depreciation<br>rate (%) |
|------------------------------|----------------------------------|--------------------|------------------------------------|
| Machinery equipment          | 5 years, 6 years and<br>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.

## **19. 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   | Estimated useful life and serviceable            | Straight-line        |

|  | years, etc. | life | 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.

- ① The expenses contribute to the completion of intangible asset so that it can be technically usable or salable;
- ② Having the intention to complete the intangible asset and use or sell it;
- ③ The 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 the 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 benefit.

## **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 is 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. financial instruments or their components are classified as financial assets, financial liabilities or equity instruments at 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;



②The client is able to control in-process commodities or services in the process of performance by the Company;

③Commodities 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

①The 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.

②If 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.

③If 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.

④If 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, PET flakes, 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 assets-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.

#### **①Right-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 leaser

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 record. 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 On October 25, 2023, the *Ministry of Finance issued Interpretation No. 17 of Accounting Standards for Business Enterprises* (Cai Kuai [2023] No. 21, hereinafter "*Interpretation No. 17*"). The Company adopted *Interpretation No. 17* effective January 1, 2024 (the "Effective Date").

#### **A. Classification of Current and Non-Current Liabilities**

The Company adopted the provisions of *Interpretation No. 17* regarding the "Classification of Current and Non-Current Liabilities" as of the Effective Date. The adoption of these provisions has no impact on the financial statements for the current reporting period.

#### **B. Disclosure of Supplier Financing Arrangements**

Pursuant to *Interpretation No. 17*, the Company is not required to disclose: Comparative period information for supplier financing arrangements; Opening balance information for "financial liabilities where suppliers have received payments from financing providers"; Opening balance information for "payment due date ranges of financial liabilities and payment due date ranges of comparable accounts payable not part of supplier financing arrangements."

#### C. Accounting Treatment for Sale and Leaseback Transactions

The Company adopted the provisions of *Interpretation No. 17* regarding the "Accounting Treatment for Sale and Leaseback Transactions" as of the Effective Date. The adoption of these provisions has no impact on the financial statements for the current reporting period.

② On December 6, 2024, the Ministry of Finance issued *Interpretation No. 18 of Accounting Standards for Business Enterprises* (Cai Kuai [2024] No. 24, hereinafter "*Interpretation No. 18*"). *Interpretation No. 18* clarifies that for warranty-type quality assurance not qualifying as a distinct performance obligation, the Company shall recognize the estimated liability in accordance with Accounting Standard for Business Enterprises No. 13—Contingencies (Cai Kuai [2006] No. 3). Specifically, the Company shall: Debit "Cost of Sales" or "Other Operating Costs" and Credit "Estimated Liabilities," instead of recognizing such amounts under "Selling Expenses." The adoption of *Interpretation No. 18* has no impact on the financial statements for the current reporting period.

#### (2) Changes in Accounting Estimates

There were no changes in accounting estimates during the reporting period.

### III. 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% |
| Hengyi Petrochemical International Co., Ltd. |     |

## 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 Hengyi High-Tech Materials Co., Ltd. (hereinafter referred to as "Hengyi High-Tech Materials"), the Company's holding subsidiary, and Zhejiang Hengyi Petrochemical Research Institute Co., Ltd. (hereinafter referred to as the "Institute"), the Company's wholly-owned subsidiary, obtained the High-tech Enterprise Certificates jointly issued by Zhejiang Provincial Department of Science and Technology, Zhejiang Provincial Department of Finance and Zhejiang Provincial Taxation Bureau of the State Administration of Taxation on December 24, 2022, and were recognized as high-tech enterprises with a validity period of 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* , Hengyi High-Tech Materials and the Institute are taxed at a reduced enterprise income rate of 15% from January 1, 2022 to December 31, 2024.

(4) 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.

(5) 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.

(6) 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.

(7)On March 15, 2019, the Company' s holding subsidiary Hengyi Industries International Pte. Ltd. was approved to join the Singapore Global Trader Programme (GTP). According to the approval document on December 31, 2021, Hengyi Industries International Pte. Ltd. was endowed with Approved Global Trading Company Status and it will enjoy the applicable preferential enterprise income tax rate of 5% from 2022 to 2026.

(8)The standard corporate income tax rate in Singapore is 17%, but the first 10,000 Singapore dollars of taxable income can enjoy 75% tax relief, and the taxable income of 10,000~190,000 Singapore dollars can enjoy 50% tax relief. The wholly-owned subsidiaries of the Company, Hengyi International Logistics Co., Ltd. and Hengyi Petrochemical International Co., Ltd., enjoy this preference.

(9)As Brunei PMB Petrochemical Project meets corresponding conditions for "Pioneer Enterprise" , Hengyi Industries Sdn. Bhd. (a holding subsidiary of the Company) may enjoy tax preference for 11 years: exemption of corporate income tax and imported apparatus & imported raw material tax.

(10)According to the "Announcement of the Ministry of Finance and the State Taxation Administration on Preferential Income Tax Policies for Small and Micro Enterprises and Individual Businesses" (Announcement No. 6 of 2023 by the Ministry

of Finance and the State Taxation Administration), the following subsidiaries of the Company are eligible for preferential tax treatment for the 2024 fiscal year: Zhejiang Xiaoyi Supply Chain Management Co., Ltd. (a wholly-owned subsidiary), Zhejiang Hengyi Resource Recycling Technology Co., Ltd. (a wholly-owned subsidiary), Wenzhou Hengyi Resource Recycling Co., Ltd. (a wholly-owned subsidiary), Jingzhou Hengyi Resource Recycling Co., Ltd. (a wholly-owned subsidiary), Suqian Huida Port Co., Ltd. (a wholly-owned subsidiary), and Hangzhou Lanbiao Testing Services Co., Ltd. (a majority-owned subsidiary). For the portion of taxable income not exceeding RMB 1 million, 25% of the amount will be included in taxable income, and enterprise income tax will be levied at a rate of 20%.

(11) According to the Circular of the Ministry of Finance and the State Administration of Taxation on the Policies on Urban Land Use Tax and Other Policies for Units Placing Disabled Persons in Employment (Article 1 of Cai Shui [2010] No. 121), Polymer Co. enjoys a preferential policy of 100% reduction in land use tax for the year 2024 for placing disabled persons in employment.

(12) Pursuant to the "Notice of the Department of Finance of Guangxi Zhuang Autonomous Region on Matters Relating to Exemption from Levy of Local Water Conservancy Construction Fund" (Gui Cai Shui [2022] No. 11), all levy recipients of the Guangxi Zhuang Autonomous Region shall be exempted from levy of the local water conservancy construction fund from 1 April 2022 to 31 December 2026 (the Affiliated Period), and the Company and the Company's wholly-owned subsidiaries, namely, Guangxi Hengyi Shunqi Trading Co. Subsidiary Guangxi Heng Yi New Materials Company Limited, and the controlling subsidiary Guangxi Free Trade Zone Yihai Harbour Services Company Limited shall enjoy such preferential treatment.

(13) According to the Circular of the Ministry of Finance, the General Administration of Taxation, the Ministry of Ex-Servicemen on Tax Policies Related to Further Supporting the Entrepreneurship and Employment of Independently Employed

Retired Soldiers ((CaiShui2019) No. 21) and the Announcement on Tax Policies Related to Further Supporting the Entrepreneurship and Employment of Key Groups (Announcement of the Ministry of Finance, the General Administration of Taxation, the Ministry of Human Resources and Social Security and the Ministry of Agriculture and Rural Affairs No. 14 of 2023), the recruitment of independently employed retired soldiers If they sign a labour contract with a term of more than 1 year and pay social insurance premiums in accordance with the law, the value-added tax, urban maintenance and construction tax, education surcharge, local education surcharge and enterprise income tax shall be deducted in order of the number of people actually recruited in accordance with the fixed standard of RMB 9,000 per person per year for a period of 3 years starting from the month of signing the labour contract and paying the social insurance premiums. Hengyi High-tech Materials, Research Institute, Shuangtu New Materials, a wholly-owned subsidiary of the Company, Hengyi Petrochemicals Polymer Company, Hengyi Petrochemical Limited, Zhejiang Hengyi Petrochemicals Sales Company Limited, a wholly-owned subsidiary of the Company, Zhejiang Hengyi Engineering Management Company Limited, a wholly-owned subsidiary of the Company, Haining Hengyi New Materials Company Limited and Guangxi Hengyi Environmental Science and Technology Company Limited are entitled to this tax incentive for FY2024.

(14)According to the Circular of the Ministry of Finance, the General Administration of Taxation, the Ministry of Human Resources and Social Security, the State Council Office of Poverty Alleviation on Tax Policies Relating to Further Supporting and Promoting Entrepreneurship and Employment of Key Groups (Cai Shui [2019] No. 22) and the Announcement on Tax Policies Relating to Further Supporting Entrepreneurship and Employment of Key Groups (Announcement of the Ministry of Finance, the General Administration of Taxation, the Ministry of Human Resources and Social Security, the Ministry of Agriculture and Rural Affairs, Announcement No. 15 of 2023) Taxpayers will account for the total amount of tax reduction and exemption for their units according to the number of key groups recruited by their

units and their actual number of months of work, and within the total amount of tax reduction and exemption, deduct value-added tax, urban maintenance and construction tax, education surcharge and local education surcharge sequentially on a monthly basis at a flat rate of RMB7,800 per person per annum. HengYi Petrochemicals and HengYi High-Tech Materials are entitled to this tax incentive for the year 2024.

(15) From January 1, 2023, to December 31, 2027, enterprises that hire individuals from poverty-alleviated populations or individuals registered as unemployed for over six months with the public employment service agencies of the human resources and social security authorities (holding an Employment and Entrepreneurship Certificate or Employment and Unemployment Registration Certificate annotated with "Tax Policy for Enterprise Employment Absorption"), sign labor contracts with a duration of one year or longer, and legally pay social insurance premiums for them, are eligible to sequentially deduct fixed amounts from Value-Added Tax (VAT), Urban Maintenance and Construction Tax, Education Surcharge, Local Education Surcharge, and Corporate Income Tax over a three-year period starting from the month of contract signing and social insurance payment. The deduction standard is set at 6,000 RMB per person per year, with a maximum allowable increase of 30%. Provincial, regional, and municipal governments can determine the specific deduction standard within this range based on local circumstances. The tax base for Urban Maintenance and Construction Tax, Education Surcharge, and Local Education Surcharge is the VAT payable amount before applying this tax incentive policy. Hengyi High-Tech Materials, Shuangtu New Materials, and Haining Hengyi Thermal Power Co., Ltd., a subsidiary of the company, are beneficiaries of this tax incentive policy.

#### **IV. 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, 2024, the "end of previous year" refers to December 31, 2023, the "current period" refers to 2024, and the "previous period" refers to 2023.

### 1.Monetary funds

| Item  | Ending balance    | Ending balance of |
|---|-------------------|-------------------|
| Cash on hand  | 698,184.72        | 1,065,013.70      |
| Bank deposit  | 8,871,666,704.37  | 7,927,366,494.60  |
| Other monetary funds                                | 4,220,809,658.37  | 5,899,471,579.10  |
| Total   | 13,093,174,547.46 | 13,827,903,087.40 |
| Wherein: The total amount of funds deposited abroad | 2,586,487,126.04  | 2,284,767,031.67  |

Note: As of December 31, 2024, the monetary capital that the Company's right to use was restricted was RMB 3,032,285,927.15, including RMB 2,078,071,659.97 of L/C guarantee deposit, RMB 777,004,071.80 of acceptance bill deposit, RMB 62,300,000.00 of L/G deposit, RMB 67,499,029.87 of collection for bill pledge, RMB 493,888.30 of judicially frozen fund, RMB 35,614,900.27 of futures deposit, and RMB 11,302,376.94 of other restricted funds.

### 2.Held-for- trading financial assets

| Item  | Ending balance | Ending balance of previous year |
|---|----------------|---------------------------------|
| Financial assets measured at fair value through profit and loss   | 153,091,745.24 | 366,311,518.38                  |
| Wherein: Derivative financial assets  | 153,091,745.24 | 366,311,518.38                  |
| Specified as financial assets measured by fair value and whose changes included in current profits and losses | 0.00           | 0.00                            |
| Total   | 153,091,745.24 | 366,311,518.38                  |
| 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        | 4,783,678.80   | 0.00              |



| Item   | Ending balance | Ending balance of |
|--------|----------------|-------------------|
| Total: | 4,783,678.80   | 0.00              |

#### 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 421,087.50 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                   | 561,450.00              |
| Minus: Deferred income tax from the gains of fair value                        | 140,362.50              |
| Minus: Other comprehensive income is reclassified into current profit and loss | 0.00                    |
| Minus: Deferred income tax reclassified into current profit and loss           | 0.00                    |

| Item   | Current-period Quantity |
|--|-------------------------|
| Minus: Assigned to Minority Shareholders after Tax | 0.00                    |
| Net profits from cash-flow hedge                   | 421,087.50              |

#### 4. Notes receivable

##### (1) Classified presentation of notes receivable

| Item                           | Ending balance | Ending balance of previous year |
|--------------------------------|----------------|---------------------------------|
| Bank acceptance bills          | 6,833,997.24   | 167,871,662.32                  |
| Commercial acceptance bills    | 0.00           | 0.00                            |
| Domestic letter of credit      | 0.00           | 0.00                            |
| Subtotal                       | 6,833,997.24   | 167,871,662.32                  |
| Minus: Provision for bad debts | 0.00           | 0.00                            |
| Total                          | 6,833,997.24   | 167,871,662.32                  |

##### (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 | 724,117,175.96                       | 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. Accountable receivable

##### (1) Disclosure by aging

| Aging                    | Ending balance   | Ending balance of previous year |
|--------------------------|------------------|---------------------------------|
| Within 1 year            | 5,936,909,719.60 | 5,922,412,767.50                |
| Wherein: Within 6 months | 5,934,976,646.98 | 5,916,751,635.07                |

| Aging                          | Ending balance   | Ending balance of previous year |
|--------------------------------|------------------|---------------------------------|
| 7-12 months                    | 1,933,072.62     | 5,661,132.43                    |
| 1-2 years                      | 10,854,722.72    | 9,444,117.81                    |
| 2-3 years                      | 952,317.00       | 606,578.77                      |
| Over three years               | 9,091,513.28     | 8,569,211.47                    |
| Subtotal                       | 5,957,808,272.60 | 5,941,032,675.55                |
| Minus: Provision for bad debts | 13,514,987.12    | 15,857,715.96                   |
| Total                          | 5,944,293,285.48 | 5,925,174,959.59                |

## (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  | 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 |
| 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 |

(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  | 14,037,245.00                   | 0.24           | 14,037,245.00           | 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             |
| Changzhou Anding Textile Co.  | 4,778,562.20                    | 0.08           | 4,778,562.20            | 100.00             | 0.00             |
| Fujian Yuanye Logistics Co.   | 748,470.80                      | 0.01           | 748,470.80              | 100.00             | 0.00             |
| Receivables with bad debt provision made as per different groups  | 5,926,995,430.55                | 99.76          | 1,820,470.96            | 0.03               | 5,925,174,959.59 |
| Wherein: This credit risk characteristic of this portfolio of receivables is defined by account receivable aging. | 5,926,995,430.55                | 99.76          | 1,820,470.96            | 0.03               | 5,925,174,959.59 |
| Total   | 5,941,032,675.55                | 100.00         | 15,857,715.96           | 0.27               | 5,925,174,959.59 |

## 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 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       | --             | --   |

(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 |
| Changzhou Anding Textile Co.                 | 4,778,562.20                    | 4,778,562.20       | 100%           | Expected to be less likely to be recovered |
| Fujian Yuanye Logistics Co.                  | 748,470.80                      | 748,470.80         | 100%           | Expected to be less likely to be recovered |
| Total  | 14,037,245.00                   | 14,037,245.00      | --             | --   |

②Accounts receivable with bad debt provision made based on aging combination in the combination

| Aging            | Ending balance      |                    |                    |
|------------------|---------------------|--------------------|--------------------|
|                  | 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       | --                 |

(Continued)

| Aging            | Ending balance of previous year |                    |                    |
|------------------|---------------------------------|--------------------|--------------------|
|                  | Accounts receivable             | Bad debt provision | Allotment rate (%) |
| Within 6 months  | 5,916,751,635.07                | 0.00               | 0.00               |
| 7-12 months      | 5,661,132.43                    | 283,056.63         | 5.00               |
| 1-2 years        | 3,917,084.81                    | 1,175,125.44       | 30.00              |
| 2-3 years        | 606,578.77                      | 303,289.42         | 50.00              |
| Over three years | 58,999.47                       | 58,999.47          | 100.00             |

| Aging | Ending balance of previous year |                    |                    |
|-------|---------------------------------|--------------------|--------------------|
|       | Accounts receivable             | Bad debt provision | Allotment rate (%) |
| Total | 5,926,995,430.55                | 1,820,470.96       | --                 |

## (3)Bad debt preparation

| Category   | Ending<br>balance of<br>previous year | Amount of changes in current period |  |                        | Ending<br>balance |
|--|---------------------------------------|-------------------------------------|--|------------------------|-------------------|
|  |                                       | Provision                           | Amount<br>recovered or<br>written back | Resell or<br>write off |                   |
| Accounts receivable with single<br>provision for bad debt  | 14,037,245.00                         | 848,921.29                          | 587,594.00                             | 4,939,439.00           | 9,359,133.29      |
| This credit risk characteristic of this<br>portfolio of receivables is defined by<br>account receivable aging. | 1,820,470.96                          | 4,166,114.51                        | 1,273,983.92                           | 556,747.72             | 4,155,853.83      |
| Total  | 15,857,715.96                         | 5,015,035.80                        | 1,861,577.92                           | 5,496,186.72           | 13,514,987.12     |

Among them: Significant amounts of bad debt provisions recovered or reversed during the current period.

| Company name                | Recovered or reversed<br>amount | Recovery method:            |
|-----------------------------|---------------------------------|-----------------------------|
| Fujian Yuanye Logistics Co. | 587,594.00                      | Cash installment<br>payment |

## (4)The status of accounts receivable actually written off in this period

| Item                                   | Write-off amount |
|--|------------------|
| Actual written-off accounts receivable | 5,496,186.72     |

## Among them: Significant accounts receivable write-off details

| Company name                    | Nature of<br>accounts<br>receivable | Write-off<br>amount | Reasons for write-off                                | Procedure<br>s carried<br>out for the<br>write-off | Whether it<br>is<br>generated<br>due to<br>related-par<br>ty<br>transaction<br>s |
|---------------------------------|-------------------------------------|---------------------|--|--|--|
| Changzhou Anding<br>Textile Co. | Payment<br>for goods                | 4,778,562.20        | Unable to complete the<br>collection for it, most of | Internal<br>Procedure                              | No   |

| Company name                | Nature of accounts receivable | Write-off amount | Reasons for write-off                                     | Procedures carried out for the write-off | Whether it is generated due to related-party transactions |
|-----------------------------|-------------------------------|------------------|---|--|---|
|                             |                               |                  | which is compensated separately by the insurance company. | s  |   |
| Fujian Yuanye Logistics Co. | Payment for goods             | 160,876.80       | Civil mediation reduces the payment amount                | Civil Mediation Document                 | No  |
| Total                       | --                            | 4,939,439.00     | --  | --                                       | --  |

## (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 2,465,047,964.09 in total, accounting for 41.38% 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    | 8,782,497.35   | 36,904,996.06                   |
| Accounts receivable | 0.00           | 0.00                            |
| Total               | 8,782,497.35   | 36,904,996.06                   |

## (2) Changes of increase or decrease of financing of receivables in current period and changes in fair value thereof

| Item | Ending balance of previous year | Changes in current period | Ending balance |
|------|---------------------------------|---------------------------|----------------|
|------|---------------------------------|---------------------------|----------------|

|                     | Cost          | Changes<br>of fair<br>value | Cost           | Changes of<br>fair value | Cost         | Changes of<br>fair value |
|---------------------|---------------|-----------------------------|----------------|--------------------------|--------------|--------------------------|
| Notes receivable    | 36,904,996.06 | 0.00                        | -28,122,498.71 | 0.00                     | 8,782,497.35 | 0.00                     |
| Accounts receivable | 0.00          | 0.00                        | 0.00           | 0.00                     | 0.00         | 0.00                     |
| Total               | 36,904,996.06 | 0.00                        | -28,122,498.71 | 0.00                     | 8,782,497.35 | 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<br>derecognized | Ending balance of those not<br>derecognized |
|---------------------------|---|---|
| Bank acceptance bills     | 1,812,224,565.87                        | 0.00  |
| Domestic letter of credit | 316,561,782.00                          | 0.00  |
| Total                     | 2,128,786,347.87                        | 0.00  |

(4)Other description

During the current period, the Company discounted bank acceptance bills of RMB 2,232,443,983.65 (RMB 2,560,062,129.52 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, 2024, the cashed but not mature banker's acceptance was RMB 1,289,014,668.95 in total (RMB 1,102,109,044.00 on December 31, 2023).

