

Jiangsu Eastern Shenghong Co., Ltd.

2023 Semi-Annual Report



August 2023

Section I Important Notes, table of Contents and Definitions

The board of directors, board of supervisors, directors, supervisors and senior officers of the Company undertake that the information presented in the semi-annual report is true, accurate and complete, and do not contain false records, misrepresentations or major omissions and bear individual and joint liabilities.

Miao Han'gen, the legal representative of the Company, Qiu Hairong, the chief accountant, and Hu Guiyang, the chief finance officer (person in charge of accounting), state: they ensure that the financial report in this semi-annual report is true, accurate and complete.

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

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

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

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

Table of Contents

Section I Important Notes, table of Contents and Definitions	2
Section II Company profile and major financial indicators	8
Section III Management discussion and analysis	11
Section IV Corporate Governance	47
Section V Environment and social responsibility	50
Section VI Important Matters	61
Section VII Changes in shares and shareholders' information	74
Section VIII Related Information of Preferred Shares	81
Section IX Bond Related Information	82
Section X Financial reports	86

List of Reference Documents

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

Definitions

Term	Refers to	Definition
the Company, the Listed Company, Eastern Shenghong	Refers to	Jiangsu Eastern Shenghong Co., Ltd.
Shenghong Technology	Refers to	Jiangsu Shenghong Technology Co., Ltd., the controlling shareholder of the Listed Company
Shenghong Suzhou	Refers to	Shenghong (Suzhou) Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company and indirectly controlling Shenghong Technology
Shenghong Petrochemical	Refers to	Shenghong Petrochemical Group Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Bohong Industrial	Refers to	Lianyungang Bohong Industrial Co., Ltd., the enterprise controlled by the actual controller of the Listed Company
Petrochemical Industry	Refers to	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., 100% equity of which is controlled by the Listed Company
Sierbang Petrochemical	Refers to	Jiangsu Sierbang Petrochemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongke New Materials	Refers to	Lianyungang Hongke New Materials Co., Ltd., 100% equity of which is controlled by the Listed Company
Honggang Petrochemical	Refers to	Jiangsu Honggang Petrochemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Refining & Chemical	Refers to	Shenghong Refining & Chemical (Lianyungang) Co., Ltd., 100% equity of which is controlled by the Listed Company
Hongwei Chemical	Refers to	Jiangsu Hongwei Chemical Co., Ltd., 100% equity of which is controlled by the Listed Company
Petrochemical (Singapore)	Refers to	Shenghong Petrochemical (Singapore) International Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang High-Tech	Refers to	Jiangsu Guowang Hi-Tech Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Zhonglu Technology	Refers to	Jiangsu Zhonglu Technology Development Co., Ltd., 100% equity of which is controlled by the Listed Company
Tangan Sewage	Refers to	Suzhou Tangan Sewage Treatment Co., Ltd., 100% equity of which is controlled by the Listed Company
Ganghong Fiber	Refers to	Jiangsu Ganghong Fiber Co., Ltd., 100% equity of which is controlled by the Listed Company
Shenghong Fibers	Refers to	Suzhou Shenghong Fibers Co., Ltd., 100% equity of which is controlled by the Listed Company
Suzhen Bioengineering	Refers to	Suzhou Suzhen Bioengineering Co., Ltd., 100% equity of which is controlled by the Listed Company
Reborn Technology	Refers to	Jiangsu Reborn Technology Co., Ltd., 100% equity of which is controlled by the Listed Company
Guowang (Suqian)	Refers to	Guowang Hi-Tech Fiber (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company
Honghai New Materials	Refers to	Honghai New Materials (Suqian) Co., Ltd., 100% equity of which is controlled by the Listed Company