## 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 | 1,526,591,190.88 | 97.19          | 1,789,373,451.85                | 98.28          |



| Aging            | Ending balance   |                | Ending balance of previous year |                |
|------------------|------------------|----------------|---------------------------------|----------------|
|                  | Amount           | Proportion (%) | Amount                          | Proportion (%) |
| 1-2 years        | 21,504,563.01    | 1.37           | 19,255,479.29                   | 1.06           |
| 2-3 years        | 13,714,211.05    | 0.87           | 3,028,163.48                    | 0.17           |
| Over three years | 8,951,749.01     | 0.57           | 8,837,381.11                    | 0.49           |
| Total            | 1,570,761,713.95 | 100.00         | 1,820,494,475.73                | 100.00         |

## (2) Important advance payment with aging &gt;1 year

At the end of the term, there is 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 1,065,883,507.32, accounting for 67.86% 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    | 262,407,082.57 | 187,541,184.46                  |
| Total                | 262,407,082.57 | 187,541,184.46                  |

## (1) Other receivables

## ① Disclosure by aging

| Aging            | Ending balance | Ending balance of previous year |
|------------------|----------------|---------------------------------|
| Within 1 year    | 195,420,165.44 | 157,253,512.38                  |
| 1-2 years        | 45,931,111.91  | 4,033,004.26                    |
| 2-3 years        | 1,427,868.49   | 1,390,154.45                    |
| Over three years | 59,251,722.27  | 61,190,426.54                   |
| Subtotal         | 302,030,868.11 | 223,867,097.63                  |

| Aging                     | Ending balance | Ending balance of previous year |
|---------------------------|----------------|---------------------------------|
| Minus: Bad debt provision | 39,623,785.54  | 36,325,913.17                   |
| Total                     | 262,407,082.57 | 187,541,184.46                  |

## 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 | 68,078,241.54  | 27,184,746.69                   |
| Combination of tax refunds receivable and other government subsidies                     | 10,263,489.71  | 15,897,035.30                   |
| Portfolio of deposits and security   | 159,967,909.41 | 119,507,155.21                  |
| Employee loan and petty cash   | 9,646,041.63   | 6,383,068.94                    |
| Other groups   | 54,075,185.82  | 54,895,091.49                   |
| Subtotal   | 302,030,868.11 | 223,867,097.63                  |
| Minus: Bad debt provision  | 39,623,785.54  | 36,325,913.17                   |
| Total  | 262,407,082.57 | 187,541,184.46                  |

## ③ Accrual of bad debt reserves

|  | Stage 1  | Stage 2  | Stage 3  |               |
|--|--|--|--|---------------|
| Bad debt provision   | 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 occurred has occurred) | Total         |
| Balance at end of previous year                                    | 8,213,137.35                                     | 41,700.00  | 28,071,075.82  | 36,325,913.17 |
| 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                       | 4,078,920.56  | 0.00      | 0.00          | 4,078,920.56  |
| Roll-back in current period                       | 757,391.70    | 10,000.00 | 0.00          | 767,391.70    |
| Write-off in current period                       | 0.00          | 0.00      | 0.00          | 0.00          |
| Cancellation after verification in current period | 13,656.49     | 0.00      | 0.00          | 13,656.49     |
| Other changes                                     | 0.00          | 0.00      | 0.00          | 0.00          |
| Ending balance                                    | 11,521,009.72 | 31,700.00 | 28,071,075.82 | 39,623,785.54 |

## 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 | 815,290.36                      | 1,227,323.05                        | 266.16                           | 0.00  | 2,042,347.25   |
| Portfolio of deposits and   | 6,004,823.06                    | 2,656,123.55                        | 641,103.41                       | 0.00  | 8,019,843.20   |

|                              |               |              |            |           |               |
|------------------------------|---------------|--------------|------------|-----------|---------------|
| security                     |               |              |            |           |               |
| Employee loan and petty cash | 191,492.02    | 158,473.46   | 46,927.78  | 13,656.49 | 289,381.21    |
| Other groups                 | 29,314,307.73 | 37,000.50    | 79,094.35  | 0.00      | 29,272,213.88 |
| Total                        | 36,325,913.17 | 4,078,920.56 | 767,391.70 | 13,656.49 | 39,623,785.54 |

## 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 |
|---|---------------------|----------------|---------------|--|-----------------------------------|
| Baiduri Bank Berhad   | Margin              | 68,562,654.05  | Within 1 year | 22.70  | 3,428,132.70                      |
| Zhengzhou Commodity Exchange (ZCE)  | Margin              | 43,140,000.00  | Within 1 year | 14.88  | 2,247,000.00                      |
|   |                     | 600,000.00     | 2-3 year      |  |                                   |
|   |                     | 1,200,000.00   | Over 3 years  |  |                                   |
| China (Guangxi) Pilot Free Trade Zone Qinzhou Port Area Investment Service Centre | Margin              | 40,000,000.00  | 1-2 year      | 13.24  | 2,000,000.00                      |
| Wang XX   | Claim for indemnity | 1,719,275.62   | 1-2 year      | 9.26   | 27,956,250.71                     |
|   |                     | 26,236,975.09  | Over 3 years  |  |                                   |
| Fulida Group and Xinghui Chemical Fibre Group Co., Ltd.                           | Compensation        | 35,157.60      | Within 1 year | 8.24   | 1,243,771.52                      |
|   |                     | 1,260,157.61   | 1-2 year      |  |                                   |
|   |                     | 23,580,115.13  | Over 3 years  |  |                                   |
| Total   | —                   | 206,334,335.10 | --            | 68.32  | 36,875,154.93                     |

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 XI. 1 (1).

## ⑥ Accounts 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 |
|---------------------------------|---------------------------|----------------|--------------------------------|--|
| Tax Bureau of Xiaoshan District | Value-added tax refund    | 10,263,489.71  | Within 6 months                | Before May, 2025                               |

Note: As of the date of this financial report, RMB 10,157,755.59 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      | 1,132,593,583.62  | 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 |

(Continued)

| Item                 | Ending balance of previous year |   |                  |
|----------------------|---------------------------------|---|------------------|
|                      | Book balance                    | Inventory depreciation reserves/Impairment reserves for contract performance cost | Book value       |
| Materials in transit | 619,097,411.51                  | 129,177.90  | 618,968,233.61   |
| Raw materials        | 5,057,860,629.36                | 2,477,361.36  | 5,055,383,268.00 |
| Goods in process     | 1,423,940,390.58                | 19,196,332.00   | 1,404,744,058.58 |

| Item                      | Ending balance of previous year |   |                   |
|---------------------------|---------------------------------|---|-------------------|
|                           | Book balance                    | Inventory depreciation reserves/Impairment reserves for contract performance cost | Book value        |
| Commodity stocks          | 6,029,526,106.66                | 49,698,635.18   | 5,979,827,471.48  |
| Contract performance cost | 1,272,831.70                    | 0.00  | 1,272,831.70      |
| Total                     | 13,131,697,369.81               | 71,501,506.44   | 13,060,195,863.37 |

## (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 | 129,177.90                      | 0.00                       | 0.00   | 129,177.90                 | 0.00        | 0.00           |
| Raw materials        | 2,477,361.36                    | 334,764.20                 | 0.00   | 2,477,361.36               | 0.00        | 334,764.20     |
| Goods in process     | 19,196,332.00                   | 6,613,961.37               | 0.00   | 19,279,874.53              | -150,648.54 | 6,681,067.38   |
| Commodity stocks     | 49,698,635.18                   | 27,396,092.05              | 0.00   | 49,835,759.20              | -287,573.06 | 27,546,541.09  |
| Total                | 71,501,506.44                   | 34,344,817.62              | 0.00   | 71,722,172.99              | -438,221.60 | 34,562,372.67  |

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 | 68,036,685.67  | 0.00                            |

**11. Other current assets**

| Item                | Ending balance | Ending balance of previous year |
|---------------------|----------------|---------------------------------|
| Unamortized expense | 171,024,774.64 | 149,807,903.33                  |
| Input tax retained  | 503,270,173.56 | 246,014,337.84                  |
| Excess tax paid     | 6,279,179.63   | 26,449,284.90                   |

| Item                                     | Ending balance   | Ending balance of previous year |
|--|------------------|---------------------------------|
| Input tax to be certified                | 451,951,222.16   | 324,194,945.70                  |
| Principal and interest of entrusted loan | 0.00             | 787,149,197.50                  |
| Others                                   | 457,063.42       | 269,739.82                      |
| Total                                    | 1,132,982,413.41 | 1,533,885,409.09                |

## 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                      | 86,100,208.02  | 0.00               | 86,100,208.02 | 137,312,857.42                  | 0.00               | 137,312,857.42 |
| Wherein: Unrealized financing income | -8,891,279.89  | 0.00               | -8,891,279.89 | -12,675,889.68                  | 0.00               | -12,675,889.68 |
| Long-term deposits                   | 5,576,906.36   | 0.00               | 5,576,906.36  | 3,674,423.03                    | 0.00               | 3,674,423.03   |
| Minus: Portion due within one year   | 68,036,685.67  | 0.00               | 68,036,685.67 | 0.00                            | 0.00               | 0.00           |
| Total                                | 23,640,428.71  | 0.00               | 23,640,428.71 | 140,987,280.45                  | 0.00               | 140,987,280.45 |

## 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 | 13,911,759,800.05 | 0.00               | 13,911,759,800.05 | 13,669,254,123.61               | 0.00               | 13,669,254,123.61 |

### Investments in joint ventures and associates

| Investee | Ending balance | Changes of increase or decrease in current period |
|----------|----------------|---|
|----------|----------------|---|

|   | of previous year  |                          |                        | Investment<br>profits and losses<br>recognized<br>under the equity<br>method<br>Investment<br>profits and losses | Other<br>comprehensive<br>income<br>adjustment | Changes in<br>other equity |
|---|-------------------|--------------------------|------------------------|--|--|----------------------------|
|   |                   | Additional<br>investment | Negative<br>investment |  |  |                            |
| I. Joint ventures                               |                   |                          |                        |  |  |                            |
| Zhejiang Baling Hengyi<br>Caprolactam Co., Ltd. | 1,132,861,826.51  | 0.00                     | 0.00                   | 57,391,043.09  | 0.00   | 0.00                       |
| Hainan Yisheng<br>Petrochemical Co., Ltd.       | 3,475,606,910.51  | 0.00                     | 0.00                   | 80,665,841.03  | -27,464,169.05                                 | 0.00                       |
| Subtotal  | 4,608,468,737.02  | 0.00                     | 0.00                   | 138,056,884.12   | -27,464,169.05                                 | 0.00                       |
| II. Associated companies                        |                   |                          |                        |  |  |                            |
| Dalian Yisheng<br>Investment Co., Ltd.          | 2,050,684,657.66  | 0.00                     | 0.00                   | -35,417,943.57   | -5,944,475.87                                  | 0.00                       |
| Zhejiang Yisheng New<br>Materials Co., Ltd.     | 1,123,075,690.05  | 0.00                     | 0.00                   | -250,127,984.46  | 826,930.19                                     | 0.00                       |
| China Zheshang Bank Co.,<br>Ltd.                | 5,704,991,961.71  | 0.00                     | 0.00                   | 503,540,971.15   | 104,005,200.00                                 | 0.00                       |
| Ningbo Jinhou Industry<br>Investment Co., Ltd.  | 14,156,002.82     | 0.00                     | 0.00                   | -305,204.20  | 0.00   | 0.00                       |
| Dongzhan Shipping Co.,<br>Ltd.                  | 167,877,074.35    | 0.00                     | 0.00                   | 4,842,830.48   | 1,188,932.51                                   | 0.00                       |
| Subtotal  | 9,060,785,386.59  | 0.00                     | 0.00                   | 222,532,669.40   | 100,076,586.83                                 | 0.00                       |
| Total   | 13,669,254,123.61 | 0.00                     | 0.00                   | 360,589,553.52   | 72,612,417.78                                  | 0.00                       |

(Continued)

| Investee | Changes of increase or decrease in current period | Ending balance | Impairment |
|----------|---|----------------|------------|
|----------|---|----------------|------------|



|   | Announcement of<br>release Cash<br>dividend or profit | Provisions for<br>impairment<br>reserves | Others |                   | reserves<br>Ending<br>balance |
|---|---|--|--------|-------------------|-------------------------------|
| I. Joint ventures                               |   |  |        |                   |                               |
| Zhejiang Baling Hengyi Caprolactam<br>Co., Ltd. | 22,207,923.71   | 0.00                                     | 0.00   | 1,168,044,945.89  | 0.00                          |
| Hainan Yisheng Petrochemical Co.,<br>Ltd.       | 0.00  | 0.00                                     | 0.00   | 3,528,808,582.49  | 0.00                          |
| Subtotal  | 22,207,923.71   | 0.00                                     | 0.00   | 4,696,853,528.38  | 0.00                          |
| II. Associated companies                        |   |  |        |                   |                               |
| Dalian Yisheng Investment Co., Ltd.             | 0.00  | 0.00                                     | 0.00   | 2,009,322,238.22  | 0.00                          |
| Zhejiang Yisheng New Materials Co.,<br>Lt       | 0.00  | 0.00                                     | 0.00   | 873,774,635.78    | 0.00                          |
| China Zheshang Bank Co., Ltd.                   | 159,488,371.15  | 0.00                                     | 0.00   | 6,153,049,761.71  | 0.00                          |
| Ningbo Jinhou Industry Investment<br>Co., Ltd.  | 0.00  | 0.00                                     | 0.00   | 13,850,798.62     | 0.00                          |
| Dongzhan Shipping Co., Ltd.                     | 9,000,000.00  | 0.00                                     | 0.00   | 164,908,837.34    | 0.00                          |
| Subtotal  | 168,488,371.15  | 0.00                                     | 0.00   | 9,214,906,271.67  | 0.00                          |
| Total   | 190,696,294.86  | 0.00                                     | 0.00   | 13,911,759,800.05 | 0.00                          |

#### 14. Other equity instrument investments

##### (1) Investment in other equity instruments

| Item  | Ending balance | Ending<br>balance of<br>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                | 43,686,502,928.39 | 45,430,020,661.94               |
| Liquidation of fixed assets | 104,000.00        | 0.00                            |
| Total                       | 43,686,606,928.39 | 45,430,020,661.94               |

**(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)              | 13,145,179,276.03    | 1,510,319,882.68 | 51,188,760,479.19   | 368,893,309.67           | 336,663,728.54               | 66,549,816,676.11 |
| 2. Increase in current period                  | 251,092,921.35       | 47,670,623.63    | 1,308,818,843.35    | 5,100,765.89             | 16,799,624.64                | 1,629,482,778.86  |
| (1) Acquisition                                | 110,209,766.90       | 4,747,911.10     | 135,923,326.41      | 3,430,324.39             | 13,699,690.96                | 268,011,019.76    |
| (2) Transfer from construction in progress     | 32,366,708.78        | 42,920,914.25    | 770,377,142.27      | 41,758.27                | 2,115,864.35                 | 847,822,387.92    |
| (3) Translation of foreign currency statements | 108,516,445.67       | 1,798.28         | 295,519,536.23      | 1,628,683.23             | 984,069.33                   | 406,650,532.74    |
| (1) Reversal of reconstructed fixed assets     | 0.00                 | 0.00             | 106,998,838.44      | 0.00                     | 0.00                         | 106,998,838.44    |
| 3、Decrease in current period                   | 0.00                 | 0.00             | 371,723,722.09      | 2,490,963.08             | 2,208,008.27                 | 376,422,693.44    |
| (1) Disposal or retirement                     | 0.00                 | 0.00             | 276,479,052.04      | 2,489,575.69             | 2,208,008.27                 | 281,176,636.00    |

| Item   | Houses and<br>buildings | Structures       | Machinery<br>equipment | Transportation<br>equipment | Office facilities<br>and others | Total             |
|--|-------------------------|------------------|------------------------|-----------------------------|---------------------------------|-------------------|
| (2)Transfer to<br>construction in progress         | 0.00                    | 0.00             | 112,360,932.84         | 0.00                        | 0.00                            | 112,360,932.84    |
| (3)Others  | 0.00                    | 0.00             | -17,116,262.79         | 1,387.39                    | 0.00                            | -17,114,875.40    |
| 4. Balance at the end<br>of current 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 |
| II.Accumulated<br>depreciation                     |                         |                  |                        |                             |                                 |                   |
| 1. Ending balance<br>(previous year)               | 1,844,284,414.36        | 779,401,428.56   | 18,065,567,316.54      | 204,595,973.37              | 225,946,881.34                  | 21,119,796,014.17 |
| 2. Increase in current<br>period                   | 343,418,442.31          | 87,289,598.89    | 2,616,576,806.00       | 47,117,985.72               | 30,977,736.58                   | 3,125,380,569.50  |
| (1) Provision                                      | 332,935,839.82          | 87,288,496.33    | 2,572,815,365.83       | 45,914,728.40               | 30,091,717.27                   | 3,069,046,147.65  |
| (2)Conversion of<br>foreign currency<br>statements | 10,482,602.49           | 1,102.56         | 43,761,440.17          | 1,203,257.32                | 886,019.31                      | 56,334,421.85     |
| 3、 Decrease in current<br>period                   | 0.00                    | 0.00             | 124,784,468.81         | 1,939,988.36                | 2,078,293.36                    | 128,802,750.53    |
| (1) Disposal or<br>retirement                      | 0.00                    | 0.00             | 119,422,374.41         | 1,939,988.36                | 2,078,293.36                    | 123,440,656.13    |
| (2) Transfer to<br>construction in progress        | 0.00                    | 0.00             | 5,362,094.40           | 0.00                        | 0.00                            | 5,362,094.40      |
| 4. Balance at the end<br>of current 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 |
| I. Impairment reserves                             |                         |                  |                        |                             |                                 |                   |
| 1. Ending balance<br>(previous year)               | 0.00                    | 0.00             | 0.00                   | 0.00                        | 0.00                            | 0.00              |

| Item  | Houses and buildings | Structures     | Machinery equipment | Transportation equipment | Office facilities and others | Total             |
|---|----------------------|----------------|---------------------|--------------------------|------------------------------|-------------------|
| 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         | 11,208,569,340.71    | 691,299,478.86 | 31,568,495,946.72   | 121,729,141.75           | 96,409,020.35                | 43,686,502,928.39 |
| 2. Book value at the end of the previous year | 11,300,894,861.67    | 730,918,454.12 | 33,123,193,162.65   | 164,297,336.30           | 110,716,847.20               | 45,430,020,661.94 |

② Temporarily idle fixed assets

| Item                 | Original Book Value | Accumulated depreciation | Impairment reserves | Book value    |
|----------------------|---------------------|--------------------------|---------------------|---------------|
| Houses and buildings | 8,710,289.69        | 1,066,662.37             | 0.00                | 7,643,627.32  |
| Machinery equipment  | 14,657,618.82       | 4,899,616.03             | 0.00                | 9,758,002.79  |
| Transportation means | 1,819,911.02        | 1,728,915.51             | 0.00                | 90,995.51     |
| Total                | 25,187,819.53       | 7,695,193.91             | 0.00                | 17,492,625.62 |

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., | 29,806,118.59 | In process   |

|   |                |   |
|---|----------------|---|
| Ltd.                                      |                |   |
| Guangxi Hengyi New Material Co., Ltd.     | 31,980,721.07  | In process                                |
| Haining Hengyi Thermal Power Co., Ltd.    | 136,701,582.14 | In process                                |
| Jiaxing Yipeng Chemical Fibre Co., Ltd.   | 417,119,855.53 | In process                                |
| Suqian Hengyuan Thermal Energy Co., Ltd.  | 167,303,904.67 | In process                                |
| Suqian Yida New Materials Co., Ltd.       | 351,683,694.43 | In process                                |
| Taicang Yifeng Chemical Fibre Co., Ltd.   | 12,293,368.59  | Property obtained by auction, in progress |
| Zhejiang Shuangtu New Materials Co., Ltd. | 7,075,420.97   | Makeshift house                           |

(2)Liquidation of fixed assets

| Machinery equipment | Ending balance | Ending balance of previous year |
|---------------------|----------------|---------------------------------|
| Machinery equipment | 104,000.00     | 0.00                            |

**16.Construction in progress**

| Item                     | Ending balance   | Ending balance of previous year |
|--------------------------|------------------|---------------------------------|
| Construction in progress | 8,314,604,283.57 | 4,005,782,015.72                |
| Engineering materials    | 398,287,215.20   | 604,523,744.30                  |
| Total                    | 8,712,891,498.77 | 4,610,305,760.02                |

**(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 |
|      |                |                    |            |                                 |                     |            |

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|  |                  |      |                  |                  |      |                  |
|--|------------------|------|------------------|------------------|------|------------------|
| Phase II of the refining-<br>petrochemical project in<br>Brunei  | 2,930,636,892.41 | 0.00 | 2,930,636,892.41 | 2,713,040,992.62 | 0.00 | 2,713,040,992.62 |
| Hangzhou Yitong's<br>Annual Production of<br>1.4 Million Tons<br>Functional Fiber New<br>Material Upgrading<br>and Renovation<br>Project | 435,059,043.34   | 0.00 | 435,059,043.34   | 60,196,827.65    | 0.00 | 60,196,827.65    |
| Guangxi Jijin Project (Phase<br>I)   | 4,614,778,432.82 | 0.00 | 4,614,778,432.82 | 875,865,394.43   | 0.00 | 875,865,394.43   |
| Suqian Yida Phase II<br>Capacity Expansion<br>Project  | 42,928,837.52    | 0.00 | 42,928,837.52    | 14,143,692.44    | 0.00 | 14,143,692.44    |
| The project of centralized<br>heating for Suqian Yida<br>Project   | 0.00             | 0.00 | 0.00             | 232,083,426.90   | 0.00 | 232,083,426.90   |
| Others   | 291,201,077.48   | 0.00 | 291,201,077.48   | 110,451,681.68   | 0.00 | 110,451,681.68   |
| Total  | 8,314,604,283.57 | 0.00 | 8,314,604,283.57 | 4,005,782,015.72 | 0.00 | 4,005,782,015.72 |

② Changes of major construction projects in progress in current period

| Item  | Budget (RMB<br>10,000) | Ending balance of<br>previous year | Increase in current<br>period amount | Amount of transferred<br>into fixed assets in<br>current period | Other decrease in<br>current period | Ending balance   |
|---|------------------------|------------------------------------|--------------------------------------|---|-------------------------------------|------------------|
| Phase II of the refining-<br>petrochemical project in<br>Brunei   | \$1,365,389.0<br>0     | 2,713,040,992.62                   | 175,237,351.63                       | 0.00  | -42,358,548.16                      | 2,930,636,892.41 |
| Hangzhou Yitong's<br>Annual Production of<br>1.4 Million Tons<br>Functional Fiber New<br>Material Upgrading<br>and Renovation Project | 300,000.00             | 60,196,827.65                      | 374,862,215.69                       | 0.00  | 0.00                                | 435,059,043.34   |

|  |              |                  |                  |                |                |                  |
|--|--------------|------------------|------------------|----------------|----------------|------------------|
| Guangxi Jijin Project (Phase I)                            | 1,054,737.57 | 875,865,394.43   | 3,759,742,429.61 | 20,829,391.22  | 0.00           | 4,614,778,432.82 |
| Suqian Yida Phase II Capacity Expansion Project            | 385,000.00   | 14,143,692.44    | 119,185,163.77   | 90,400,018.69  | 0.00           | 42,928,837.52    |
| The project of centralized heating for Suqian Yida Project | 65,000.00    | 232,083,426.90   | 5,801,164.49     | 237,884,591.39 | 0.00           | 0.00             |
| Others   | --           | 110,451,681.68   | 805,172,456.60   | 605,707,225.06 | 18,715,835.74  | 291,201,077.48   |
| Total  | --           | 4,005,782,015.72 | 5,240,000,781.79 | 954,821,226.36 | -23,642,712.42 | 8,314,604,283.57 |

(Continued)

| Project name   | Proportion of project accumulated investment in budget (%) | Progress of Works (%)<br>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   | 2.99   | 2.99%                                     | 0.00  | 0.00  | --  | Self-raised funds                 |
| Hangzhou Yitong's Annual Production of 1.4 Million Tons Functional Fiber New Material Upgrading and Renovation Project | 14.53  | 27.93%                                    | 0.00  | 0.00  | --  | Self-raised funds                 |
| Guangxi Jijin Project (Phase I)  | 44.17  | 65.00%                                    | 201,814,799.60                              | 143,265,455.02  | 4.10  | Self-raised and Loan-raised       |
| Suqian Yida Phase II Capacity Expansion Project  | 28.77  | 33.20%                                    | 24,971,018.35                               | 0.00  | --  | Self-raised and Loan-raised Funds |
| The project of centralized heating for Suqian Yida Project   | 102.27   | 100.00%                                   | 0.00  | 0.00  | --  | Self-raised funds                 |
| Others   | --   | --  | 0.00  | 0.00  | --  | Self-raised funds                 |
| Total  | --   | --  | 226,785,817.95                              | 143,265,455.02  | --  | --                                |

## (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 | 60,081,003.13  | 0.00                | 60,081,003.13  | 65,427,244.67                   | 0.00                | 65,427,244.67  |
| Special equipment | 338,206,212.07 | 0.00                | 338,206,212.07 | 539,096,499.63                  | 0.00                | 539,096,499.63 |
| Total             | 398,287,215.20 | 0.00                | 398,287,215.20 | 604,523,744.30                  | 0.00                | 604,523,744.30 |

### 17.Right-of-use assets

| Item   | Houses and buildings | Machinery equipment | Land use right | Total          |
|--|----------------------|---------------------|----------------|----------------|
| I. Original book value                       |                      |                     |                |                |
| 1.Ending balance (previous year)             | 72,212,258.38        | 0.00                | 422,008,568.99 | 494,220,827.37 |
| 2. Increase in current period                | 30,338,166.37        | 0.00                | 6,297,923.92   | 36,636,090.29  |
| (1) Increase in rental income                | 29,820,465.68        | 0.00                | 0.00           | 29,820,465.68  |
| (2)Conversion of foreign currency statements | 517,700.69           | 0.00                | 6,297,923.92   | 6,815,624.61   |
| 3. Decrease in current period                | 23,344,047.06        | 0.00                | 0.00           | 23,344,047.06  |
| (1)Decrease due to contract expiration       | 23,344,047.06        | 0.00                | 0.00           | 23,344,047.06  |
| (2)Conversion of foreign currency statements | 0.00                 | 0.00                | 0.00           | 0.00           |
| 4.Balance at the end of current year         | 79,206,377.69        | 0.00                | 428,306,492.91 | 507,512,870.60 |
| II..Accumulated depreciation                 |                      |                     |                |                |
| 1.Ending balance (previous year)             | 32,648,647.25        | 0.00                | 46,789,874.39  | 79,438,521.64  |



| Item  | Houses and<br>buildings | Machinery<br>equipment | Land use right | Total          |
|---|-------------------------|------------------------|----------------|----------------|
| 2.Increase in current period                    | 23,665,343.23           | 0.00                   | 16,332,623.20  | 39,997,966.43  |
| (1) Provision                                   | 23,358,966.25           | 0.00                   | 15,472,530.13  | 38,831,496.38  |
| (2)Conversion of foreign<br>currency statements | 306,376.98              | 0.00                   | 860,093.07     | 1,166,470.05   |
| 3. Decrease in current period                   | 23,344,047.06           | 0.00                   | 0.00           | 23,344,047.06  |
| (1)Decrease due to<br>contract expiration       | 23,344,047.06           | 0.00                   | 0.00           | 23,344,047.06  |
| (2)Conversion of foreign<br>currency statements | 0.00                    | 0.00                   | 0.00           | 0.00           |
| 4.Balance at the end of<br>current year         | 32,969,943.42           | 0.00                   | 63,122,497.59  | 96,092,441.01  |
| III. Impairment reserves                        |                         |                        |                |                |
| 1.Ending balance<br>(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           |
| 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<br>current year         | 0.00                    | 0.00                   | 0.00           | 0.00           |
| IV. Book value                                  |                         |                        |                |                |
| 1.Book value at the end of<br>this year         | 46,236,434.27           | 0.00                   | 365,183,995.32 | 411,420,429.59 |
| 2.Book value at the end of<br>the previous year | 39,563,611.13           | 0.00                   | 375,218,694.60 | 414,782,305.73 |

## 18.Intangible assets

### (1) Situation of intangible assets

| Item   | Land use right   | Patents and<br>Licences | Mark      | Software and<br>others | Total            |
|--|------------------|-------------------------|-----------|------------------------|------------------|
| I. Original book value                       |                  |                         |           |                        |                  |
| 1.Ending balance (previous year)             | 2,764,348,595.07 | 664,874,202.05          | 19,740.00 | 182,668,183.75         | 3,611,910,720.87 |
| 2.Increase in current period                 | 17,711,844.66    | 5,237,654.30            | 0.00      | 4,739,635.00           | 27,689,133.96    |
| (1) Acquisition                              | 17,711,844.66    | 0.00                    | 0.00      | 3,891,227.84           | 21,603,072.50    |
| (2) Internal R&D                             | 0.00             | 0.00                    | 0.00      | 0.00                   | 0.00             |
| (3)Conversion of foreign currency statements | 0.00             | 5,237,654.30            | 0.00      | 848,407.16             | 6,086,061.46     |
| 3.Decrease in current period                 | 0.00             | 0.00                    | 0.00      | 11,861,653.70          | 11,861,653.70    |
| (1)Disposal                                  | 0.00             | 0.00                    | 0.00      | 11,861,653.70          | 11,861,653.70    |
| (2)Others                                    | 0.00             | 0.00                    | 0.00      | 0.00                   | 0.00             |
| 4.Balance at the end of current year         | 2,782,060,439.73 | 670,111,856.35          | 19,740.00 | 175,546,165.05         | 3,627,738,201.13 |
| II..Accumulated amortization                 |                  |                         |           |                        |                  |
| 1.Ending balance (previous year)             | 328,185,844.35   | 448,525,433.40          | 19,740.00 | 100,841,097.24         | 877,572,114.99   |
| 2.Increase in current period                 | 64,197,687.44    | 38,844,769.11           | 0.00      | 16,987,692.74          | 120,030,149.29   |
| (1)Provision                                 | 64,197,687.44    | 36,349,274.41           | 0.00      | 16,564,035.95          | 117,110,997.80   |
| (2)Conversion of foreign currency statements | 0.00             | 2,495,494.70            | 0.00      | 423,656.79             | 2,919,151.49     |
| 3. Decrease in current period                | 0.00             | 0.00                    | 0.00      | 4,941,867.37           | 4,941,867.37     |
| (1)Disposal                                  | 0.00             | 0.00                    | 0.00      | 4,941,867.37           | 4,941,867.37     |
| (2)Others                                    | 0.00             | 0.00                    | 0.00      | 0.00                   | 0.00             |
| 4.Balance at the end of current year         | 392,383,531.79   | 487,370,202.51          | 19,740.00 | 112,886,922.61         | 992,660,396.91   |
| III. Impairment reserves                     |                  |                         |           |                        |                  |

| Item   | Land use right   | Patents and<br>Licences | Mark | Software and<br>others | Total            |
|--|------------------|-------------------------|------|------------------------|------------------|
| 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 this year         | 2,389,676,907.94 | 182,741,653.84          | 0.00 | 62,659,242.44          | 2,635,077,804.22 |
| 2.Book value at the end of the previous year | 2,436,162,750.72 | 216,348,768.65          | 0.00 | 81,827,086.51          | 2,734,338,605.88 |

## (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 | 1,917,089,516.79                    | 52,459,004.69                         | 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 | 45,383,802.60                   | 29,615,116.33                     | 0.00   | 0.00                            | 0.00                                   | 74,998,918.93  |
| Research and Application Development of Bio-based                        | 3,437,417.64                    | 0.00                              | 0.00   | 0.00                            | 3,437,417.64                           | 0.00           |

|  |               |               |      |      |              |               |
|--|---------------|---------------|------|------|--------------|---------------|
| PTT Elastic Memory Fiber Series Products                               |               |               |      |      |              |               |
| 2000 t/a (35%) Hydrogen Peroxide Project                               | 0.00          | 5,457,990.75  | 0.00 | 0.00 | 0.00         | 5,457,990.75  |
| Key Technologies and Industrialization for Green Polyester Preparation | 0.00          | 3,566,768.25  | 0.00 | 0.00 | 0.00         | 3,566,768.25  |
| Green Production Process Project for Nylon (Polyamide)                 | 0.00          | 5,169,966.92  | 0.00 | 0.00 | 0.00         | 5,169,966.92  |
| Total  | 48,821,220.24 | 43,809,842.25 | 0.00 | 0.00 | 3,437,417.64 | 89,193,644.85 |

## 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 million, 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 1,554,492,200 based on the consolidated financial statement as on December 31, 2024 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, 2024 was RMB 1,646,000,000, and no impairment occurred. Details are as follows:

Unit: 10,000

| Item   | Book number of consolidated statements |
|--|--|
| Fixed assets   | 114,785.50                             |
| Construction in progress   | 11.50                                  |
| Intangible assets  | 18,423.35                              |
| Long-term unamortized expenses   | 42.30                                  |
| Goodwill recognized in consolidated statements   | 22,186.56                              |
| <b>Subtotal of book value of asset groups containing goodwill</b>                              | <b>155,449.22</b>                      |
| Vale of goodwill not recognized as attributable to minority shareholders' equity               | 0.00                                   |
| <b>Total adjusted book value of asset groups containing goodwill</b>                           | <b>155,449.22</b>                      |
| <b>Present value (recoverable amount) of the estimated future cash flow of the asset group</b> | <b>164,600.00</b>                      |

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 [2025] No. A01-0046 Asset Appraisal Report issued by Beijing Huaya Zhengxin Assets Appraisal Co., Ltd. on April 18, 2025 was 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 2030. Therefore, the predictive period is determined from January 2025 to December 2029 (five years in total), and the discount rate of 9.67% 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 Assume that cash inflow and outflow of the asset group occur in the middle of the year after the assessment base date.
- ⑦ Assume that the management of the acquired party after the assessment base date is responsible, stable, and capable of assuming their positions.

## 21. Long-term deferred expenses

| Item             | Ending balance<br>of previous<br>year | Increase in<br>current period | Amortization<br>amount in<br>current period | Other decreases in<br>amount | Ending balance |
|------------------|---------------------------------------|-------------------------------|---|------------------------------|----------------|
| Renovation costs | 8,236,035.55                          | 3,133,027.47                  | 2,183,602.09                                | 0.00                         | 9,185,460.93   |

| Item                                 | Ending balance<br>of previous<br>year | Increase in<br>current period | Amortization<br>amount in<br>current period | Other decreases in<br>amount | Ending balance |
|--------------------------------------|---------------------------------------|-------------------------------|---|------------------------------|----------------|
| Storage tank use right transfer fees | 466,880.54                            | 0.00                          | 147,435.96                                  | 0.00                         | 319,444.58     |
| Catalyst                             | 442,889,284.60                        | 28,030,373.58                 | 108,057,989.75                              | 6,639,273.91                 | 356,222,394.52 |
| Others                               | 9,066,830.09                          | 2,446,456.80                  | 3,191,640.49                                | -0.74                        | 8,321,647.14   |
| Total                                | 460,659,030.78                        | 33,609,857.85                 | 113,580,668.29                              | 6,639,273.17                 | 374,048,947.17 |

## 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<br>difference | Deferred income tax<br>assets | Deductible temporary<br>difference | Deferred income<br>tax assets |
| Impairment loss on credit assets                           | 45,825,256.04                      | 7,672,883.02                  | 46,422,101.57                      | 7,825,529.70                  |
| Asset impairment reserves                                  | 9,638,402.58                       | 2,215,522.66                  | 13,950,243.69                      | 3,487,560.92                  |
| Changes in fair value of held-for-trading financial assets | 12,454,536.69                      | 3,113,634.17                  | 16,480,122.16                      | 4,120,030.54                  |
| Unrealized Profit from Internal Transactions               | 16,063.32                          | 2,409.50                      | 0.00                               | 0.00                          |
| Accrued expenses   | 430,823.27                         | 84,721.34                     | 819,949.97                         | 145,104.74                    |
| Deferred income  | 102,456,553.49                     | 18,387,169.51                 | 51,550,425.74                      | 9,438,555.06                  |
| Deductible Against Losses                                  | 1,404,860,636.46                   | 267,039,485.91                | 1,394,478,280.40                   | 313,916,414.42                |
| Differences in right-of- use assets                        | 6,666,907.12                       | 1,693,217.52                  | 2,577,536.77                       | 644,384.20                    |
| Total  | 1,582,349,178.97                   | 300,209,043.63                | 1,526,278,660.30                   | 339,577,579.58                |

### (2)Details of deferred income tax liabilities

| Item | Ending balance | Ending balance of previous year |
|------|----------------|---------------------------------|
|------|----------------|---------------------------------|

|   | Taxable temporary<br>differences | Deferred income tax<br>liabilities | Taxable temporary<br>differences | Deferred income tax<br>liabilities |
|---|----------------------------------|------------------------------------|----------------------------------|------------------------------------|
| Appreciation of assets appraisal for business merger not under the same control | 241,294,333.13                   | 36,194,149.97                      | 269,591,564.80                   | 40,438,734.72                      |
| Changes in fair value of held-for-trading financial assets                      | 4,418,800.00                     | 1,095,934.00                       | 24,503,635.04                    | 4,663,526.26                       |
| Deduction differences of fixed assets before one-off income tax                 | 143,505,404.15                   | 25,828,897.14                      | 165,154,726.26                   | 34,841,693.13                      |
| Differences in right-to-use assets  | 7,951,196.95                     | 1,987,799.24                       | 3,127,960.70                     | 781,990.18                         |
| Cash-flow hedging   | 30,939,981.42                    | 2,761,847.58                       | 12,545,133.80                    | 3,136,283.45                       |
| Unrealized profits arising from intra-group trading                             | 561,450.00                       | 140,362.50                         | 0.00                             | 0.00                               |
| Total   | 428,671,165.65                   | 68,008,990.43                      | 474,923,020.60                   | 83,862,227.74                      |

## (3)Details of unconfirmed deferred income tax assets

| Item                            | Ending balance   | Ending balance of previous year |
|---------------------------------|------------------|---------------------------------|
| Deductible temporary difference | 200,876,259.18   | 200,772,191.45                  |
| Deductible losses               | 2,705,273,094.78 | 2,441,391,427.09                |
| Total                           | 2,906,149,353.96 | 2,642,163,618.54                |

## (4)Deductible losses of unconfirmed deferred income tax assets will be mature in the following years

| Year | Ending balance | Ending balance of previous year |
|------|----------------|---------------------------------|
|------|----------------|---------------------------------|



| Year            | Ending balance   | Ending balance of previous year |
|-----------------|------------------|---------------------------------|
| 2024            | --               | 112,798,534.47                  |
| 2025            | 3,193,760.64     | 3,192,986.38                    |
| 2026            | 444,503,261.08   | 466,167,211.51                  |
| 2027            | 587,179,946.19   | 1,017,609,025.68                |
| 2028            | 528,344,796.98   | 657,643,374.53                  |
| 2029 and beyond | 1,142,051,329.89 | 183,980,294.52                  |
| Total           | 2,705,273,094.78 | 2,441,391,427.09                |

### 23.Other non-current assets

| Item                          | Ending balance   | Ending balance of previous year |
|-------------------------------|------------------|---------------------------------|
| Payment for long-term assets  | 2,464,018,778.19 | 3,042,674,890.57                |
| Taxes for right-of-use assets | 2,001,467.85     | 2,134,899.05                    |
| Others                        | 37,908,939.74    | 4,801,825.00                    |
| Total                         | 2,503,929,185.78 | 3,049,611,614.62                |

### 24.Short- term borrowing

#### (1) Classification of short-term loans

| Item           | Ending balance    | Ending balance of previous year |
|----------------|-------------------|---------------------------------|
| Pledge loan    | 13,294,139,000.00 | 15,270,452,358.06               |
| Mortgage loan  | 400,000,000.00    | 600,000,000.00                  |
| Guarantee loan | 23,221,159,389.97 | 23,405,449,966.48               |
| Fiduciary loan | 1,034,228,430.65  | 1,745,634,031.66                |
| Loan interest  | 81,666,551.41     | 100,721,912.66                  |
| Total          | 38,031,193,372.03 | 41,122,258,268.86               |

Note: For asset classes and amounts of mortgaged loans, please refer to Note V. (66).

For detail category and amount of assets pledged for loan, please refer to Notes V (66).

**25.Held-for-trading financial liabilities**

| Item  | Ending balance<br>of previous year | Increase in<br>current period | Decrease in<br>current period | Ending balance |
|---|------------------------------------|-------------------------------|-------------------------------|----------------|
| Trading financial liabilities   | 108,194,619.69                     | 111,807,028.90                | 217,455,049.70                | 2,546,598.89   |
| Wherein:Exchangeable bonds issued   | 0.00                               | 0.00                          | 0.00                          | 0.00           |
| Derivative financial liabilities  | 108,194,619.69                     | 111,807,028.90                | 217,455,049.70                | 2,546,598.89   |
| Others  | 0.00                               | 0.00                          | 0.00                          | 0.00           |
| Refers to financial liabilities classified<br>as at fair value through profit or loss | 0.00                               | 0.00                          | 0.00                          | 0.00           |
| Total   | 108,194,619.69                     | 111,807,028.90                | 217,455,049.70                | 2,546,598.89   |

**26.Notes payable**

| Category                    | Ending balance   | Ending balance of previous year |
|-----------------------------|------------------|---------------------------------|
| Commercial acceptance bills | 0.00             | 0.00                            |
| Bank acceptance bills       | 209,520,837.33   | 740,998,553.81                  |
| Domestic letter of credit   | 939,861,800.00   | 0.00                            |
| Total                       | 1,149,382,637.33 | 740,998,553.81                  |

**27.Accounts payable****(1)Presentation of accounts payable**

| Item             | Ending balance   | Ending balance of previous year |
|------------------|------------------|---------------------------------|
| Within 1 year    | 5,460,906,933.99 | 5,541,601,283.94                |
| 1-2 years        | 386,697,052.36   | 225,665,423.99                  |
| 2-3 years        | 146,144,505.84   | 416,065,535.80                  |
| Over three years | 522,644,661.85   | 378,791,124.86                  |
| Total            | 6,516,393,154.04 | 6,562,123,368.59                |

(2)There were no significant accounts payable with an aging of over one year during the current period

**28.Contract liabilities****(1)Situation of contract liabilities**

| Item | Ending balance | Ending balance of previous year |
|------|----------------|---------------------------------|
|------|----------------|---------------------------------|

| Item   | Ending balance   | Ending balance of previous year |
|--|------------------|---------------------------------|
| Advance receipts for non-performance of contracts              | 1,386,822,788.84 | 833,244,701.76                  |
| Minus: Those included in other current liabilities (Note V.33) | 133,419,904.46   | 76,672,908.46                   |
| Total  | 1,253,402,884.38 | 756,571,793.30                  |

(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 | 496,831,091.08    | Increase in advance payments received |

## 29. 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                                | 168,067,800.49                  | 2,570,275,813.22           | 2,558,694,892.13           | 179,648,721.58 |
| II. post-employment benefits - defined contribution plans | 9,351,397.76                    | 134,562,014.17             | 140,918,644.62             | 2,994,767.31   |
| III. Termination benefits                                 | 0.00                            | 5,606,559.62               | 5,606,559.62               | 0.00           |
| IV. Other benefits due within one year                    | 0.00                            | 0.00                       | 0.00                       | 0.00           |
| Total   | 177,419,198.25                  | 2,710,444,387.01           | 2,705,220,096.37           | 182,643,488.89 |

(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 | 164,852,140.98                  | 2,334,020,618.19           | 2,321,871,771.91           | 177,000,987.26 |
| 2. Employee welfare expenses             | 101,916.52                      | 95,543,282.97              | 95,538,672.11              | 106,527.38     |

| Item   | Ending balance of<br>previous year | Increase in current<br>period | Decrease in<br>current period | Ending balance |
|--|------------------------------------|-------------------------------|-------------------------------|----------------|
| 3. Social insurance charges                      | 1,124,471.34                       | 77,146,690.90                 | 77,644,513.79                 | 626,648.45     |
| Wherein: Medical insurance                       | 768,667.82                         | 68,750,648.08                 | 68,930,141.10                 | 589,174.80     |
| Industrial injury insurance premiums             | 355,803.52                         | 7,449,376.44                  | 7,767,706.31                  | 37,473.65      |
| Birth insurance premiums                         | 0.00                               | 946,666.38                    | 946,666.38                    | 0.00           |
| 4. Housing fund                                  | 65,826.10                          | 40,121,286.90                 | 40,153,092.96                 | 34,020.04      |
| 5. Labor union dues and personnel education fund | 1,923,445.55                       | 22,868,763.59                 | 22,911,670.69                 | 1,880,538.45   |
| 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                               | 575,170.67                    | 575,170.67                    | 0.00           |
| Total  | 168,067,800.49                     | 2,570,275,813.22              | 2,558,694,892.13              | 179,648,721.58 |

### (3) Presentation of defined contribution plans

| Item                               | Ending balance of<br>previous year | Increase in current<br>period | Decrease in<br>current period | Ending balance |
|------------------------------------|------------------------------------|-------------------------------|-------------------------------|----------------|
| 1. Basic endowment insurance       | 9,096,875.47                       | 130,635,672.21                | 136,768,811.88                | 2,963,735.80   |
| 2. Unemployment insurance expenses | 254,522.29                         | 3,926,341.96                  | 4,149,832.74                  | 31,031.51      |
| 3. Enterprise annuities            | 0.00                               | 0.00                          | 0.00                          | 0.00           |
| Total                              | 9,351,397.76                       | 134,562,014.17                | 140,918,644.62                | 2,994,767.31   |

### 30. Tax payable

| Item                                   | Ending balance | Ending balance of previous year |
|--|----------------|---------------------------------|
| Value-added tax                        | 403,029,956.29 | 170,678,334.27                  |
| Enterprise income tax                  | 39,307,649.29  | 35,357,064.36                   |
| Urban maintenance and construction tax | 4,758,116.28   | 1,362,481.67                    |

| Item                      | Ending balance | Ending balance of previous year |
|---------------------------|----------------|---------------------------------|
| Education surcharge       | 2,100,734.50   | 690,626.52                      |
| Land use tax              | 23,140,928.35  | 23,073,288.28                   |
| Property tax              | 46,445,253.07  | 38,270,663.18                   |
| Individual income tax     | 2,031,775.82   | 1,734,026.33                    |
| Stamp tax                 | 28,451,319.26  | 34,122,581.48                   |
| Local education surcharge | 1,400,489.68   | 460,417.69                      |
| Disabled security fund    | 996,901.48     | 611,922.97                      |
| Others                    | 125,993.90     | 359,963.56                      |
| Total                     | 551,789,117.92 | 306,721,370.31                  |

### 31.Other payable

| Item              | Ending balance | Ending balance of previous year |
|-------------------|----------------|---------------------------------|
| Interests payable | 0.00           | 0.00                            |
| Dividends payable | 0.00           | 0.00                            |
| Other payable     | 211,562,059.73 | 188,374,004.43                  |
| Total             | 211,562,059.73 | 188,374,004.43                  |

#### (1)Other payables

##### ①Listed by nature of amount

| Item                       | Ending balance | Ending balance of previous year |
|----------------------------|----------------|---------------------------------|
| Receivables and payables   | 2,419,833.00   | 22,826,305.18                   |
| Deposit and security fund  | 141,282,807.23 | 115,320,416.26                  |
| Unliquidated expense funds | 43,737,082.16  | 23,377,964.42                   |
| Agency fund                | 18,514,126.39  | 16,179,087.78                   |
| Others                     | 5,608,210.95   | 10,670,230.79                   |
| Total                      | 211,562,059.73 | 188,374,004.43                  |

## ② Listed by aging

| Item             | Ending balance | Ending balance of previous year |
|------------------|----------------|---------------------------------|
| Within 1 year    | 138,483,052.83 | 132,424,825.33                  |
| 1-2 years        | 27,398,652.83  | 14,474,680.39                   |
| 2-3 years        | 8,937,441.54   | 22,285,643.69                   |
| Over three years | 36,742,912.53  | 19,188,855.02                   |
| Total            | 211,562,059.73 | 188,374,004.43                  |

③ There was no significant accounts payable with aging exceeding 1 year during the current period.