Combustion Engine Cogeneration	Refers to	Jiangsu Shengze Combustion Engine Cogeneration Co., Ltd., 100% equity of which is controlled by the Listed Company
Haigesi New Energy	Refers to	Hubei Haigesi New Energy Co., Ltd., 90% equity of which is controlled by the Listed Company
Shengjing New Materials	Refers to	Jiangsu Shengjing New Materials Co., Ltd., 65% equity of which is controlled by the Listed Company
Shengze Thermal Power Plant	Refers to	Jiangsu Eastern Shenghong Co., Ltd. Shengze Thermal Power Plant, a branch of the Listed Company
Shenghong integrated refining and chemical projects	Refers to	16 million tons refining and chemical integration project of Shenghong Refining & Chemical (Lianyungang) Co., Ltd.
EVA	Refers to	Ethylene-Vinyl Acetate copolymer, a common synthetic material widely used in such fields as foaming materials, functional shed films, films, hot melt adhesives, adhesives, wire and cable, and toys
POE	Refers to	Polyolefin elastomer, a series of copolymers based on catalytic use of butene or octene copolymers by metallocene, as the main materials used in automobile exteriors and interiors, wire and cable coatings, extruded coatings, films, injection molding, medical products, adhesives, footwear and foams
UHMWPE	Refers to	Ultrahigh molecular weight polyethylene, a thermoplastic engineering plastic with excellent properties widely used in such fields as lithium electric diaphragm, aerospace, ocean engineering, rail transit, and petrochemical
MMA, methyl ester	Refers to	Methyl Methacrylate, a kind of important chemical raw materials mainly used in the production of polymethyl methacrylate and manufacturing of other resins, plastics, coatings, adhesives and other products
EO	Refers to	Ethylene Oxide, an organic compound mainly used for manufacturing solvents, diluents, nonionic surfactants, synthetic detergents, antifreeze agents and disinfectants, and widely used in washing, pharmaceutical, and printing and dyeing industries
MTO	Refers to	Methanol to Olefins, the process of producing low-carbon olefins with the methanol as the raw material
PX	Refers to	Paraxylene, a colorless clear liquid used in the production of plastics, polyester fibers and films
MEG	Refers to	Monoethylene glycol, a colorless, odorless, sweet and viscous liquid mainly used in the production of polyester fibers, antifreeze, unsaturated polyester resins, lubricants, plasticizers, nonionic surfactants and explosives
PTA	Refers to	Purified terephthalic acid, a kind of low-toxicity and flammable white crystal or powder at room temperature that burns when it meets fire if mixed with air in a certain limit
Polyester, polyester chip, PET	Refers to	Polyethylene terephthalate, a fiber-forming polymer made from PTA and MEG by esterification or transesterification and condensation polymerization. Fiber-grade polyester chips are used to manufacture polyester staple fibers and polyester filaments
POY	Refers to	PRE-ORIENTED YARN or PARTIALLY ORIENTED YARN, a partly drawn polyester filament obtained by high-speed spinning with the orientation between the unoriented yarn and the drawn yarn
DTY	Refers to	DRAW TEXTURED YARN, also known as polyester elastic yarn, made from POY by drawing and false twist texturing processing, with the

		certain elasticity and contractility
FDY	Refers to	FULL DRAW YARN, also known as polyester traction yarn, a synthetic fiber filament further produced by the spin-drawing process. The fiber has been fully drawn and can be directly used for textile processing
GDR	Refers to	Global Depository Receipts
Reporting period, current period	Refers to	From January 1, 2023 to June 30, 2023

Section II Company profile and major financial indicators

I. Company profile

Stock abbreviation	Eastern Shenghong	Stock code	000301
Stock exchange	Shenzhen Stock Exchange		
Chinese name of the Company	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in Chinese	Eastern Shenghong		
Name of the Company in foreign languages	Jiangsu Eastern Shenghong Co., Ltd.		
Abbreviation of the Company in foreign languages	EASTERN SHENGHONG		
Legal Representative of the Company	Miao Han'gen		

II. Contact and contact information

	Secretary of Board of Directors	Securities affairs representative
Name	Wang Jun	Fan Jiajian
Contact address	No.73, Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province	No.73, Shichang East Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province
Tel	0512-63573866	0512-63573480
Fax	0512-63552272	0512-63552272
E-mail	jun.wang@jsessh.com	tzzgx@jsessh.com

III. Other information

1. Contact information of the Company

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

Applicable Not applicable

There is no change in the registered address, office address, postal code, website and e-mail box of the Company during the reporting period. Please refer to the annual report of 2022 for details.

2. Information disclosure and storage location

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

Applicable Not applicable

There is no change in the stock exchange website, media name and website for the disclosure of the semi-annual report of the Company and the storage location of the semi-annual report. Please refer to the annual report of 2022 for details.

3. Other relevant information

Whether the other relevant information changes or not during the reporting period

Applicable Not applicable

IV. Major accounting data and financial indicators

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

Yes No

Reasons for retroactive adjustment or restatement

Business combination under common control

	Reporting period	Same period of last year		YoY changes
		Before adjustment	After adjustment	After adjustment
Operating revenue (RMB)	65,899,893,060.67	30,242,102,319.11	30,242,102,319.11	117.91%
Net profit attributable to shareholders of the listed company (RMB)	1,680,483,560.98	1,636,110,429.11	1,628,239,039.50	3.21%
Net profit attributable to shareholders of listed company after deduction of non-recurring profit and loss (RMB)	1,559,655,701.50	1,595,824,621.39	1,595,824,621.39	-2.27%
Net cash flows from operating activities (RMB)	7,585,483,535.61	6,106,795,040.83	6,106,634,459.32	24.22%
Basic earnings per share (RMB/share)	0.25	0.28	0.27	-7.41%
Diluted earnings per share (RMB/share)	0.24	0.26	0.26	-7.69%
Return on weighted average net assets	4.61%	5.83%	5.81%	Decreased by 1.20 ppt
	Balance at the end of the current reporting period	Balance at the end of the last year		YoY increase or decrease
		Before adjustment	After adjustment	After adjustment
Total assets (RMB)	174,399,249,278.93	166,511,713,405.78	166,511,713,405.78	4.74%
Net assets attributable to shareholders of listed company (RMB)	36,800,761,678.13	35,700,833,600.61	35,700,833,600.61	3.08%