**32. 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. 34)     | 5,984,942,535.90 | 4,916,491,740.40                |
| Bonds payable and interests mature within one year (Notes V. 35)       | 13,206,855.21    | 10,092,304.09                   |
| Lease liabilities mature within one year (Notes V. 36)                 | 16,180,159.32    | 11,080,739.86                   |
| Long-term payables and interests mature within one year (Notes V5. 37) | 884,692,763.68   | 872,044,031.44                  |
| Total  | 6,899,022,314.11 | 5,809,708,815.79                |

**33. Other current liabilities**

| Item                         | Ending balance | Ending balance of previous year |
|------------------------------|----------------|---------------------------------|
| Taxes of items for write-off | 133,419,904.46 | 76,672,908.46                   |

**34. Long-term borrowings**

| Item   | Ending balance    | Ending balance of previous year | Interest rate range(%) |
|--|-------------------|---------------------------------|------------------------|
| Pledge loan  | 0.00              | 116,793,723.00                  |                        |
| Mortgage loan  | 11,531,501,020.31 | 10,974,343,200.55               | 2.70~6.16              |
| Guarantee loan   | 9,927,554,274.90  | 8,496,751,227.48                | 2.50~4.60              |
| Interests payable  | 29,974,724.71     | 68,045,453.29                   |                        |
| Minus: Long-term loans and interests due within one year (Notes V, 32) | 5,984,942,535.90  | 4,916,491,740.40                |                        |
| Total  | 15,504,087,484.02 | 14,739,441,863.92               |                        |

Note: For asset classes and amounts of mortgaged loans, please refer to Note V. (66).

For detail category and amount of assets pledged for loan, please refer to Notes V (66).

**35. Bonds payable****(1) Bonds payable**

| Item            | Ending balance   | Ending balance of previous year |
|-----------------|------------------|---------------------------------|
| Corporate bonds | 4,494,979,631.55 | 4,278,805,701.33                |

(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 | 1,796,656,119.47                |
| Hengyi Convertible Bond 127067 | 3,000,000,000.00 | 2022-07-21    | 6 Years       | 2,303,101,412.70 | 2,492,241,885.95                |
| Subtotal                       | 5,000,000,000.00 | --            |               | 3,811,932,612.38 | 4,288,898,005.42                |

|  |                  |    |                  |                  |
|--|------------------|----|------------------|------------------|
| Minus: Partial year-end balance due within one year (Note V. 32) | --               | -- | --               | 10,092,304.09    |
| Total  | 5,000,000,000.00 | -- | 3,811,932,612.38 | 4,278,805,701.33 |

(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                       | 25,575,577.17                  | -82,675,137.21          | 9,000.00  | 23,997,674.40                   | 1,880,900,159.45 |
| Hengyi Convertible Bond 127067                                   | 0.00                       | 10,536,003.65                  | -133,626,093.01         | 118,300.00                                      | 8,999,355.30                    | 2,627,286,327.31 |
| Subtotal   | 0.00                       | 36,111,580.82                  | -216,301,230.22         | 127,300.00                                      | 32,997,029.70                   | 4,508,186,486.76 |
| Minus: Partial year-end balance due within one year (Note V. 32) | --                         | --                             | --                      | --  | --                              | 13,206,855.21    |
| Total  | 0.00                       | 36,111,580.82                  | -216,301,230.22         | 127,300.00                                      | 32,997,029.70                   | 4,494,979,631.55 |

### 36. 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   | 445,140,153.27                  | 0.00                       | 0.00                            | 0.00   | -4,684,444.77              | 449,824,598.04 |
| Buildings  | 15,104,383.09                   | 30,344,290.40              | -123,946.07                     | 0.00   | 22,829,571.60              | 22,495,155.82  |
| Minus: Lease liabilities due within one year (Note V. 32.) | 11,080,739.86                   | --                         | --                              | --     | --                         | 16,180,159.32  |
| Total  | 449,163,796.50                  | 30,344,290.40              | -123,946.07                     | 0.00   | 18,145,126.83              | 456,139,594.54 |

### 37. Long-term payable

| Item | Ending balance | Ending balance of previous year |
|------|----------------|---------------------------------|
|------|----------------|---------------------------------|



|                    |                  |                |
|--------------------|------------------|----------------|
| Long-term payables | 1,070,496,662.83 | 464,759,585.87 |
| Special payables   | 0.00             | 0.00           |
| Total              | 1,070,496,662.83 | 464,759,585.87 |

#### (1) Long-term payable

| Item  | Ending balance   | Ending balance of previous year |
|---|------------------|---------------------------------|
| Financing lease payable                                 | 1,955,189,426.51 | 1,336,803,617.31                |
| Minus: Partial balance due within one year (Note V. 32) | 884,692,763.68   | 872,044,031.44                  |
| Total   | 1,070,496,662.83 | 464,759,585.87                  |

#### 38. Estimated liabilities

| Item           | Ending balance of previous year | Ending balance | Reason                      |
|----------------|---------------------------------|----------------|-----------------------------|
| Pending action | 819,949.97                      | 2,630,823.25   | See Notes XI, 1 for detail. |

#### 39. Deferred income

| Item              | Ending balance of previous year | Increase in current period | Decrease in current period | Ending balance | Reason         |
|-------------------|---------------------------------|----------------------------|----------------------------|----------------|----------------|
| Government grants | 216,723,926.63                  | 60,208,262.79              | 18,395,989.26              | 258,536,200.16 | Assets-related |
| Government grants | 6,998,301.75                    | 8,608,324.00               | 5,121,034.97               | 10,485,590.78  | Income-related |
| Total             | 223,722,228.38                  | 68,816,586.79              | 23,517,024.23              | 269,021,790.94 |                |

#### 40. 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 | Others | Subtotal |                |
|      |                                 |  |              |                                |        |          |                |

|               |                  |      |      |               |           |           |                  |
|---------------|------------------|------|------|---------------|-----------|-----------|------------------|
|               |                  |      |      | share capital |           |           |                  |
| Sum of shares | 3,666,302,025.00 | 0.00 | 0.00 | 0.00          | 12,182.00 | 12,182.00 | 3,666,314,207.00 |

Note: 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 2024, a total of 90 "Hengyi Convertible Bond" units were converted, resulting in a total conversion into 822 shares of "Hengyi Petrochemical" stock; a total of 1,183 "Hengyi Convertible Bond 2" units were converted, resulting in a total conversion into 11,360 shares of "Hengyi Petrochemical" stock. The company increased its share capital by RMB 12,182.00 and simultaneously increased "Capital Reserve - Share Premium" by RMB 127,298.56.

#### 41. 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 corporate bonds | 49,996,036.00                   | 1,159,031,770.29 | 0.00                       | 0.00       | 1,273.00                   | 28,990.91  | 49,994,763.00  | 1,159,002,779.38 |

Note: For the equity part of convertible corporate bonds decreased in current period, please refer to Note V. 40.

#### 42. Capital surplus

| Item                   | Ending balance of previous year | Increase in current period | Decrease in current period | Ending balance    |
|------------------------|---------------------------------|----------------------------|----------------------------|-------------------|
| Capital premiums       | 11,264,297,206.44               | 127,298.56                 | 330,945,656.32             | 10,933,478,848.68 |
| Other capital reserves | 150,233,079.04                  | 0.00                       | 814,093.57                 | 149,418,985.47    |

|   |                   |            |                |                   |
|---|-------------------|------------|----------------|-------------------|
| 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   | 9,085,229,180.87  | 127,298.56 | 331,759,749.89 | 8,753,596,729.54  |

Note 1: During this period, the capital reserve - share premium increased by RMB 127,298.56. Refer to Note V. 40.

Note 2: During this period, the capital reserve - share premium decreased by RMB 330,945,656.32. This includes a decrease of RMB 169,040.52 due to fees incurred from the repurchase of shares; the sixth employee stock ownership plan acquired the company's repurchased treasury shares through a non-transactional transfer method, and the difference between the transfer price and the repurchase cost price reduced the capital reserve - share premium by RMB 264,480,474.41; the difference between the purchase cost consideration incurred for acquiring minority shareholder equity in a subsidiary and the subsidiary's net asset share calculated according to the acquired equity proportion reduced the capital reserve - share premium by RMB 66,296,141.39 .

Note 3: During this period, the capital reserve - others decreased by RMB 814,093.57 , due to Double Rabbit New Materials settling with a client involved in litigation before the company's acquisition, which reduced the losses of Double Rabbit New Materials, thus decreasing the capital reserve in the consolidated financial statements.

### 43. Treasury stock

| Item                                      | Ending balance of previous year | Increase in current period | Decrease in current period | Ending balance   |
|---|---------------------------------|----------------------------|----------------------------|------------------|
| Stock repurchases via centralized bidding | 2,368,941,966.92                | 817,685,803.20             | 509,988,586.91             | 2,676,639,183.21 |

Note 1: During this reporting period, the company repurchased shares through a centralized bidding transaction method, increasing treasury stock by RMB 817,685,803.20.

Note 2: During this reporting period, the company implemented the sixth employee stock ownership plan, with the source of the shares being the company's repurchased shares and shares purchased through the secondary market, reducing treasury stock by RMB 509,988,586.91.

#### 44. 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 | 790,515.39                          | 2,017,800.00   | 0.00  | 0.00                       | 2,017,800.00                         | 0.00  | 2,808,315.39   |
| 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           |
| Other comprehensive income   | 790,515.39                          | 2,017,800.00   | 0.00  | 0.00                       | 2,017,800.00                         | 0.00  | 2,808,315.39   |

| 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 |                |
| cannot be recognized in profit and loss by equity law  |                                     |  |   |                            |                                      |   |                |
| II.Other comprehensive income to be re- classified into profit and loss                      | 679,941,844.79                      | 264,421,518.04   | 0.00  | 140,362.50                 | 273,011,263.92                       | -8,730,108.38                               | 952,953,108.71 |
| Wherein: Other comprehensive income can be recognized in profit and loss under equity method | 164,995,844.49                      | 70,594,617.78  | 0.00  | 0.00                       | 78,833,868.50                        | -8,239,250.72                               | 243,829,712.99 |
| Effective part of cash-flow  | 0.00                                | 561,450.00   | 0.00  | 140,362.50                 | 421,087.50                           | 0.00  | 421,087.50     |

| 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 |                |
| hedge profits and losses                                      |                                     |  |   |                            |                                      |   |                |
| Exchange differences from translation of financial statements | 514,946,000.30                      | 193,265,450.26   | 0.00  | 0.00                       | 193,756,307.92                       | -490,857.66                                 | 708,702,308.22 |
| Total (other comprehensive income)                            | 680,732,360.18                      | 266,439,318.04   | 0.00  | 140,362.50                 | 275,029,063.92                       | -8,730,108.38                               | 955,761,424.10 |

#### 45. Appropriative reserve

| Item                       | Ending balance of previous year | Increase in current period | Decrease in current period | Ending balance |
|----------------------------|---------------------------------|----------------------------|----------------------------|----------------|
| Production safety expenses | 0.00                            | 50,731,580.68              | 50,731,580.68              | 0.00           |

Note: Both increase and decrease in special reserves in this reporting period are calculated and utilized production safety expenses.

#### 46. Earned surplus

| Item          | Ending balance of<br>previous year | Increase in current<br>period | Decrease in current<br>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.

#### 47. Undistributed profit

| Item   | Current Period    | Prior Period      |
|--|-------------------|-------------------|
| Undistributed profits at the end of previous year before adjustment                          | 12,181,660,569.68 | 11,771,637,510.92 |
| 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                       | 12,181,660,569.68 | 11,771,637,510.92 |
| Plus: Net profits assigned to the parent company's shareholders in current period            | 233,939,342.84    | 435,458,340.57    |
| Minus: Legal surplus withdrawal  | 0.00              | 25,435,281.81     |
| Withdrawal of any legal surplus  | 0.00              | 0.00              |
| Withdrawal of common risk reserves   | 0.00              | 0.00              |
| Common stock dividends payable   | 338,720,933.20    | 0.00              |
| Dividends transferred to capital   | 0.00              | 0.00              |
| Plus: Others   | 0.00              | 0.00              |
| Undistributed profits at the end of the period   | 12,076,878,979.32 | 12,181,660,569.68 |

#### 48. Operating income and operating cost

| Item             | Amount incurred in current period |                    | Amount incurred in previous period |                    |
|------------------|-----------------------------------|--------------------|------------------------------------|--------------------|
|                  | Revenue                           | Cost               | Revenue                            | Cost               |
| Main business    | 123,785,076,621.57                | 119,334,496,026.74 | 134,516,059,362.49                 | 129,629,554,889.25 |
| Other businesses | 1,678,160,476.60                  | 1,537,644,356.77   | 1,632,054,719.85                   | 1,400,678,793.63   |
| Total            | 125,463,237,098.17                | 120,872,140,383.51 | 136,148,114,082.34                 | 131,030,233,682.88 |

**49.Tax and associate charge**

| Item                                   | Amount incurred in current period | Amount incurred in previous period |
|--|-----------------------------------|------------------------------------|
| Consumption tax                        | 2,198,490.85                      | 3,035,691.33                       |
| Urban maintenance and construction tax | 19,258,890.98                     | 22,513,751.09                      |
| Education surcharge                    | 8,943,615.08                      | 10,382,113.28                      |
| Property tax                           | 56,172,781.10                     | 45,739,257.62                      |
| Land use tax                           | 28,848,721.27                     | 30,084,436.29                      |
| Vehicle and vessel use tax             | 132,251.06                        | 115,925.99                         |
| Stamp tax                              | 114,182,311.58                    | 129,021,455.41                     |
| Local education surcharge              | 5,962,410.04                      | 6,921,408.85                       |
| Others                                 | 1,488,994.95                      | 1,727,250.02                       |
| Total                                  | 237,188,466.91                    | 249,541,289.88                     |

Note: For detail payment standard for various taxes and surcharges, please refer to Note IV. "Taxes".

**50.Selling expenses**

| Item                    | Amount incurred in current period | Amount incurred in previous period |
|-------------------------|-----------------------------------|------------------------------------|
| Import & export charges | 83,630,784.57                     | 78,314,347.37                      |
| Staff Salaries          | 104,995,983.19                    | 98,266,014.49                      |



| Item                   | Amount incurred in current period | Amount incurred in previous period |
|------------------------|-----------------------------------|------------------------------------|
| Insurance              | 13,011,788.86                     | 14,105,980.26                      |
| Storage charges        | 4,758,643.63                      | 6,848,857.07                       |
| Business entertainment | 2,135,258.45                      | 1,796,525.52                       |
| Travel expenses        | 5,146,569.34                      | 4,985,577.18                       |
| Vehicle expenses       | 958,711.83                        | 1,510,011.64                       |
| Rental expenses        | 3,308.16                          | 2,800.00                           |
| Office expenses        | 3,566,414.84                      | 1,262,715.92                       |
| Handling charges       | 13,683,330.20                     | 5,786,721.28                       |
| Agency fees            | 4,107,539.38                      | 5,249,744.25                       |
| Others                 | 7,764,068.93                      | 11,154,994.11                      |
| Total                  | 243,762,401.38                    | 229,284,289.09                     |

**51.Administration expenses**

| Item                                       | Amount incurred in current period | Amount incurred in previous period |
|--|-----------------------------------|------------------------------------|
| Staff Salaries                             | 402,358,417.97                    | 403,725,775.77                     |
| Intangible assets<br>amortization cost     | 40,142,770.43                     | 45,052,660.96                      |
| Fixed assets depreciation<br>expenses      | 249,635,542.46                    | 265,706,471.75                     |
| Business entertainment                     | 11,169,779.68                     | 8,422,226.85                       |
| Vehicle expenses                           | 13,589,765.67                     | 13,767,451.92                      |
| Safety and Environmental<br>Protection Fee | 16,404,094.46                     | 13,995,242.27                      |
| Office expenses                            | 6,656,605.78                      | 10,691,860.18                      |
| Agency fees                                | 24,200,722.76                     | 22,896,767.26                      |
| Travel expenses                            | 15,712,688.32                     | 30,398,870.01                      |
| Rental expenses                            | 23,044,995.19                     | 13,972,415.31                      |
| Repair charges                             | 109,772,563.89                    | 416,808,822.16                     |

| Item                            | Amount incurred in current period | Amount incurred in previous period |
|---------------------------------|-----------------------------------|------------------------------------|
| Premiums for property insurance | 42,389,019.78                     | 28,510,503.37                      |
| Transportation and storage fees | 46,158,021.03                     | 59,767,369.80                      |
| Operating licence fee           | 11,770,439.53                     | 11,908,662.76                      |
| Others                          | 89,846,195.41                     | 88,602,835.36                      |
| Total                           | 1,102,851,622.36                  | 1,434,227,935.73                   |

**52.R&D expenses**

| Item                       | Amount incurred in current period | Amount incurred in previous period |
|----------------------------|-----------------------------------|------------------------------------|
| Direct investment cost     | 430,505,771.47                    | 411,739,313.04                     |
| Staff Salaries             | 151,995,162.81                    | 148,843,373.25                     |
| Depreciation expenses      | 50,943,926.05                     | 64,325,403.87                      |
| Technical development cost | 13,849,728.84                     | 17,636,809.83                      |
| Other expenses             | 76,071,200.86                     | 73,774,627.67                      |
| Total                      | 723,365,790.03                    | 716,319,527.66                     |

**53.Financial expenses**

| Item                       | Amount incurred in current period | Amount incurred in previous period |
|----------------------------|-----------------------------------|------------------------------------|
| Interest expense           | 2,938,880,617.79                  | 3,306,322,914.56                   |
| Minus: Interest income     | 208,017,001.29                    | 217,648,751.41                     |
| Profit or loss on exchange | -110,500,609.39                   | -140,346,056.78                    |
| Bank charges               | 263,482,148.90                    | 295,574,639.10                     |
| Total                      | 2,883,845,156.01                  | 3,243,902,745.47                   |

**54.Other income**

| Item  | Amount incurred in<br>current period | Amount incurred in<br>previous period | Amount included in<br>non-recurring<br>profits and losses<br>for the current<br>period |
|---|--------------------------------------|---------------------------------------|--|
| Government Grants Related to Assets                                   | 18,395,989.26                        | 61,959,916.54                         | 0.00   |
| Deferred Income Related to Revenue                                    | 173,857,795.38                       | 138,232,373.38                        | 73,095,406.26  |
| Additional Deduction of Input VAT for Advanced Manufacturing Industry | 118,222,022.67                       | 136,119,291.38                        | 0.00   |
| refund of Handling Fees for Withholding Personal Income Tax           | 331,157.10                           | 649,467.48                            | 0.00   |
| Total   | 310,806,964.41                       | 336,961,048.78                        | 73,095,406.26  |

**55. Investment income**

| Item   | Amount incurred in<br>current period | Amount incurred in<br>previous period |
|--|--------------------------------------|---------------------------------------|
| Income from long-term equity investment checked with equity method           | 351,824,646.06                       | 490,890,359.42                        |
| Investment income generated by disposal of long-term equity investment       | 56,084.57                            | 448,973,414.86                        |
| Investment income generated by disposal of held-for-trading financial assets | 129,458,217.62                       | 45,612,962.20                         |
| Total  | 481,338,948.25                       | 985,476,736.48                        |

**56. Income from fair value changes**

| Source of income from fair value changes                        | Amount incurred in<br>current period | Amount incurred in<br>previous period |
|---|--------------------------------------|---------------------------------------|
| Financial assets measured at fair value through profit and loss | -18,902,912.33                       | 35,044,790.52                         |

|   |                |                |
|---|----------------|----------------|
| Wherein: Income from fair value change generated by derivative financial instruments                  | -18,902,912.33 | 35,044,790.52  |
| Financial liabilities measured by fair value and whose changes included in current profits and losses | 0.00           | -82,757,620.02 |
| Hedging business  | 341,472.00     | 2,591,630.82   |
| Total   | -18,561,440.33 | -45,121,198.68 |

**57.Credit impairment losses**

| Item                               | Amount incurred in current period | Amount incurred in previous period |
|------------------------------------|-----------------------------------|------------------------------------|
| Bad debt loss on receivables       | -3,153,283.65                     | -7,103,558.34                      |
| Bad debt loss on other receivables | -3,236,268.87                     | -4,323,174.58                      |
| Total                              | -6,389,552.52                     | -11,426,732.92                     |

**58. Assets impairment loss**

| Item                           | Amount incurred in current period | Amount incurred in previous period |
|--------------------------------|-----------------------------------|------------------------------------|
| Loss on inventory depreciation | -34,344,817.62                    | -71,262,509.77                     |
| Total                          | -34,344,817.62                    | -71,262,509.77                     |

**59.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 | -51,236,437.06                    | -9,399,633.84                      | -51,236,437.06   |
| Gains or losses from disposal of              | -350,177.83                       | 56,843.35                          | -350,177.83  |

|                   |                |               |                |
|-------------------|----------------|---------------|----------------|
| intangible assets |                |               |                |
| Total             | -51,586,614.89 | -9,342,790.49 | -51,586,614.89 |

**60.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  | 3,136.75                          | 524,905.44                         | 3,136.75   |
| Wherein: Fixed assets  | 3,136.75                          | 524,905.44                         | 3,136.75   |
| Governmental subsidies irrelevant to daily enterprise activities   | 588,072.12                        | 373,507.13                         | 588,072.12   |
| Income from indemnities and fines  | 5,108,368.58                      | 12,920,943.66                      | 5,108,368.58   |
| Non-payable current accounts   | 914,895.21                        | 202,885.35                         | 914,895.21   |
| The cost of acquisition of an investment in an associate is less than the gain arising from the fair value of the identifiable net assets of the investee at the time the investment is acquired | 0.00                              | 16,534,148.40                      | 0.00   |
| Others   | 2,924,598.24                      | 5,364,119.48                       | 2,924,598.24   |
| Total  | 9,539,070.90                      | 35,920,509.46                      | 9,539,070.90   |

**61.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 | 17,820,127.41                     | 23,368,528.97                      | 17,820,127.41  |

| Item  | Amount incurred in current period | Amount incurred in previous period | Amount included in non-recurring profits and losses for the current period |
|---|-----------------------------------|------------------------------------|--|
| Wherein: Fixed assets                       | 17,820,127.41                     | 23,368,528.97                      | 17,820,127.41  |
| Expenditure of donation                     | 509,300.00                        | 6,858,000.00                       | 509,300.00   |
| Late fees, penalties and liquidated damages | 16,540,050.40                     | 23,519,641.48                      | 16,540,050.40  |
| Others                                      | 26,514,462.67                     | 12,225,333.01                      | 26,514,462.67  |
| Total                                       | 61,383,940.48                     | 65,971,503.46                      | 61,383,940.48  |

**62.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 | 71,736,486.70                     | 46,126,222.53                      |
| Deferred income tax expenses          | 23,518,599.71                     | -14,966,761.28                     |
| Total                                 | 95,255,086.41                     | 31,159,461.25                      |

## (2)Accounting profit and income tax expense adjustment process

| Item   | Amount incurred in current period |
|--|-----------------------------------|
| Total profits  | 29,501,895.69                     |
| Income tax expenses calculated by legal/applicable tax rate                | 7,375,473.92                      |
| Influence of subsidiary applicable to different tax rates                  | 107,645,993.15                    |
| Influence of adjustment to income tax in previous periods                  | 3,742,069.84                      |
| Influence of nontaxable income   | -170,588,509.35                   |
| Influence of non-deductible cost, expense and loss                         | 2,561,913.63                      |
| Influence of deductible loss on the use of previously unconfirmed deferred | -98,557,685.80                    |

| Item  | Amount incurred in current period |
|---|-----------------------------------|
| income tax assets   |                                   |
| Influence of deductible temporary difference or deductible loss on unconfirmed deferred income tax assets in current period             | 259,073,859.66                    |
| The remeasurement of deferred tax assets/liabilities at the beginning of the period reflects the impact of enacted changes in tax rates | 41,750,352.79                     |
| Influence of weighted deduction cost, expense and other items allowed to deduct by tax law  | -50,777,538.12                    |
| Others  | -6,970,843.31                     |
| Income tax expenses   | 95,255,086.41                     |

### 63.Other comprehensive income

See Notes V. 44 for detail.

### 64.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 | 18,697,911.64                     | 25,922,960.56                      |
| Margin and deposit       | 80,847,630.41                     | 115,436,902.90                     |
| Government grants        | 200,591,701.92                    | 141,665,269.80                     |
| Interest income          | 181,786,742.59                    | 167,866,162.76                     |
| Indemnities and fines    | 4,778,172.24                      | 10,812,516.37                      |
| Judicial freezing        | 25,169,796.00                     | 0.00                               |
| Bank bill margin         | 14,414,467.76                     | 6,230.51                           |
| Others                   | 4,569,918.80                      | 5,041,293.05                       |
| Total                    | 530,856,341.36                    | 466,751,335.95                     |

## (2) Payment of other cash related to business activities

| Item   | Amount incurred in current period | Amount incurred in previous period |
|--|-----------------------------------|------------------------------------|
| Bank service charges                               | 211,911,325.04                    | 252,738,019.47                     |
| Entertainment expenses                             | 13,212,628.19                     | 10,480,905.30                      |
| Vehicle expenses                                   | 15,210,717.96                     | 15,134,956.54                      |
| Safety and environmental protection fees           | 16,919,662.82                     | 13,991,862.40                      |
| Deposits and guarantees                            | 115,956,758.65                    | 187,229,453.52                     |
| Insurance premiums                                 | 50,873,786.14                     | 47,423,146.87                      |
| Transportation, warehousing & handling costs       | 70,060,321.14                     | 56,845,928.25                      |
| Third-party agency fees                            | 31,608,766.74                     | 40,363,230.33                      |
| Travel expenses                                    | 21,164,104.71                     | 36,465,208.62                      |
| Leasing expenses                                   | 22,608,839.45                     | 14,598,058.03                      |
| Office expenses                                    | 10,576,243.66                     | 11,516,869.98                      |
| Import/export fees (Port charges, inspection fees) | 66,627,304.60                     | 66,156,351.22                      |
| Repair and maintenance costs                       | 58,933,151.05                     | 403,455,069.89                     |
| Operating license fees                             | 11,774,612.61                     | 11,912,838.75                      |
| Utilities  | 16,841,465.14                     | 24,069,440.08                      |
| IT system maintenance & operation costs            | 7,249,694.85                      | 6,002,991.36                       |
| Security and fire protection expenses              | 8,020,263.77                      | 5,039,802.76                       |
| Fuel costs   | 6,560,286.68                      | 4,899,588.22                       |
| Consumables and materials                          | 7,460,183.90                      | 10,770,469.44                      |
| Corporate Social Responsibility (CSR) expenses     | 8,715,231.43                      | 12,122,001.53                      |
| Other miscellaneous expenses                       | 84,710,331.44                     | 58,775,998.11                      |
| Total  | 856,995,679.97                    | 1,289,992,190.67                   |

## (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 | 18,453,086.65  | 40,982,195.82  |
| Futures margin recovery   | 237,895,540.64 | 105,530,878.67 |
| VAT Credit Refund During Project Construction Period                          | 88,635,663.12  | 0.00           |
| Total   | 344,984,290.41 | 146,513,074.49 |

## (4)Payment of other cash related to investment activities

| Item                    | Amount incurred in current period | Amount incurred in previous period |
|-------------------------|-----------------------------------|------------------------------------|
| Futures margin recovery | 50,495,239.10                     | 144,345,965.50                     |
| Total                   | 50,495,239.10                     | 144,345,965.50                     |

## (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 | 3,656,083,599.80                  | 1,556,261,828.88                   |
| Collection of financing leaseback                  | 1,864,533,558.93                  | 100,000,000.00                     |
| Interbank borrowing from Hengyi Group              | 5,759,650,000.00                  | 5,588,422,499.99                   |
| Employee Stock Ownership                           | 245,668,112.69                    | 0.00                               |
| Total  | 11,525,935,271.42                 | 7,244,684,328.87                   |

## (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                     | 1,326,783,127.29                  | 2,696,022,987.63                   |
| Repayment of loan principal and interest of Hengyi Group | 5,759,650,000.00                  | 5,578,409,681.37                   |
| Stock repurchases  | 817,854,843.72                    | 885,461,636.25                     |

|   |                  |                   |
|---|------------------|-------------------|
| Rental expenses and commission charges paid for financing leaseback | 1,268,438,688.16 | 1,368,484,777.98  |
| Lease margin for financing leaseback                                | 0.00             | 5,000,000.00      |
| Loan commission   | 96,922,080.86    | 102,882,954.07    |
| Expenses Related to Issuing Shares                                  | 220,000.00       | 950,000.00        |
| Rental expenses paid for lease liabilities                          | 30,508,100.08    | 32,340,033.50     |
| Purchase of Minority Shareholders' Equity                           | 519,255,616.44   | 0.00              |
| Others  | 160,200.19       | 0.00              |
| Total   | 9,819,792,656.74 | 10,669,552,070.80 |

## 65.Further information about cash flow statements

### (1) Further information about cash flow statement

| Further Information   | Amount incurred in<br>current period | Amount incurred in previous<br>period |
|---|--------------------------------------|---------------------------------------|
| <b>1.Adjust net profit to operating cash flow:</b>  |                                      |                                       |
| Net profit  | -65,753,190.72                       | 368,678,709.78                        |
| Plus: Asset impairment reserves   | 34,344,817.62                        | 71,262,509.77                         |
| Impairment loss on credit assets  | 6,389,552.52                         | 11,426,732.92                         |
| Depreciation of fixed assets  | 3,049,213,417.43                     | 3,171,949,886.05                      |
| Depreciation of right-of-use assets   | 36,243,749.75                        | 38,811,361.86                         |
| Amortization of intangible assets   | 80,426,071.41                        | 84,384,861.47                         |
| Amortization of long-term deferred expenses   | 111,285,665.40                       | 118,793,677.98                        |
| Loss on disposal of fixed assets, intangible<br>assets and other long-term assets (income listed<br>with “-”) | 51,586,614.89                        | 9,342,790.49                          |
| Loss on scrapping of fixed assets (income<br>listed with “-”)   | 17,816,990.66                        | 22,843,623.53                         |

| Further Information   | Amount incurred in<br>current period | Amount incurred in previous<br>period |
|---|--------------------------------------|---------------------------------------|
| Loss on fair value change (income listed with “-”)  | 18,561,440.33                        | 45,121,198.68                         |
| Financial cost (income listed with “-”)   | 2,558,835,534.12                     | 3,062,809,389.14                      |
| Investment losses (income listed with “-”)  | -481,338,948.25                      | -985,476,736.48                       |
| Decrease in deferred income tax assets<br>(increase listed with “+”)                                    | 39,368,535.95                        | -16,340,029.81                        |
| Increase in deferred income tax liabilities<br>(decrease listed with “-”)                               | -15,849,936.24                       | 1,373,268.53                          |
| Decrease in inventory (increase listed with<br>“-”)   | 691,038,869.39                       | 969,448,083.78                        |
| Decrease in operating receivables (increase<br>listed with “-”)   | -502,741,148.89                      | 1,327,681,725.88                      |
| Increase in operating payables (decrease<br>listed with “-”)  | 370,959,597.58                       | -3,731,423,035.99                     |
| Others  | -3,376,077.19                        | -38,853,212.43                        |
| Net cash flow from operating activities   | 5,997,011,555.76                     | 4,531,834,805.15                      |
| <b>2.Significant investment and financing<br/>activities involving no cash receipt and<br/>payment:</b> |                                      |                                       |
| Conversion of debt into capital   | 0.00                                 | 0.00                                  |
| Convertible corporate bonds mature within one<br>year   | 0.00                                 | 0.00                                  |
| Fixed assets under financing lease  | 0.00                                 | 0.00                                  |
| <b>3.Net changes in cash and cash equivalents:</b>  |                                      |                                       |
| Ending balance of cash  | 10,060,888,620.31                    | 8,518,118,122.12                      |
| Minus: Cash balance at the end of previous year   | 8,518,118,122.12                     | 12,934,069,613.03                     |
| Plus: Ending balance of cash equivalents  | 0.00                                 | 0.00                                  |

| Further Information   | Amount incurred in<br>current period | Amount incurred in previous<br>period |
|---|--------------------------------------|---------------------------------------|
| Minus: Cash equivalent balance at the end of<br>previous year | 0.00                                 | 0.00                                  |
| Net increase in cash and cash equivalents                     | 1,542,770,498.19                     | -4,415,951,490.91                     |
| (2)Net cash on subsidiary disposal received in current period |                                      |                                       |

| Item   | Amount        |
|--|---------------|
| Cash or cash equivalents on subsidiary disposal received in current period   | 12,824,043.92 |
| Wherein:Hengyi Industries International (Singapore) Co., Ltd.  | 12,824,043.92 |
| Minus: Cash and cash equivalents held by subsidiary on the date of losing control right                              | 12,767,959.35 |
| Wherein: Hengyi Industries International (Singapore) Co., Ltd.   | 12,767,959.35 |
| Less: Unpaid amounts due at the date of loss of control paid in the current period after the date of loss of control | 0.00          |
| Wherein: Hengyi Industries International (Singapore) Co., Ltd.   | 0.00          |
| Net cash received by subsidiary disposal   | 56,084.57     |

## (3)Composition of cash and cash equivalents

| Item   | Ending balance    | Ending balance of previous year |
|--|-------------------|---------------------------------|
| I. Cash  | 10,060,888,620.31 | 8,518,118,122.12                |
| Wherein: Cash on hand  | 698,184.72        | 1,065,013.70                    |
| Bank deposit payable at any time   | 8,871,165,316.07  | 7,887,839,429.74                |
| Other monetary fund payable at any time  | 1,189,025,119.52  | 629,213,678.68                  |
| 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   | 10,060,888,620.31 | 8,518,118,122.12                |
| Wherein: Cash and cash equivalents used by the parent company or group subsidiaries under certain limitation | 0.00              | 0.00                            |

## (4)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                                       | 60,778,191,873.18 | 60,784,299,457.25          | 15,878,970,487.47 | 60,911,284,372.07          | 17,009,954,053.88 | 59,520,223,391.95 |
| Other payable   |                   |                            |                   |                            |                   |                   |
| -Dividends payable                                    | 0.00              | 0.00                       | 338,720,933.20    | 338,720,933.20             | 0.00              | 0.00              |
| Bonds payable(including within one year)              | 4,278,805,701.33  | 0.00                       | 0.00              | 0.00                       | -216,173,930.22   | 4,494,979,631.55  |
| Lease liabilities(including within one year)          | 460,244,536.36    | 0.00                       | 30,220,344.33     | 30,508,100.08              | -12,362,973.25    | 472,319,753.86    |
| Long-term accounts payable(including within one year) | 1,336,803,617.31  | 1,864,533,558.93           | 41,371,151.20     | 1,268,438,688.16           | 19,080,212.77     | 1,955,189,426.51  |
| Total   | 66,442,513,467.52 | 54,467,260,691.80          | 24,712,415,243.47 | 53,410,422,908.47          | 25,347,628,462.05 | 66,864,138,032.27 |

(5)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          | 2,078,071,659.97                  | 4,033,300,928.58                   | Not Available for Immediate Use |
| Bank Acceptance Bill Margin   | 777,004,071.80                    | 1,015,191,038.98                   | Not Available for Immediate Use |
| Guarantee Margin              | 62,300,000.00                     | 61,920,000.00                      | Not Available for Immediate Use |
| Pledged Bill Collection Funds | 67,499,029.87                     | 69,482,993.32                      | Not Available for               |

|                        |                  |                  |                                 |
|------------------------|------------------|------------------|---------------------------------|
|                        |                  |                  | Immediate Use                   |
| Judicial Frozen Funds  | 493,888.30       | 25,169,796.00    | Not Available for Immediate Use |
| Judicial Frozen Funds  | 35,614,900.27    | 64,140,677.71    | Not Available for Immediate Use |
| Other Restricted Funds | 11,302,376.94    | 40,579,530.69    | Not Available for Immediate Use |
|                        | 3,032,285,927.15 | 5,309,784,965.28 |                                 |

#### (6) 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  | 262,300,000.00  | No disclosure required upon initial implementation. |
| Including: Funds received by suppliers from the financing provider | 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 exchange rate changes in the above-mentioned changes to the company's financial liabilities. Due to supplier financing arrangements, the company derecognized accounts payable and simultaneously recognized short-term borrowings amounting to RMB 412,300,000.00 in 2024.

(7) 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             | 324,599,425.43                    | 2,406,290,522.00                   |
| Including: Payment for goods                                    | 259,179,624.26                    | 2,318,235,317.16                   |
| Payment for purchase of fixed assets and other long-term assets | 65,419,801.17                     | 88,055,204.84                      |

**66.Assets with limited ownership or use right**

| Item                         | Book value at the end of the period | Reason for restriction     |
|------------------------------|-------------------------------------|----------------------------|
| Monetary funds               | 3,031,792,038.85                    | Margin                     |
| Monetary funds               | 493,888.30                          | Judicial freezing          |
| Long-term equity investments | 4,753,215,991.44                    | Mortgage, pledge borrowing |
| Fixed assets                 | 2,755,360,395.44                    | Leaseback financing lease  |
| Fixed assets                 | 19,433,943,816.31                   | Mortgage loan              |
| Intangible assets            | 1,917,089,516.79                    | Mortgage loan              |
| Construction in progress     | 17,671,369.60                       | Mortgage loan              |



| Item  | Book value at the end of the period | Reason for restriction |
|-------|-------------------------------------|------------------------|
| Total | 31,909,567,016.73                   |                        |

**67.Monetary items in foreign currency****(1) Monetary items in foreign currency**

|                       |                  |        |                  |
|-----------------------|------------------|--------|------------------|
| Monetary funds        |                  |        |                  |
| Wherein: HKD          | 3,626,649.74     | 0.9260 | 3,358,277.66     |
| USD                   | 394,357,716.75   | 7.1884 | 2,834,801,011.01 |
| EUR                   | 832.20           | 7.5257 | 6,262.87         |
| BND                   | 16,516,921.62    | 5.3214 | 87,893,146.71    |
| SGD                   | 927,690.05       | 5.3214 | 4,936,609.83     |
|                       |                  |        |                  |
| Accounts receivable   |                  |        |                  |
| Wherein: USD          | 460,697,534.16   | 7.1884 | 3,311,678,154.56 |
| BND                   | 41,395,520.20    | 5.3214 | 220,282,121.19   |
|                       |                  |        |                  |
| Other receivables     |                  |        |                  |
| Wherein: USD          | 17,068,114.96    | 7.1884 | 122,692,437.58   |
| HKD                   | 1,779,600.00     | 0.9260 | 1,647,909.60     |
| BND                   | 2,024,462.92     | 5.3214 | 10,772,976.98    |
| SGD                   | 1,025,686.81     | 5.3214 | 5,458,089.79     |
|                       |                  |        |                  |
| Long-term receivables |                  |        |                  |
| Wherein: BND          | 1,047,978.00     | 5.3214 | 5,576,710.13     |
|                       |                  |        |                  |
| Short-term loans      |                  |        |                  |
| Wherein: USD          | 1,216,942,346.06 | 7.1884 | 8,747,868,360.40 |
| BND                   | 76,030,792.23    | 5.3214 | 404,590,257.77   |
|                       |                  |        |                  |

|   |                |        |                  |
|---|----------------|--------|------------------|
| Accounts payable                            |                |        |                  |
| Wherein: USD                                | 581,163,548.84 | 7.1884 | 4,177,636,054.48 |
| EUR   | 3,359,260.96   | 7.5257 | 25,280,790.21    |
| HKD   | 190,800.00     | 0.9260 | 176,680.80       |
| BND   | 2,440,564.38   | 5.3214 | 12,987,219.29    |
| Other payable                               |                |        |                  |
| Wherein: USD                                | 4,825,821.02   | 7.1884 | 34,689,931.83    |
| BND   | 460,154.34     | 5.3214 | 2,448,665.30     |
| Non-current liabilities due within one year |                |        |                  |
| Wherein: USD                                | 168,491,781.70 | 7.1884 | 1,211,186,323.57 |
| EUR   | 14,055,069.08  | 7.5257 | 105,774,233.38   |
| BND   | 1,336,887.90   | 5.3214 | 7,114,115.29     |
| SGD   | 975,424.35     | 5.3214 | 5,190,623.14     |
| Lease liabilities                           |                |        |                  |
| Wherein: BND                                | 84,666,942.57  | 5.3214 | 450,546,668.22   |
| SGD   | 506,501.02     | 5.3214 | 2,695,294.53     |
| Long-term loans                             |                |        |                  |
| Wherein: USD                                | 599,811,683.66 | 7.1884 | 4,311,686,306.82 |
| EUR   | 57,736,021.00  | 7.5257 | 434,503,973.24   |

## (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 |

### 68.Hedging

Please refer to Notes VI (3. Notes to derivative financial assets).