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

Applicable Not applicable

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

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

Applicable Not applicable

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

VI. Items and amounts of non-recurring gains and lossesApplicable Not applicable

Monetary Unit: RMB

Item	Amount	Notes
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for impairment of assets)	57,323,442.78	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of the Company, obtained by quota or quantity in accordance with the policies and provisions of the State)	70,034,830.93	
Profit or loss from assets investment or management entrusted to other persons	-1,295,617.48	
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination date	0.00	
Profit or loss on changes in fair values of financial assets held for trading and financial liabilities held for trading and investment income obtained from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedging operations associated with the company's normal operations	-29,496,286.05	
Non-operating revenue and expenses other than the above-mentioned items	53,471,585.19	
Less: income tax effects	29,210,200.54	
Affected amount of minority equity (after tax)	-104.65	
Total	120,827,859.48	

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

Applicable Not applicable

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

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

Applicable Not applicable

The company did not define the non-recurring profit or loss listed in *the Explanatory Announcement on Information Disclosure by Companies that Issue Securities to the Public No.1 - Non-recurring Profit or Loss* as recurring profit or loss.

Section III Management discussion and analysis

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

(I) Development of the petroleum refining and chemical industry

1. The crude oil consumption in China grows steadily, and there is still a larger supply and demand gap in downstream petrochemical products

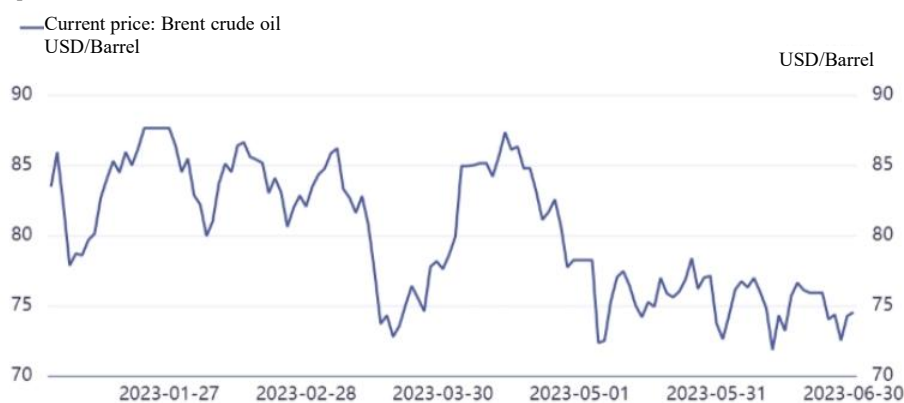
As the blood of industry, petroleum has penetrated into every aspect of human economic and social activities. The upstream of petrochemical industry is mainly the exploration, exploitation and transportation of oil and gas, the midstream is the processing and manufacturing of oil refining and petrochemical products, and the downstream products are widely used in all walks of life. As the most basic link in the petrochemical industry chain, crude oil refining and processing is the cornerstone of the whole petrochemical industry. According to the National Bureau of Statistics, China's crude oil output in the first half of 2023 was 105.05 million tons, up 2.1% year-on-year. Imported crude oil amounted to 282.08 million tons, up 11.7% year-on-year. The processing volume of crude oil amounted to 363.58 million tons, up 9.9% year-on-year. Generally speaking, in the first half of 2023, China's crude oil production remained stable, the import volume increased rapidly, and the processing volume of crude oil increased quickly.

Since the end of 2022, China's economy has officially entered the recovery stage, and the tourism, catering, industry and logistics transportation have shown signs of recovery. According to the domestic economic data released by the National Bureau of Statistics, the gross domestic product (GDP) in the first half of 2023 reached RMB 59,303.4 billion, representing a year-on-year increase of 5.5%. Among them, industrial production realized the growth of 7.9%, and the growth rate increased by 1.3 percentage points on year-on-year basis. Total volume of retail sales of social consumer goods increased by 8.4%, and maintained a good growth momentum. In addition, total import and export of goods in China increased by 14.2% on year-on-year basis, and the growth rate of total exports was as high as 18.0%. The real estate industry is also gradually recovering, with a year-on-year increase of 3.4%. These data reflect the steady growth trend of China's economy in the first half of 2023. The industrial production and consumer markets displayed outstanding performance. The service industry continued to grow, and foreign trade continued to prosper.