### 69.Government grants

(1)Basic information about governmental subsidies

| Category  | Amount         | Reported Item        | Amount recorded into current profits and losses |
|---|----------------|----------------------|---|
| Income-related subsidies used to compensate for related costs or losses incurred              | 286,958,783.08 | Other incomes        | 286,958,783.08                                  |
|   | 588,072.12     | Non-operating income | 588,072.12                                      |
|   | 23,315,100.00  | Financial expense    | 23,315,100.00                                   |
| Income-related subsidies used to compensate for related costs or losses in subsequent periods | 15,606,625.75  | Deferred income      | 5,121,034.97                                    |
| Assets-related subsidies  | 276,932,189.42 | Deferred income      | 18,395,989.26                                   |
| Total   | 603,400,770.37 | --                   | 334,378,979.43                                  |

### 70.The Company as Lessee

①Refer to Notes V, 17 and 36 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  | 9,180,404.34  |
| Short-term lease costs (simplified treatment applied)           | Administrative expenses, selling expenses, Operating costs, etc. | 23,686,617.40 |
| Lease costs for low-value assets (simplified treatment applied) | Administrative expense   | 8,145.32      |
| Sale and leaseback transactions                                 | Financial expense  | 76,701,937.60 |

## 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 | 30,508,100.08       |
| Payments made on short-term leases and low-value assets (simplified treatment applies) | Cash outflows from operating activities | 23,261,865.22       |
| Total  | --                                      | 53,769,965.30       |

## 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.

## 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  | 1,864,533,558.93    |
| Lease payments and handling fees paid for financing sale and leaseback transactions | Cash outflow from financing activities | 1,268,438,688.16    |

## (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                 | 10,772,494.68 |
| Total        | --                                     | 10,772,494.68 |

## ②Major operating lease assets

| Item                 | Carrying value at end of period |
|----------------------|---------------------------------|
| Houses and buildings | 34,037,325.58                   |
| 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.

**V.R&D expenditure****1.R&D expenditure incurred during the period**

| Item                             | Amount for the current period | Prior period amount |
|----------------------------------|-------------------------------|---------------------|
| Direct input costs               | 433,221,121.72                | 413,676,993.35      |
| Salary of employees              | 160,847,283.31                | 155,535,899.95      |
| Depreciation                     | 71,025,663.20                 | 76,541,593.04       |
| Technology development costs     | 14,140,990.98                 | 17,636,809.83       |
| Other expense                    | 87,940,573.07                 | 80,406,482.69       |
| Total                            | 767,175,632.28                | 743,797,778.86      |
| Wherein:Expensed R&D expenditure | 723,365,790.03                | 716,319,527.66      |
| Capitalised R&D expenditure      | 43,809,842.25                 | 27,478,251.20       |

**(1)Expensed R&D expenditure**

| Item                         | Amount for the current period | Prior period amount |
|------------------------------|-------------------------------|---------------------|
| Direct input costs           | 430,505,771.47                | 411,739,313.04      |
| Salary of employees          | 151,995,162.81                | 148,843,373.25      |
| Depreciation                 | 50,943,926.05                 | 64,325,403.87       |
| Technology development costs | 13,849,728.84                 | 17,636,809.83       |
| Other expense                | 76,071,200.86                 | 73,774,627.67       |
| Total                        | 723,365,790.03                | 716,319,527.66      |

**(2)Capitalised R&D expenditure**

| Item                         | Amount for the current period | Prior period amount |
|------------------------------|-------------------------------|---------------------|
| Direct input costs           | 2,715,350.25                  | 1,937,680.31        |
| Salary of employees          | 8,852,120.50                  | 6,692,526.70        |
| Depreciation                 | 20,081,737.15                 | 12,216,189.17       |
| Technology development costs | 291,262.14                    | 0.00                |
| Other expense                | 11,869,372.21                 | 6,631,855.02        |
| Total                        | 43,809,842.25                 | 27,478,251.20       |

**2.Status of capitalised development projects**

| Item   | Beginning balance | Increase in current period | Decrease in current period | Closing balance |
|--|-------------------|----------------------------|----------------------------|-----------------|
| Research and application development of bio-based PTT elastic memory fibre series products | 3,437,417.64      | 0.00                       | 3,437,417.64               | 0.00            |
| 3000t/a Caprolactam Gas Phase Reworking and Crystallisation Project                        | 45,383,802.60     | 29,615,116.33              | 0.00                       | 74,998,918.93   |
| 2000 t/a Hydrogen Peroxide Project (35%)   | 0.00              | 5,457,990.75               | 0.00                       | 5,457,990.75    |
| Key Technologies and Industrialization for Green Polyester Preparation                     | 0.00              | 3,566,768.25               | 0.00                       | 3,566,768.25    |
| Green Nylon Production Process Project   | 0.00              | 5,169,966.92               | 0.00                       | 5,169,966.92    |
| Total  | 48,821,220.24     | 43,809,842.25              | 3,437,417.64               | 89,193,644.85   |

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 |
|------|--------------|---------------------------|---|---|----------------|
|------|--------------|---------------------------|---|---|----------------|

| 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  | September 30, 2025        | 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%)                               | The first stage of the pilot testing task has been completed. | April 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 | The trial task in the first stage has been completed          | December 31, 2025         | Develop a process technology package and apply it to workshop  | March 2024                              | , Completion of pilot plant construction.   |



| Item                                   | R&D progress   | Estimated completion time | Projected manner of generation of economic benefits                      | Point of commencement of capitalisation | Specific basis  |
|--|--|---------------------------|--|---|---|
|  |  |                           | production   |   |   |
| Green Nylon Production Process Project | The first stage of the pilot testing task has been completed | June 30, 2025             | 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 |

(2) Changes in the provision for impairment of development expenditures and impairment testing

As at 31 December 2024, the Company's development expenditure was not impaired.

## VI. Interests in other entities

### 1. Composition of enterprise group

| Name of subsidiary                                   | Main Place<br>of Business | Domicile  | Nature of business                       | Shareholding ratio |          | Gaining method                         |
|--|---------------------------|-----------|--|--------------------|----------|--|
|  |                           |           |  | (%)                |          |  |
|  |                           |           |  | Direct             | Indirect |  |
| Zhengjiang Hengyi Petrochemical                      | 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                     | Ningbo                    | Ningbo    | Manufacturing of petrochemical products  | 0.00               | 70.00    | Business merger under the same control |
| Zhengjiang Yixin Chemical Fibre                      | 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<br>of Business        | Domicile                         | Nature of business                             | Shareholding ratio |          | Gaining method                            |
|---|----------------------------------|----------------------------------|--|--------------------|----------|---|
|   |                                  |                                  |  | (%)                |          |   |
|   |                                  |                                  |  | Direct             | Indirect |   |
| Hengyi Industries Sdn. Bhd.                       | Brunei                           | Brunei                           | Manufacturing of<br>petrochemical<br>products  | 0.00               | 70.00    | Business merger under<br>the same control |
| Ningbo Hengyi Engineering<br>Management Co., Ltd. | Ningbo                           | Ningbo                           | Engineering<br>management                      | 0.00               | 70.00    | Business merger under<br>the same control |
| Hengyi Industry International<br>Co., Ltd.        | Singapore                        | Singapore                        | Commerce andtrade                              | 0.00               | 70.00    | Establishment or<br>Investment            |
| Zhejiang Hengyi Petrochemical<br>Sales Co., Ltd.  | Hangzhou                         | Hangzhou                         | Commerce and trade                             | 0.00               | 100.00   | Establishment or<br>Investment            |
| Haining Hengyi New Materials<br>Co., Ltd.         | Haining                          | Haining                          | Manufacturing of<br>chemical fibre<br>products | 0.00               | 100.00   | Establishment or<br>Investment            |
| Haining Hengyi Thermal Power<br>Co., Ltd.         | Haining                          | Haining                          | Electri & heat<br>production and<br>supply     | 0.00               | 90.00    | Establishment or<br>Investment            |
| Suqian Yida New Materials Co.,<br>Ltd.            | Suqian                           | Suqian                           | Manufacturing of<br>chemical fibre<br>products | 0.00               | 91.00    | Establishment or<br>Investment            |
| Fujian Yijin Chemical Fibre Co.,<br>Ltd.          | Quanzhou ,<br>Fujian<br>Province | Quanzhou ,<br>Fujian<br>Province | Manufacturing of<br>chemical fibre<br>products | 0.00               | 90.00    | Establishment or<br>Investment            |
| Shaoxing Shengong Packaging<br>Co., Ltd.          | Shaoxing                         | Shaoxing                         | Wrap page<br>production and<br>processing      | 0.00               | 51.00    | Establishment or<br>Investment            |
| Zhejiang Hengyi Logistics Co.,<br>Ltd.            | Hangzhou                         | Hangzhou                         | Logistics<br>transportation                    | 0.00               | 100.00   | Business merger under<br>the same control |

| Name of subsidiary   | Main Place<br>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<br>of Business | Domicile            | Nature of business                             | Shareholding ratio |          | Gaining method                            |
|--|---------------------------|---------------------|--|--------------------|----------|---|
|  |                           |                     |  | (%)                |          |   |
|  |                           |                     |  | Direct             | Indirect |   |
| Shaoxing Hengyi Logistics Co.,<br>Ltd.                         | Shaoxing                  | Shaoxing            | Logistics<br>transportation                    | 0.00               | 100.00   | Establishment or<br>Investment            |
| Guangxi Hengyi Environmental<br>Technology Co., Ltd.           | Qinzhou<br>Guangxi        | Qinzhou<br>Guangxi  | Science and<br>technology service              | 0.00               | 100.00   | Establishment or<br>Investment            |
| Zhejiang Hengyi Hanlin<br>Enterprise Management Co., L<br>td . | Hangzhou                  | Hangzhou            | Commercial service<br>industry                 | 0.00               | 75.00    | Establishment or<br>Investment            |
| Hainan Hengjing Trading Co.,<br>Ltd.                           | Hainan<br>Province        | Hainan<br>Province  | Commerce and trade                             | 0.00               | 100.00   | Establishment or<br>Investment            |
| Guangxi Hengyi Shunqi Trading<br>Co., Ltd.                     | Qinzhou<br>Guangxi        | Qinzhou<br>Guangxi  | Commerce andtrade                              | 0.00               | 100.00   | Establishment or<br>Investment            |
| Hangzhou Lantai New Materials<br>Co., Ltd.                     | Hangzhou                  | Hangzhou            | Manufacturing of<br>chemical fibre<br>products | 0.00               | 74.00    | Establishment or<br>Investment            |
| Jiaxing Hengyu Trading Co., Ltd.                               | Jiaxing                   | Jiaxing             | Commerce and trade                             | 0.00               | 100.00   | Establishment or<br>Investment            |
| Guangxi Hengyi New Materials<br>Co., Ltd.                      | Qinzhou,<br>Guangxi       | Qinzhou,<br>Guangxi | Manufacturing of<br>chemical fibre<br>products | 0.00               | 100.00   | Business merger under<br>the same control |
| Zhejiang Xiaoyi Supply Chain<br>Management Co., Ltd.           | Hangzhou                  | Hangzhou            | Commercial service<br>industry                 | 0.00               | 100.00   | Establishment or<br>Investment            |
| Ningbo Shengmao Trading Co.,<br>Ltd.                           | Ningbo                    | Ningbo              | Commerce and trade                             | 0.00               | 70.00    | Establishment or<br>Investment            |
| Suqian Hengyuan Thermal<br>Energy Co., Ltd.                    | Suqian                    | Suqian              | Electri & heat<br>production and<br>supply     | 0.00               | 100.00   | Establishment or<br>Investment            |

| Name of subsidiary  | Main Place<br>of Business | Domicile    | Nature of business                                   | Shareholding ratio |          | Gaining method                 |
|---|---------------------------|-------------|--|--------------------|----------|--------------------------------|
|   |                           |             |  | (%)                |          |                                |
|   |                           |             |  | Direct             | Indirect |                                |
| Suqian Huida Port Co., Ltd.                               | Suqian                    | Suqian      | Water transportation<br>in dustry                    | 0.00               | 100.00   | Establishment or<br>Investment |
| Guangxi Free Trade Zone Yihai<br>Port Co., Ltd.           | Qinzhou                   | Qinzhou     | Water transportation<br>industry                     | 0.00               | 66.00    | Establishment or<br>Investment |
| Hangzhou Lanxing Chemical<br>Fibre Oiling Agent Co., Ltd. | Hangzhou                  | Hangzhou    | Wholesale business                                   | 0.00               | 80.00    | Establishment or<br>Investment |
| Lianyungang Junbo Shengda<br>Logistics Co., Ltd.          | Lianyungang               | Lianyungang | Road transportation<br>industry                      | 0.00               | 100.00   | Establishment or<br>Investment |
| Hangzhou Lantong Technology<br>Co., Ltd.                  | Hangzhou                  | Hangzhou    | Manufacture of<br>chemical materials<br>and products | 0.00               | 80.00    | Establishment or<br>Investment |
| Hangzhou Lanfang High-tech<br>Material Co., Ltd.          | Hangzhou                  | Hangzhou    | Manufacture of<br>chemical materials<br>and products | 0.00               | 75.00    | Establishment or<br>Investment |
| Hangzhou Lanshun Technology<br>Co., Ltd.                  | Hangzhou                  | Hangzhou    | Chemical fibre<br>manufacturing                      | 0.00               | 70.00    | Establishment or<br>Investment |
| Hangzhou Lanbiao Testing<br>Service Co., Ltd.             | Hangzhou                  | Hangzhou    | Professional and<br>technical services               | 0.00               | 70.00    | Establishment or<br>Investment |
| Hangzhou Yixian Energy<br>Technology Co., Ltd.            | Hangzhou                  | Hangzhou    | Energy storage<br>technical services,<br>etc.        | 100.00             | 0.00     | Establishment or<br>Investment |
| Hangzhou Lanjin New Material<br>Technology Co., Ltd.      | Hangzhou                  | Hangzhou    | Manufacture of<br>chemical materials<br>and products | 0.00               | 75.00    | Establishment or<br>Investment |

| Name of subsidiary   | Main Place<br>of Business | Domicile | Nature of business       | Shareholding ratio |          | Gaining method                 |
|--|---------------------------|----------|--------------------------|--------------------|----------|--------------------------------|
|  |                           |          |                          | (%)                |          |                                |
|  |                           |          |                          | Direct             | Indirect |                                |
| Zhejiang Hengyi Resource<br>Recycling Technology Co., Ltd. | Hangzhou                  | Hangzhou | Resource<br>Regeneration | 0.00               | 100.00   | Establishment or<br>Investment |
| Wenzhou Hengyi Resource<br>Regeneration Co., Ltd.          | Wenzhou                   | Wenzhou  | Resource<br>Regeneration | 0.00               | 100.00   | Establishment or<br>Investment |
| Jingzhou Hengyi Resource<br>Recycling Co., Ltd.            | Jingzhou                  | Jingzhou | Resource<br>Regeneration | 0.00               | 100.00   | Establishment or<br>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

### (1) Control right lost by single disposal of subsidiary investment

| Name of subsidiary                                       | Equity disposal price (RMB) | Equity disposal proportion (%) | Equity disposal mode | Control right losing time-point | Basis for determination of control right losing time-point | Balance between disposal price and the subsidiary's net asset shares at the level of consolidated statements corresponding to disposal investment |
|--|-----------------------------|--------------------------------|----------------------|---------------------------------|--|---|
| Hengyi Petrochemical International Co., Ltd. (Singapore) | 12,824,043.92               | 100.00                         | Transfer             | May 29, 2024                    | Completion of shareholding rights transfer                 | 56,084.57   |

(Continued)

| Name of subsidiary  | Proportion of residual equities on the control right losing date (%) | Book value of residual equities on the control right losing date | Fair value of residual equities on the control right losing date | Gains or Losses on Remeasurement of Residual Equities by Fair Value | Determination method and main assumption of fair value of residual equities on the control right losing date | Amount of other comprehensive income (related to original subsidiary equity investment) shifted into investment profits and losses |
|---|--|--|--|---|--|--|
| Hengyi Petrochemical International Co., Ltd. (Singapore). | 0.00   | --   | --   | --  | --   | 0.00   |

### 5.Consolidation Scope Change due to Other Reasons

In the current year, our company has invested in and established the following four subsidiaries, with details as follows:

Zhejiang Hengyi Petrochemical Research Institute Co., Ltd., a subsidiary of our company, invested in and established Hangzhou Lanjin New Materials Technology Co., Ltd., holding a 75% equity stake.

Hengyi Limited, another subsidiary of our company, invested in and established Zhejiang Hengyi Resource Recycling Technology Co., Ltd., holding a 100% equity stake.

Zhejiang Hengyi Resource Recycling Technology Co., Ltd. further invested in and established Wenzhou Hengyi Resource Regeneration Co., Ltd. and Jingzhou Hengyi Resource Recycling Co., Ltd., holding 100% equity stakes in both.

As a result, during the reporting period, the number of subsidiaries included in the consolidated financial statements of our company increased by the aforementioned four entities.

In addition, during the current year, Hangzhou Yigao Environmental Technology Co., Ltd., a subsidiary of our company, completed its deregistration. Therefore, the number of subsidiaries included in the consolidated financial statements decreased by one entity for the current year.



## 6. Transactions in which the share of ownership interest in subsidiary changes and the subsidiary is still controlled

### (1) Explanation of changes in the share of ownership interest in subsidiaries

- ① In September 2024, Hengyi Limited, a subsidiary of the company, signed an equity transfer agreement with Hengyi Group. Under the agreement, Hengyi Group transferred its 25% equity stake in Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd., a subsidiary of the company, to Hengyi Limited at a transfer price of RMB 315,300,000. Hengyi Limited fully paid the equity transfer amount on September 29, 2024. After the completion of the equity acquisition, Zhejiang Hengyi Hanlin Enterprise Management Co., Ltd. became a wholly-owned subsidiary of the company.
- ② In April 2024, Hengyi Limited, a subsidiary of the company, signed an equity transfer agreement with the Suqian City Industrial Development Fund. Under the agreement, the Suqian City Industrial Development Fund transferred its entire 8.3721% equity stake in Suqian Yida New Materials Co., Ltd. to Hengyi Limited at a transfer price of RMB 204,255,600. Hengyi Limited fully paid the equity transfer amount on June 14, 2024. After the completion of the equity acquisition, Suqian Yida New Materials Co., Ltd. and its subsidiaries, Suqian Hengyuan Thermal Energy Co., Ltd. and Suqian Huida Port Co., Ltd., became wholly-owned subsidiaries of the company.

### (2) Impact of the transaction on minority shareholders' equity and equity attributable to owners of the parent company

| Item   | Hengyi Hanlin Enterprise Management Co., Ltd. | Suqian Yida New Materials Co., Ltd. |
|--|---|-------------------------------------|
| Purchase cost consideration  | 315,000,000.00                                | 204,255,616.44                      |
| -Cash  | 315,000,000.00                                | 204,255,616.44                      |
| Total purchase cost consideration  | 315,000,000.00                                | 204,255,616.44                      |
| Less: Share of net assets of subsidiaries in proportion to equity acquired | 265,835,759.10                                | 187,123,715.95                      |
| Balance  | 49,164,240.90                                 | 17,131,900.49                       |
| Wherein: Adjustments to capital surplus                                    | 49,164,240.90                                 | 17,131,900.49                       |

| Item                                 | Hengyi Hanlin Enterprise Management Co., Ltd. | Suqian Yida New Materials Co., Ltd. |
|--------------------------------------|---|-------------------------------------|
| Adjustments to surplus reserves      | 0.00  | 0.00                                |
| Adjustments to unallocated profits   | 0.00  | 0.00                                |
| Amounts affecting minority interests | -265,835,759.10                               | -187,123,715.95                     |

## 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   | -81,450,853.13  | 0.00  | 36,961,816.20   |
| Zhejiang Hengyi Polymer Co., Ltd.        | 40.00   | -797,299.78   | 0.00  | 365,401,884.18  |
| Zhejiang Yisheng Petrochemical Co., Ltd. | 30.00   | 64,376,380.08   | 0.00  | 2,822,936,838.77  |
| Hengyi Industries Sdn. Bhd.              | 30.00   | -298,677,686.09   | 0.00  | 2,678,071,799.64  |
| Fujian Yi Jin Chemical Fibre Co., Ltd.   | 10.00   | 11,433,202.80   | 0.00  | 18,728,275.59   |

### (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 |
| Ningbo Hengyi Trading Co., Ltd. | 49,701.56      | 367,279.13         | 416,980.69   | 391,435.78          | 0.00                    | 391,435.78        |

| Name of subsidiary                       | Ending balance |              |              |              |            |              |
|--|----------------|--------------|--------------|--------------|------------|--------------|
| 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                       | Ending balance of previous year |                    |              |                     |                         |                   |
|--|---------------------------------|--------------------|--------------|---------------------|-------------------------|-------------------|
|  | Current Assets                  | Non-current assets | Total assets | Current liabilities | Non-current liabilities | Total liabilities |
| Ningbo Hengyi Trading Co., Ltd.          | 66,293.06                       | 362,835.45         | 429,128.52   | 373,686.90          | 0.00                    | 373,686.90        |
| Zhejiang Hengyi Polymer Co., Ltd.        | 279,560.79                      | 29,636.31          | 309,197.10   | 196,740.75          | 20,906.56               | 217,647.31        |
| Zhejiang Yisheng Petrochemical Co., Ltd. | 1,649,863.75                    | 313,769.13         | 1,963,632.89 | 922,048.55          | 143,690.00              | 1,065,738.56      |
| Hengyi Industries Sdn. Bhd.              | 1,447,702.72                    | 2,815,925.17       | 4,263,627.88 | 2,403,551.51        | 850,331.94              | 3,253,883.45      |
| Fujian Yi Jin Chemical Fibre Co., Ltd.   | 56,226.55                       | 164,503.15         | 220,729.70   | 140,018.74          | 23,170.89               | 163,189.63        |

(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 |
| Ningbo Hengyi Trading Co., Ltd. | 1,405,008.71                      | -27,150.28 | -29,896.70                 | -1,207.95           | 1,799,643.68               | -20,990.51 | -21,389.92                 | 3,030.31            |

| Name of subsidiary                       | Amount incurred in current period |             |            |            | Balance of previous period |           |           |             |
|--|-----------------------------------|-------------|------------|------------|----------------------------|-----------|-----------|-------------|
| Zhejiang Hengyi Polymer Co., Ltd.        | 343,049.72                        | -199.32     | -199.32    | 32,485.29  | 349,128.66                 | 1,728.45  | 1,728.45  | -60,001.73  |
| Zhejiang Yisheng Petrochemical Co., Ltd. | 1,524,658.32                      | 21,458.79   | 21,318.52  | 140,022.71 | 2,259,138.29               | 2,781.26  | 4,399.63  | -128,706.13 |
| Hengyi Industries Sdn. Bhd.              | 4,620,525.72                      | -100,332.04 | -86,335.82 | 351,066.62 | 4,468,000.63               | -7,538.29 | 8,944.28  | 147,955.36  |
| Fujian Yi Jin Chemical Fibre Co., Ltd.   | 412,247.15                        | 11,433.20   | 11,433.20  | 9,204.72   | 337,451.11                 | -1,005.02 | -1,005.02 | 14,293.55   |

## 8. Equities in cooperative enterprise or associated enterprise

### (1) Significant joint ventures or associates

| 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   |
| 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   |

| Name of cooperative enterprise or        | Main place | Domicile | Nature of business  | Shareholding ratio (%) |       | Accountant    |
|--|------------|----------|---|------------------------|-------|---------------|
| 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 into 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                                      | 163,969.51                               | 813,105.33     | 150,136.38   | 616,295.60     |
| Wherein: Cash and cash equivalents                  | 16,085.93                                | 121,594.92     | 13,037.12  | 97,422.24      |
| Non-current assets                                  | 492,168.92                               | 1,158,520.83   | 548,138.82   | 1,072,339.62   |
| Total assets  | 656,138.43                               | 1,971,626.16   | 698,275.20   | 1,688,635.21   |
| Current liabilities                                 | 334,757.76                               | 808,981.60     | 414,346.75   | 577,746.58     |
| Non-current liabilities                             | 91,643.35                                | 475,520.81     | 61,227.74  | 432,652.24     |
| Total liabilities                                   | 426,401.10                               | 1,284,502.41   | 475,574.50   | 1,010,398.82   |
| Minority stockholders' equity                       | 148.50                                   | 0.00           | 148.50   | 0.00           |
| Stockholders' equity attributable to parent company | 229,588.83                               | 687,123.74     | 222,552.21   | 678,236.39     |
| Net assets calculated by shareholding ratio         | 114,794.41                               | 343,561.87     | 111,276.10   | 339,118.20     |

| Item   | Ending balance/ amount in current period |                | Balance at end of the previous year/ amount in previous period |                |
|--|--|----------------|--|----------------|
|  | Caprolactam                              | Hainan Yisheng | Caprolactam  | Hainan Yisheng |
| Adjusting events   |  |                |  |                |
| - Goodwill   | 0.00                                     | 0.00           | 0.00   | 0.00           |
| - Unrealized profit of internal transaction                              | 0.00                                     | -414.72        | 0.00   | -1,291.21      |
| - Others   | 2,010.08                                 | 9,733.71       | 2,010.08   | 9,733.71       |
| Carrying value of equity investments in joint ventures                   | 116,804.49                               | 352,880.86     | 113,286.18   | 347,560.69     |
| Fair value of cooperative enterprise equity investment with public offer |  |                |  |                |
| Operating income   | 771,525.16                               | 3,213,406.32   | 746,659.86   | 1,799,579.10   |
| Financial expenses   | 11,362.35                                | 14,666.91      | 11,628.06  | 12,423.80      |
| Income tax expenses  | 3,777.50                                 | 2,639.94       | 3,673.62   | 5,020.46       |
| Net profit   | 11,491.71                                | 14,380.19      | 11,273.81  | 36,436.78      |
| Net profits of discontinuing operation                                   | 0.00                                     | 0.00           | 0.00   | 0.00           |
| Other comprehensive income   | 0.00                                     | -5,492.83      | 0.00   | -798.75        |
| Total comprehensive income   | 11,491.71                                | 8,887.35       | 11,273.81  | 35,638.03      |
| Dividends from cooperative enterprise received this year                 | 2,220.79                                 | 0.00           | 0.00   | 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<br>Investment | Yisheng New<br>Materials | China<br>Zheshang Bank | Yisheng<br>Investment | Yisheng New<br>Materials | China Zheshang<br>Bank |
|---|-----------------------|--------------------------|------------------------|-----------------------|--------------------------|------------------------|
| Current assets  | 714,738.20            | 227,414.65               | --                     | 604,338.28            | 309,241.66               | --                     |
| Non-current assets  | 1,052,990.63          | 846,071.99               | --                     | 1,017,300.20          | 884,747.79               | --                     |
| Total assets  | 1,767,728.83          | 1,073,486.64             | 332,553,900.0<br>0     | 1,621,638.48          | 1,193,989.45             | 314,387,900.00         |
| Current liabilities   | 883,681.03            | 680,150.07               | --                     | 750,987.62            | 697,732.79               | --                     |
| Non-current liabilities                                     | 131,225.34            | 215,014.95               | --                     | 100,636.60            | 267,057.26               | --                     |
| Total liabilities   | 1,014,906.37          | 895,165.02               | 312,279,600.0<br>0     | 851,624.22            | 964,790.06               | 295,430,200.00         |
| Minority stockholders' equity                               | 101,363.20            | 0.00                     | 384,000.00             | 104,767.53            | 0.00                     | 333,200.00             |
| Stockholders' equity attributable to<br>parent company      | 651,459.26            | 178,321.63               | 19,890,300.00          | 665,246.73            | 229,199.39               | 18,624,500.00          |
| Net assets calculated by shareholding<br>ratio              | 195,437.77            | 87,377.59                | 704,116.62             | 199,574.02            | 112,307.70               | 659,307.30             |
| Adjusting events  |                       |                          |                        |                       |                          |                        |
| - Goodwill  | 0.00                  | 0.00                     | 0.00                   | 0.00                  | 0.00                     | 0.00                   |
| -Unrealized profit of internal<br>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<br>associated enterprise | 200,932.22            | 87,377.46                | 615,304.98             | 205,068.47            | 112,307.57               | 570,499.20             |

| 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           |
| Fair value of associated enterprise equity investment with public offer | --                                       | --           | 282,994.61    | --   | --           | 245,067.50     |
| Operating income  | 3,181,974.27                             | 3,226,652.45 | 6,765,000.00  | 3,008,139.14   | 3,438,987.61 | 6,370,400.00   |
| Net profit  | -15,349.59                               | -51,046.53   | 1,569,300.00  | 5,756.78   | -56,744.88   | 1,549,300.00   |
| Net profits of discontinuing operation                                  | 0.00                                     | 0.00         | 0.00          | 0.00   | 0.00         | 0.00           |
| Other comprehensive income  | -1,842.22                                | 168.76       | 294,000.00    | 603.60   | -58.67       | 121,800.00     |
| Total comprehensive income  | -17,191.81                               | -50,877.77   | 1,863,300.00  | 6,360.38   | -56,803.55   | 1,671,100.00   |
| Dividends from associated enterprise received this year                 | 0.00                                     | 0.00         | 15,948.84     | 0.00   | 0.00         | 15,709.45      |

## (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           | 17,751.90                                | 18,203.31  |
| Total (calculated by shareholding ratio) |  |  |
| - Net profit                             | 453.76                                   | 1,006.67   |



|                              |        |          |
|------------------------------|--------|----------|
| - Other comprehensive income | 118.89 | 82.58    |
| - Total comprehensive income | 572.66 | 1,089.25 |

(5) Excess losses in cooperative enterprise or associated enterprise

By the end of December 31, 2024, 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, 2024, 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, 2024, 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.

**VII.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, 2024, 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 | 394,357,716.75 | 16,516,921.62 | 490,067,263.72                      | 11,371,328.85 |
| Accounts receivable       | 460,697,534.16 | 41,395,520.20 | 608,193,939.66                      | 53,547,754.04 |

|   |                  |               |                  |               |
|---|------------------|---------------|------------------|---------------|
| Other receivables                           | 17,068,114.96    | 2,024,462.92  | 8,924,007.85     | 5,274,274.23  |
| Long-term receivables                       | 0.00             | 1,047,978.00  | 518,788.46       | 0.00          |
| Short-term loans                            | 1,216,942,346.06 | 76,030,792.23 | 1,286,616,775.17 | 0.00          |
| Accounts payable                            | 581,163,548.84   | 2,440,564.38  | 567,677,254.66   | 3,191,737.90  |
| Other payable                               | 4,825,821.02     | 460,154.34    | 3,140,568.35     | 3,848,062.37  |
| Non-current liabilities due within one year | 168,491,781.70   | 1,336,887.90  | 188,339,242.85   | 1,385,745.68  |
| Long-term loans                             | 599,811,683.66   | 0.00          | 950,220,000.00   | 0.00          |
| Lease liabilities                           | 0.00             | 84,666,942.57 | 0.00             | 83,328,762.28 |

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<br>Exchange Rate | Influence on Current Profit & Loss and<br>Stockholders' Equity (Before Tax) |                 |
|----------------------------|---------------------------------|---|-----------------|
|                            |                                 | Current Period  | Previous Period |
| Monetary assets (USD)      | Appreciation of RMB<br>by 1%    | 62,691,716.03   | 78,455,351.19   |
| Monetary liabilities (USD) |                                 | -184,830,669.77   | -212,197,255.78 |
| Net influence              |                                 | -122,138,953.74   | -133,741,904.59 |
| Monetary assets (USD)      | Depreciation of RMB<br>by 1%    | -62,691,716.03  | -78,455,351.19  |
| Monetary liabilities (USD) |                                 | 184,830,669.77  | 212,197,255.78  |
| Net influence              |                                 | 122,138,953.74  | 133,741,904.59  |
| Monetary assets (BND)      | Appreciation of RMB<br>by 1%    | 3,245,249.55  | 3,774,437.20    |
| Monetary liabilities (BND) |                                 | -8,776,869.26   | -4,933,812.66   |
| Net influence              |                                 | -5,531,619.71   | -1,159,375.46   |
| Monetary assets (BND)      | Depreciation of RMB<br>by 1%    | -3,245,249.55   | -3,774,437.20   |
| Monetary liabilities (BND) |                                 | 8,776,869.26  | 4,933,812.66    |
| Net influence              |                                 | 5,531,619.71  | 1,159,375.46    |

**(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  | 227,650,351.78 | --             |
| 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 | --             | 227,650,351.78 |
| Mid-and-long-term liabilities at floating interest rates                  | Increase in every 50 base points at an upward trend of interest rate  | --             | 102,274,200.18 |
| Mid-and-long-term liabilities at floating interest rates                  | Decrease in every 50 base points at a downward trend of interest rate | 102,617,358.62 | --             |

### (3) Other price risks

The Company's investments classified into held-for-trading financial assets shall be measured by fair value on the balance sheet. Therefore, the Company undertakes the risk of related assets price variation. The Company has established an investment management department, in which members are assigned to closely monitor the price variation of investment products. In consideration of the necessity of futures investment and relevant features of leverage risk, the Company's BOD authorized the president to set up a futures leading group, and authorized this group to take charge of the Company's futures. In addition, the Company also formulated the train of thought of futures, specified to establish a futures trading group in the Investment Management Department (responsible for organization and implementation of transaction in accordance with decisions made by the futures trading group), specified to establish a futures settlement group in the Financial Management Department (responsible for such works as funds management, accounting treatment, transaction confirmation and settlement management), and specified to establish a futures supervision group in the Auditing Department (responsible for futures trading risk management & control and periodic review for transaction behaviors). In order to strengthen its internal control over futures and to effectively prevent and relieve

probable risks in the transaction process, the Company also formulated the *Futures Business Management System*, requiring all futures business participants to operate in strict accordance with related provisions and processes. All personnel participating into futures business in the Company have received special training, and have an adequate understanding of corresponding features and risks of futures involved. According to the Company's directors, therefore, its price risk has been mitigated already.

## **2. Credit risks**

Credit risk refers to the risk of financial loss on 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 unrecyclable 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, 2024, the Company's available credit line is RMB 30.734 billion (RMB 42.348 billion on December 31, 2023).

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                                 | 6,833,997.24      | 0.00              | 0.00             | 0.00             |
| Short-term loans                                 | 27,997,799,607.15 | 10,033,393,764.88 | 0.00             | 0.00             |
| Notes payable                                    | 738,382,637.33    | 411,000,000.00    | 0.00             | 0.00             |
| Long-term loans mature within one year           | 1,917,609,611.65  | 3,492,332,924.25  | 575,000,000.00   | 0.00             |
| Long-term loans                                  | 0.00              | 0.00              | 7,505,685,390.64 | 7,998,402,093.38 |
| Accounts receivable financing                    | 8,782,497.35      | 0.00              | 0.00             | 0.00             |
| Derivative financial assets and liabilities:     |                   |                   |                  |                  |
| Forward foreign exchange contract                | 0.00              | 0.00              | 0.00             | 0.00             |
| Futures contract                                 | 155,328,825.15    | 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 not derecognized integrally**

This year, it is unnecessary for the Company to disclose financial assets transferred but no derecognized integrally.

**2. Transferred financial assets derecognized integrally already but still involving the assignor**

In current period, the Company accumulatively discounted an amount of RMB 2,542,149,454.39 bank acceptance bills (RMB 3,126,325,566.01 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, 2024, the cashed but not mature banker's acceptance was RMB1,387,664,668.95 in total (RMB 1,313,709,044.00 on December 31, 2023).

**VIII. 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   | 153,091,745.24                        | 0.00                                   | 0.00                                  | 153,091,745.24 |
| 1. Financial assets measured by fair value and whose changes included in current profits and losses | 153,091,745.24                        | 0.00                                   | 0.00                                  | 153,091,745.24 |

| Item  | Ending Fair Value                     |  |                                       |                |
|---|---------------------------------------|--|---------------------------------------|----------------|
|   | The first-tier fair value measurement | The second-tier fair value measurement | The third-tier fair value measurement | Total          |
| (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   | 153,091,745.24                        | 0.00                                   | 0.00                                  | 153,091,745.24 |
| 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  | 4,783,678.80                          | 0.00                                   | 0.00                                  | 4,783,678.80   |
| Wherein:  | 4,783,678.80                          | 0.00                                   | 0.00                                  | 4,783,678.80   |
| (III) Held-for-trading financial liabilities  | 2,546,598.89                          | 0.00                                   | 0.00                                  | 2,546,598.89   |
| Wherein: Issued bonds held for trading  | 0.00                                  | 0.00                                   | 0.00                                  | 0.00           |
| Derivative financial liabilities  | 2,546,598.89                          | 0.00                                   | 0.00                                  | 2,546,598.89   |
| Others  | 0.00                                  | 0.00                                   | 0.00                                  | 0.00           |
| (IV) Derivative financial liabilities   | 0.00                                  | 0.00                                   | 0.00                                  | 0.00           |

## 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.

## IX.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   | 40.61   | 47.60   |

Note: The Company's ultimate controller is Qiu Jianlin.

### 2.Information about the Company' s subsidiaries

For detail 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).

| 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           |
| Ningbo Qingzhi Chemical Terminal Co., Ltd.                   | Connected natural persons as directors                     |

**4.Information about other related parties**

Note: Hengyi industries International Co., Ltd. (Singapore) has been added as a related party of the Company on December , 2024.

**5.Related-party transaction of commodity purchase & sale and labor provision & reception****①Information 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                   | 1,053,028,929.20                  | 20,005,238.94                      |
| Yisheng Dahua Petrochemical Co., Ltd.                        | Procurement of goods                   | 9,917,522.12                      | 0.00                               |
| Zhejiang Baling Hengyi Caprolactam Co., Ltd.                 | Procurement of goods                   | 328,559,821.54                    | 311,180,720.25                     |
| Zhejiang Baling Hengyi Caprolactam Co., Ltd.                 | Labor reception                        | 4,511,745.29                      | 2,945,499.49                       |
| Zhejiang Hengyi Polyamide CO., Ltd.                          | Procurement of goods                   | 60,904,618.51                     | 3,457,927.39                       |
| Hangzhou Yichen Chemical Fibre Co., Ltd.                     | Procurement of goods                   | 173,852,040.20                    | 115,012,477.80                     |
| Zhejiang Yisheng New Material Co., Ltd.                      | Procurement of goods                   | 8,156,738,680.86                  | 15,213,825,593.72                  |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.            | Procurement of goods                   | 10,121,934,528.38                 | 8,881,144,362.80                   |
| Hangzhou Bayi Energy Co., Ltd.                               | Procurement of goods                   | 145,585,516.33                    | 147,355,009.33                     |
| Haining Hengqi Environmental Protection Technology Co., Ltd. | Procurement of goods                   | 3,537,361.87                      | 1,886,335.85                       |
| Hangzhou Yijing Chemical Fibre Co., Ltd.                     | Procurement of goods                   | 24,907,507.26                     | 2,986,764.93                       |
| Hangzhou Yijing Chemical Fibre Co., Ltd.                     | Labor reception                        | 8,546,945.08                      | 2,020,554.09                       |
| Ningbo Qingchi Chemical Terminal Co.,Ltd                     | Labor reception                        | 23,362,536.08                     | 13,521,634.13                      |
| Hong Kong Yitian Company Limited                             | Procurement of goods                   | 11,179,357,029.32                 | 1,525,810,777.02                   |

|   |                      |                  |                |
|---|----------------------|------------------|----------------|
| Zhejiang Rongtong Chemical Fibre New Material Co., Ltd. | Procurement of goods | 371,606,260.02   | 154,592,511.47 |
| Hengyi Industries International (Singapore) Co., Ltd.   | Labor reception      | 42,593.79        | --             |
| Ningbo Rongxincheng Trading Co., Ltd.                   | Procurement of goods | 3,959,666,589.54 | 0.00           |

② Information 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                         | 987,413,866.42                    | 1,008,802,975.63                   |
| Zhejiang Baling Hengyi Caprolactam Co., Ltd.     | Provision of services                  | 37,711,048.66                     | 37,439,423.67                      |
| Hainan Yisheng Petrochemical Co., Ltd            | Sales of goods                         | 2,162,116,319.91                  | 1,253,839,220.98                   |
| Hainan Yisheng Petrochemical Co., Ltd            | Provision of services                  | 43,346,449.46                     | 1,796,386.36                       |
| Zhejiang Hengyi Polyamide CO, Ltd                | Sales of goods                         | 28,064,405.34                     | 26,966,224.78                      |
| Zhejiang Hengyi Polyamide CO, Ltd                | Provision of services                  | 13,916,209.16                     | 14,398,564.97                      |
| Yisheng Dahua Petrochemical Co., Ltd.            | Provision of services                  | 4,116,674.39                      | 3,119.27                           |
| Yisheng Dahua Petrochemical Co., Ltd.            | Sales of goods                         | 402,236,670.65                    | 102,296,411.49                     |
| Hangzhou Yichen Chemical Fibre Co., Ltd.         | Provision of services                  | 25,160,871.83                     | 30,478,797.91                      |
| Hangzhou Yichen Chemical Fibre Co., Ltd.         | Sales of goods                         | 29,459,708.80                     | 23,289,840.16                      |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd | Sales of goods                         | 392,684,319.81                    | 385,958,886.01                     |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd | Provision of services                  | 127,395,137.02                    | 128,033,960.04                     |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd | Trademark use license fee              | 13,987,218.78                     | 11,784,356.33                      |

|  |                       |                  |                |
|--|-----------------------|------------------|----------------|
| Zhejiang Yisheng New Materials Co., Ltd.                     | Provision of services | 67,633,908.72    | 71,010,316.16  |
| Hangzhou Bayi Energy Co., Ltd.                               | Sales of goods        | 569,061,313.89   | 734,737,484.94 |
| Hangzhou Bayi Energy Co., Ltd.                               | Provision of services | 17,797,551.97    | 0.00           |
| Haining Hengqi Environmental Protection Technology Co., Ltd. | Sales of goods        | 36,473,471.61    | 20,617,481.18  |
| Haining Hengqi Environmental Protection Technology Co., Ltd. | Provision of services | 981,322.76       | 0.00           |
| Ningbo Qingzhi Chemical Terminal Co., Ltd.                   | Sales of goods        | 6,735,807.93     | 2,996,198.66   |
| Hangzhou Yijing Chemical Fibre Co., Ltd.                     | Sales of goods        | 183,503.31       | 0.00           |
| Hangzhou Yijing Chemical Fibre Co., Ltd.                     | Provision of services | 5,794,428.67     | 648,331.19     |
| Hengyi industries International Co., Ltd. (Singapore)        | Provision of services | 1,213,923.57     | --             |
| Hong Kong Xinhengrong Co., Ltd.                              | Sales of goods        | 2,037,063,832.75 | 0.00           |
| Hong Kong Xinhengrong Co., Ltd.                              | Provision of services | 65,424,493.24    | 0.00           |
| Yisheng New Materials Trading Co., Ltd.                      | Sales of goods        | 61,501,725.58    | 0.00           |
| Yisheng New Materials Trading Co., Ltd.                      | Provision of services | 2,032,809.42     | 0.00           |
| Zhejiang Hengyi Group Co., Ltd                               | Provision of services | 123,433.96       | 0.00           |

## (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 of recognized in current period |
|---|---|--------------------------|------------------------------|---|
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd. | Zhejiang Hengyi Petrochemical Co., Ltd. | Entrustment of operation | July 25,                     | 1,698,11                                    |

|  |  |  |      |      |
|--|--|--|------|------|
|  |  |  | 2018 | 3.16 |
|--|--|--|------|------|

Note: 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.

### (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                  | 1,393,348.64                                 | 994,555.81                                     |
| Hangzhou Yijing Chemical Fibre Co., Ltd.                 | Property                  | 14,498.84                                    | 1,445,624.69                                   |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.        | Property                  | 8,820.00                                     | 2,935.78                                       |
| 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 leaser

| 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. | Premises                  | 912,563.42                                   | 910,741.10                                     |



| Name of the lessee                         | Category of leased assets | Rental expenses recognized in current period | Rental expenses confirmed in the previous year |
|--|---------------------------|--|--|
| Hainan Yisheng Petrochemical Co., Ltd.     | Property                  | 1,385,296.06                                 | 1,346,678.51                                   |
| Zhejiang Yisheng New Materials Co., Ltd.   | Property                  | 1,031,670.22                                 | 365,845.33                                     |
| Hangzhou Yijing Chemical Fibre Co., Ltd.   | Vehicle                   | 26,548.67                                    | 0.00   |
| Ningbo Qingchi Chemical Terminal Co., Ltd. | Tank                      | 200,332.42                                   | 0.00   |

## (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                      | March 06, 2024             | November 17, 2025          | 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. | Fujian Yijin Chemical Fiber Co., Ltd.  | 10,000.00           | 2024-10-16     | 2025-04-24     | No                                      | No                        |
| Zhejiang Hengyi Group Co., Ltd. | Haining Hengyi New Materials Co., Ltd. | 40,000.00           | 2024-11-29     | 2027-11-29     | Yes                                     | No                        |
| Zhejiang Hengyi Group Co., Ltd. | Haining Hengyi New Materials Co., Ltd. | 138,000.00          | 2024-10-11     | 2026-12-24     | No                                      | No                        |
| Zhejiang Hengyi Group Co., Ltd. | Haining Hengyi New Materials Co., Ltd. | 40,000.00           | 2024-03-20     | 2025-11-07     | No                                      | No                        |
| Zhejiang Hengyi Group Co., Ltd. | Hengyi Petrochemical Co., Ltd.         | 33,200.00           | 2024-09-25     | 2025-10-27     | No                                      | No                        |

| Guarantor  | Warrantee                                 | Amount<br>(RMB<br>10,000) | Borrowing<br>date | Repayment<br>date | Mortgage<br>provided<br>by the<br>Company<br>or not | Guarantee<br>finished<br>or not |
|--|---|---------------------------|-------------------|-------------------|---|---------------------------------|
| Ltd.   |   |                           |                   |                   |   |                                 |
| Zhejiang Hengyi Group Co., Ltd.  | Hengyi Petrochemical Co., Ltd.            | 86,664.48                 | 2024-01-11        | 2025-06-13        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Hengyi Industries Sdn. Bhd.               | \$11,468.74               | 2024-08-07        | 2025-02-07        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Hengyi Industries Sdn. Bhd.               | 190,000.00                | 2024-01-30        | 2025-06-10        | No  | 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.               | \$63,452.52               | 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 Yisheng Petrochemical Co., Ltd., Hong Kong Tianyi International Holding Co., Ltd, Qiu Yibo | Hengyi Industries Sdn. Bhd.               | 250,100.30                | 2024-12-05        | 2030-08-22        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Hengyi Industries International Co., Ltd. | \$8,878.87                | 2024-09-13        | 2025-06-05        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Jiaxing Yipeng Chemical Fiber Co., Ltd.   | 67,152.78                 | 2022-04-15        | 2027-06-21        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Jiaxing Yipeng Chemical Fiber             | 30,000.00                 | 2024-08-13        | 2025-03-02        | No  | No                              |

| Guarantor  | Warrantee                                       | Amount<br>(RMB<br>10,000) | Borrowing<br>date | Repayment<br>date | Mortgage<br>provided<br>by the<br>Company<br>or not | Guarantee<br>finished<br>or not |
|--|---|---------------------------|-------------------|-------------------|---|---------------------------------|
| Ltd.   | Co., Ltd.                                       |                           |                   |                   |   |                                 |
| Zhejiang Hengyi Group Co., Ltd.  | Jiaxing Yipeng Chemical Fiber Co., Ltd.         | 10,000.00                 | 2024-09-04        | 2025-09-04        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Ningbo Hengyi Trading Co., Ltd.                 | 12,600.00                 | 2024-06-20        | 2025-06-16        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Ningbo Hengyi Trading Co., Ltd.                 | 29,400.00                 | 2024-09-12        | 2025-05-11        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Ningbo Shengmao Trading Co., Ltd                | 1,000.00                  | 2024-08-13        | 2025-08-12        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Suqian Hengyuan Thermal Energy Co., Ltd.        | 18,333.33                 | 2024-07-31        | 2027-07-17        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Suqian Yida New Materials Co., Ltd.             | 41,000.00                 | 2024-02-28        | 2027-08-28        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Suqian Yida New Materials Co., Ltd.             | 13,200.00                 | 2024-04-30        | 2025-10-29        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Suqian Yida New Materials Co., Ltd.             | 5,000.00                  | 2024-03-26        | 2025-03-21        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Taichang Yifeng Chemical Fiber Co., Ltd.        | 9,600.00                  | 2024-06-21        | 2025-09-26        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Taichang Yifeng Chemical Fiber Co., Ltd.        | 400.00                    | 2024-03-26        | 2025-03-25        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Taichang Yifeng Chemical Fiber Co., Ltd.        | 49,482.00                 | 2024-01-02        | 2025-10-23        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Hong Kong Tianyi International Holding Co., Ltd | 44,000.00                 | 2024-12-24        | 2025-12-30        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Zhejiang Hengyi High-Tech Materials Co., Ltd    | 19,809.81                 | 2022-02-22        | 2027-03-25        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Zhejiang Hengyi High-Tech Materials Co., Ltd    | 65,000.00                 | 2024-06-27        | 2025-06-27        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Zhejiang Hengyi High-Tech Materials Co., Ltd    | 35,000.00                 | 2024-02-01        | 2025-04-21        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd., Hangzhou Yitong New Materials Co., Ltd. | Zhejiang Hengyi High-Tech Materials Co., Ltd    | 41,500.00                 | 2024-01-02        | 2026-12-30        | Yes   | No                              |
| Zhejiang Hengyi Group Co., Ltd.  | Zhejiang Hengyi Polyamide Co., Ltd.             | 10,000.00                 | 2024-08-14        | 2025-02-14        | No  | No                              |

| Guarantor   | Warrantee                                 | Amount<br>(RMB<br>10,000) | Borrowing<br>date | Repayment<br>date | Mortgage<br>provided<br>by the<br>Company<br>or not | Guarantee<br>finished<br>or not |
|---|---|---------------------------|-------------------|-------------------|---|---------------------------------|
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Hengyi Petrochemical Co., Ltd.   | 60,000.00                 | 2024-02-29        | 2025-11-06        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd., Zhejiang Southeast Space Frame Group Co., Ltd. | Zhejiang Hengyi Petrochemical Co., Ltd.   | 5,000.00                  | 2024-11-19        | 2025-11-13        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Hengyi Petrochemical Co., Ltd.   | 85,500.00                 | 2024-07-29        | 2025-07-29        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd., Zhejiang Southeast Space Frame Group Co., Ltd. | Zhejiang Hengyi Petrochemical Co., Ltd.   | 15,000.00                 | 2024-11-28        | 2025-06-09        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Shuangtu New Materials Co., Ltd. | 22,900.00                 | 2024-04-28        | 2025-11-06        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Shuangtu New Materials Co., Ltd. | 13,120.00                 | 2024-09-04        | 2025-09-04        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Yisheng Petrochemical Co., Ltd.  | \$1,718.13                | 2024-12-04        | 2025-05-30        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Yisheng Petrochemical Co., Ltd.  | 282,910.24                | 2022-08-17        | 2026-07-23        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Yisheng Petrochemical Co., Ltd.  | 38,866.08                 | 2024-02-05        | 2025-11-24        | No  | No                              |
| Zhejiang Hengyi Group Co., Ltd.   | Zhejiang Yisheng Petrochemical Co., Ltd.  | 80,096.40                 | 2024-07-29        | 2025-06-06        | No  | No                              |

## (5) Related-party lending

| Related party                   | Lending amount | Start date | Maturity<br>date | Notes  |
|---------------------------------|----------------|------------|------------------|--|
| Borrowing:                      |                |            |                  |  |
| Zhejiang Hengyi Group Co., Ltd. | 5,759,650,000  | --         | --               | Temporary working capital replenished by Heng Yi Group to the Company, which has been returned in full |
| Lending:                        |                |            |                  |  |
| Zhejiang Yisheng New            | 786,000,000.00 | 2024/1/1   | 2024/12/30       | Entrusted loan, lending rate: 4.785%   |

| Related party       | Lending amount | Start date | Maturity date | Notes |
|---------------------|----------------|------------|---------------|-------|
| Materials Co., Ltd. |                |            |               |       |

#### (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 |
|---|--|-----------------------------------|------------------------------------|
| Zhejiang Hengyi Group Co., Ltd.                   | Asset transfer                         | 0.00                              | 880,000,000.00                     |
| Hong Kong Yitian Co., Ltd,                        | Asset transfer                         | 12,824,043.92                     | 0.00                               |
| Shaoxing Keqiao Hengming Chemical Fiber Co., Ltd. | Asset transfer                         | 65,515,035.94                     | 0.00                               |
| Yisheng Dhua Petrochemical .Co., Ltd.             | Asset transfer                         | 1,140,080.53                      | 0.00                               |
| Zhejiang Yisheng New Materials Co., Ltd.          | Asset transfer                         | 3,646,219.52                      | 0.00                               |

#### (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 |
|--|--|-----------------------------------|------------------------------------|
| Hangzhou Yijing Chemical Fiber Co., Ltd. | Assignment of Assets                   | 106,627,510.62                    | 0.00                               |
| Zhejiang Hengyi Group Co., Ltd.          | Assignment of Assets                   | 315,000,000.00                    | 0.00                               |

#### (8)Remunerations for key management personnel

| Item                                       | Amount incurred in current period | Amount incurred in previous period |
|--|-----------------------------------|------------------------------------|
| Remunerations for key management personnel | RMB 7.0343 million                | RMB 8.0537 million                 |

#### (9)Other related-party transactions

By the end of December 31, 2024, the Company' s and its subsidiaries' balance of deposits is RMB 400.2245 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. | 0.00           | 0.00               | 966,628.00                      | 0.00               |
| Accounts receivable:                         |                |                    |                                 |                    |
| Hainan Yisheng Petrochemical Co., Ltd.       | 1,509,972.70   | 0.00               | 213,112,065.66                  | 0.00               |
| Zhejiang Baling Hengyi Caprolactam Co., Ltd. | 714,046.20     | 0.00               | 400,689.72                      | 0.00               |
| Zhejiang Yisheng New Materials Co., Ltd.     | 1,124,520.54   | 0.00               | 398,771.41                      | 0.00               |
| Hangzhou Yijing Chemical Fibre Co., Ltd.     | 0.00           | 0.00               | 3,877,449.15                    | 0.00               |
| Ningbo Qingzhi Chemical Terminal Co., Ltd.   | 0.00           | 0.00               | 280,105.95                      | 0.00               |
| Hong Kong Yisheng Dahua Co., Ltd.            | 3,297,277.39   | 0.00               | 0.00                            | 0.00               |
| Yisheng New Materials Trading Co., Ltd.      | 62,144,926.08  | 0.00               | 0.00                            | 0.00               |
| Advance payment:                             |                |                    |                                 |                    |
| Zhejiang Baling Hengyi Caprolactam Co., Ltd. | 9,978.79       | 0.00               | 9,978.79                        | 0.00               |
| Hangzhou Yijing Chemical Fibre Co., Ltd.     | 88,960.38      | 0.00               | 0.00                            | 0.00               |
| Hong Kong Yitian Co., Ltd.                   | 2,616,755.56   | 0.00               | 0.00                            | 0.00               |
| Other current assets:                        |                |                    |                                 |                    |
| Zhejiang Yisheng New Materials Co., Ltd.     | 0.00           | 0.00               | 787,149,197.50                  | 0.00               |
| Other Non Current assets:                    |                |                    |                                 |                    |
| Hangzhou Yijing Chemical Fibre Co., Ltd.     | 4,880,607.52   | 0.00               | 0.00                            | 0.00               |

(1) Payable

| Project name                             | Ending balance | Ending balance of previous year |
|--|----------------|---------------------------------|
| Note payables:                           |                |                                 |
| Zhejiang Yisheng New Materials Co., Ltd. | 786,401,800.00 | 281,000,000.00                  |
| Ningbo Rongxincheng Trading Co., Ltd.    | 290,360,000.00 | 0.00                            |
| Accounts payable:                        |                |                                 |

|  |               |               |
|--|---------------|---------------|
| Zhejiang Baling Hengyi Caprolactam Co.,Ltd             | 4,964,717.03  | 2,716,705.08  |
| Hangzhou Yichen Chemical Fibre Co., Ltd.               | 0.00          | 2,346.68      |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.      | 376,449.80    | 848,660.98    |
| Zhejiang Hengyi Polyamide Co., Ltd                     | 1,203.44      | 1,487.41      |
| Hangzhou Bayi Energy Co., Ltd.                         | 13,660,186.86 | 2,201,434.04  |
| Hangzhou Yijing Chemical Fiber Co., Ltd.               | 6,917.23      | 391,541.53    |
| Hong Kong Yitian Co., Ltd.                             | 0.00          | 48,652,663.66 |
| Contractual liabilities and other current liabilities: |               |               |
| Hangzhou Bayi Energy Co., Ltd.                         | 23,800,768.00 | 0.00          |
| Zhejiang Baling Hengyi Caprolactam Co.,Ltd             | 9,804,717.62  | 0.00          |
| Lease Liabilities:                                     |               |               |
| Shaoxing Keqiao Hengming Chemical Fiber Co., Ltd.      | 1,119,181.06  | 0.00          |
| Non-current liabilities mature within one year:        |               |               |
| Shaoxing Keqiao Hengming Chemical Fibre Co., Ltd.      | 1,066,638.46  | 0.00          |

## X.Commitments and Contingencies

1. 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 WangXX. 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, 2024, 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 RBM 24,875,430.34.

②Arbitration Case for EPC Contract Dispute with COOEC International Co., Ltd.

Hengyi Industries Sdn. Bhd. (hereinafter referred to as Hengyi Brunei or Respondent), a subsidiary of the Company, has received China International Economic and Trade Arbitration Commission's Notice on Defense of EPC Contract Dispute Case No. P20220470. COOEC International Co., Limited (hereinafter referred to as CNOOC International or Applicant) has submitted an arbitration application to China International Economic and Trade Arbitration Commission for disputes arising from the settlement of Hengyi (Brunei) PMB Petrochemical Project Single Point Mooring and Submarine Pipeline EPC signed with Hengyi Brunei. The main arbitration requests of CNOOC International Company involved the total amount of RMB

116,758,196.47 from twelve claims, including payment or refund of project progress payment, quality assurance deposit, costs incurred due to contract changes, as well as the losses and corresponding interest and other expenses caused by the respondent during the construction. The Company categorized and summarized the above arbitration requests and provided defense opinions. In addition, the Company proposes arbitration counterclaims, such as bearing corresponding compensation for delayed construction period losses due to the serious delay in the manufacturing, delivery and installation progress of key equipment by CNOOC, resulting in the completion of the project far behind the original contract date. The case was heard at Zhejiang Branch of China International Economic and Trade Arbitration Commission on July 18, 2022 and March 23, 2023, respectively. As of the disclosure date of this report, the arbitration case has not yet been adjudicated.

In July 2024, Hengyi Brunei Company fulfilled the arbitration award issued by the China International Economic and Trade Arbitration Commission on April 30, 2024.

(2)By the end of December 31, 2024, the Company's debt guarantee is shown as follows:

| Guarantor                         | Warrantee                                 | Guaranty<br>Style   | Amount<br>Guaranteed | Maturity date<br>of guarantee |
|-----------------------------------|---|---------------------|----------------------|-------------------------------|
| Hengyi Petrochemical Co.,<br>Ltd. | Hainan Yisheng Petrochemical<br>Co., Ltd. | Credit<br>guarantee | 70,000.00            | 2025-11-17                    |

## **XI.Events after the balance sheet date**

### **1. Distribution of profits**

On April 22, 2025, during the twenty-second session of the twelfth Board of Directors meeting, the company approved the "Proposal on the Distribution of Profits for the Year 2024." 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 2024.

**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**

## **XII.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.

## **XIII.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 | 340,000,000.00   | 765,000,000.00                  |
| Other receivables    | 5,864,340,335.74 | 5,147,890,574.22                |
| Total                | 6,204,340,335.74 | 5,912,890,574.22                |

**(1)Dividends receivable**

| Project (or Invested Unit)                      | Ending balance | Ending balance of previous year |
|---|----------------|---------------------------------|
| Zhejiang Shuangtu New Materials Co., Ltd.       | 290,000,000.00 | 0.00                            |
| Jiaxing Yipeng Chemical Fiber Co., Ltd.         | 50,000,000.00  | 0.00                            |
| Zhejiang Hengyi Petrochemical Co., Ltd.         | 0.00           | 425,000,000.00                  |
| Taichang Yifeng Chemical Fibre Co., Ltd.        | 0.00           | 230,000,000.00                  |
| Zhejiang Hengyi International Trading Co., Ltd. | 0.00           | 110,000,000.00                  |
| Subtotal  | 340,000,000.00 | 765,000,000.00                  |
| Minus: Bad debt provision                       | 0.00           | 0.00                            |
| Total   | 340,000,000.00 | 765,000,000.00                  |

**(2)Other receivables**
**①Disclosure by aging**

| Aging                     | Ending balance   | Ending balance of previous year |
|---------------------------|------------------|---------------------------------|
| Within 1 year             | 5,863,960,335.74 | 5,147,710,574.22                |
| 1-2 years                 | 200,000.00       | 0.00                            |
| 2-3 years                 | 0.00             | 200,000.00                      |
| Over three years          | 202,500.00       | 2,500.00                        |
| Subtotal                  | 5,864,362,835.74 | 5,147,913,074.22                |
| Minus: Bad debt provision | 22,500.00        | 22,500.00                       |
| Total                     | 5,864,340,335.74 | 5,147,890,574.22                |

**②Classification based on nature of fund**

| Nature of account | Ending balance | Ending balance of previous year |
|-------------------|----------------|---------------------------------|
|                   |                | year                            |

|   |                  |                  |
|---|------------------|------------------|
| Related party funds within the scope of consolidation | 5,863,960,335.74 | 5,147,510,574.22 |
| Portfolio of deposits and security                    | 402,500.00       | 402,500.00       |
| Subtotal  | 5,864,362,835.74 | 5,147,913,074.22 |
| Minus: Bad debt provision                             | 22,500.00        | 22,500.00        |
| Total   | 5,864,340,335.74 | 5,147,890,574.22 |

## ③ Accrual of bad debt reserves

|  | Stage 1  | Stage 2  | Stage 3  |           |
|--|--|--|--|-----------|
| Bad debt provision   | 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 occurred has occurred) | Total     |
| Ending balance of previous year                                    | 10,000.00  | 0.00   | 2,500.00   | 12,500.00 |
| 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  | 10,000.00  | 0.00   | 0.00   | 10,000.00 |

|  |           |      |          |           |
|--|-----------|------|----------|-----------|
| 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 groups   | 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                      | 5,863,960,335.74 | Within 1 year          | 99.99  | 0.00                              |
| China Securities Depository & Clearing Corporation Shenzhen Branch | Convertible bonds converted to pay zero share capital | 400,000.00       | 2-3 year, over 3 years | 0.01   | 20,000.00                         |
| Beihai Haifu Building  | Deposit   | 2,500.00         | More than 3 years      | 0.00   | 2,500.00                          |
| Total  | --  | 5,864,362,835.74 | --                     | 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                   | 16,038,768,517.98 | 0.00 | 16,038,768,517.98 | 15,941,768,517.98 | 0.00 | 15,941,768,517.98 |
| Investments in joint ventures and associates | 13,850,798.62     | 0.00 | 13,850,798.62     | 14,156,002.82     | 0.00 | 14,156,002.82     |
| Total  | 16,052,619,316.60 | 0.00 | 16,052,619,316.60 | 15,955,924,520.80 | 0.00 | 15,955,924,520.80 |

(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. | 160,000,000.00                  | 90,000,000.00              | 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.                | 0.00                            | 7,000,000.00               | 0.00                       | 7,000,000.00      | 0.00  | 0.00                                  |
| Total  | 15,941,768,517.98               | 97,000,000.00              | 0.00                       | 16,038,768,517.98 | 0.00  | 0.00                                  |

(3)Investment in associated and cooperative enterprises

| 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   | 13,850,798.62  | 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    | 1,069,681,728.42                  | 1,065,678,320.71 | 0.00                               | 0.00 |
| Other businesses | 0.00                              | 0.00             | 0.00                               | 0.00 |
| Total            | 1,069,681,728.42                  | 1,065,678,320.71 | 0.00                               | 0.00 |

### 4. Investment income

| Item   | Amount incurred in current period | Amount incurred in previous period |
|--|-----------------------------------|------------------------------------|
| Income from long-term equity investment checked with cost method   | 340,000,000.00                    | 340,000,000.00                     |
| Income from long-term equity investment checked with equity method | -305,204.20                       | -98,622.42                         |
| Total  | 339,694,795.80                    | 339,901,377.58                     |

## XIV. 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 | -69,347,520.98 |

| Item  | Amount         |
|---|----------------|
| 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 | 73,683,478.38  |
| 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 for effective hedging operations related to the Company's normal business operations           | 110,896,777.29 |
| 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   | 16,324,423.72  |
| 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;  | 587,594.00     |
| 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;  | 0.00           |
| 13. One-off costs incurred by an enterprise because the relevant business   | 0.00           |

| Item   | Amount         |
|--|----------------|
| activity is no longer sustainable, such as expenses for relocating employees;  |                |
| 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           |
| 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;  | 1,698,113.16   |
| 21. Non-operating income and expenses other than those listed above.   | -34,615,951.04 |
| 22. Other items of profit or loss that meet the definition of non-recurring profit or loss (Note)  | 23,008,095.06  |
| Total non-recurring gains and losses before income tax   | 122,235,009.59 |
| Less: Amount of income tax effect  | -8,440,156.97  |
| Total non-recurring gains and losses, net of income tax  | 130,675,166.56 |
| Effect of minority interests in profit or loss (loss expressed as "-")   | -82,987,725.12 |
| Amount of net profit attributable to owners of the parent company from non-recurring gains and losses  | 213,662,891.68 |

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 23,008,095.06.

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<br>return on net assets<br>(%) | Earnings per Share          |             |
|---|---|-----------------------------|-------------|
|   |   | Basic earnings<br>per share | Diluted EPS |
| Net profits assigned to the Company's common shareholders                                       | 0.93  | 0.07                        | 0.07        |
| Net profits assigned to common shareholders after deduction of non-recurring profits and losses | 0.08  | 0.01                        | 0.01        |

Hengyi Petrochemical Co., Ltd.

President: Qiu Yibo

April 22, 2025