In the context of the overall economy recovery, the petroleum and petrochemical industries are also showing a gradual recovery trend. In the first half of 2023, the average operating capacity of the main refineries in China showed a high operating trend, with an average operating capacity of 76.98%, up 4.57 percentage points on year-on-year basis. According to the data of the National Bureau of Statistics, China's cumulative gasoline output in the first half of 2023 was 77.892 million tons, representing a year-on-year increase of 4.9%; the cumulative output of diesel oil was 107.464 million tons, representing a year-on-year increase of 21.7%. The cumulative output of ethylene was 15,426,100 tons, representing a year-on-year increase of 3.8%.

According to the statistics of SCI99.com, in the first half of 2023, international crude oil price fluctuated widely within the range of USD 70-90/barrel with the center of gravity moved down. The average price of Brent crude oil was USD 79.94 /barrel, down 23.82% on year-on-year basis. The average price of WTI crude oil was USD 75.7

Current price: Brent crude oil



Data source: TongHuaShun iFinD

/barrel, down 26% on year-on-year basis.

2. In the future, the domestic refining and chemical industry will develop in the direction of large-scale equipment, petroleum reduction and chemical increase, and park synergy

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

By December 2022, China's total refining capacity reached 920 million tons per year, ranking first in the world for the first time, and the number of refineries with the refining capacity of 10 million tons or above increased to 32. Ethylene, as the "mother of petrochemical industry", plays an important role in the national economy. It is the core of the petrochemical industry and a key indicator to determine the production level of the chemical industry. In 2022, China's ethylene capacity reached 46.75 million tons per year, surpassing the United States to become the world's largest ethylene manufacturer.

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

In September 2021, the CPC Central Committee and the State Council issued *the Working Guidance for Carbon Dioxide Peaking and Carbon Neutrality in Full and Faithful Implementation of the New Development Philosophy*; the State Council issued *the Circular on Issuing the Action Plan for Carbon Dioxide Peaking before 2030* (Guo Fa [2021] No.23); the National Development and Reform Commission issued *the Opinions on Promoting Energy Conservation and Carbon Reduction in Key Sectors through Strict Energy Efficiency Constraints and the Action Plan for Promoting Energy Conservation and Carbon Reduction through Strict Energy Efficiency Constraints in Key Petrochemical and Chemical Industries (2021-2025)*. The series of measures taken by the State aim to promote the petrochemical industry to undertake the important task of national energy supply and actively propel the implementation process of low-carbon transformation. The State has clearly put forward the strategic goal of controlling the domestic primary crude oil processing capacity within 1 billion tons and raising the utilization rate of main capacity to more than 80% by 2025. Therefore, the 14th five-year planning guide for the petrochemical industry issued by the China National Petroleum & Chemical Industry Planning Institute points out that in the future, the refining and chemical industry will continue to eliminate small refineries, integrate refining indicators, build refining and chemical integration projects with longer process, higher operating rate and more diversified products, improve the efficiency of petrochemical production in China, reduce the waste of oil products in production, and realize the effective use of resources. The above industrial policies will be conducive to further concentration of refining and chemical capacity to leading enterprises. "Petroleum reduction and chemical increase" of large petrochemical projects, and "whole-process refining and chemical integration" will be the trend of the future development of China's refining and chemical industry.

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

(II) Development of the renewable energy industry

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

The Russia-Ukraine conflict in 2022 led to a sustained surge in global crude oil, natural gas and other fossil energy prices, highlighting the importance of developing renewable alternative energy. With the accelerated transformation of global energy structure, the exploitation and utilization of renewable energy has become the only way of energy revolution. Almost all countries realize that developing new energy sources such as photovoltaic is not only an important measure to realize clean and low-carbon energy transformation, but also a fundamental and long-term solution to realize energy independence and ensure energy security.

In the new electric power system dominated by renewable energy, wind power and photovoltaic power will become the main increase in installed capacity of electric power, while coal power will become auxiliary energy. In the future, a modern comprehensive energy supply system will be formed through cooperative supply of kinds of energy such as "electricity, heat, cold, gas, and hydrogen" in the way of multi-energy complementary and coordinated development. According to the forecast of the International Energy Agency (IEA), by 2024, renewable energy will account for 32.3% of global electricity supply (28% in 2021), with a compound annual growth rate of 7.8% between 2022 and 2024. In addition, according to the forecast of the IRENA, to achieve the goal of controlling the global warming to 1.5°C by 2030 under the Paris Agreement, the installed capacity of renewable energy generation will need to reach 10.3TW in 2030, with an average annual growth rate of 13% between 2020 and 2030, and increase to 26.6TW in 2050, accounting for 90% of electricity.

2. Solar energy will become the mainstream of renewable energy development

In recent years, with the rapid expansion of the scale of global solar energy exploitation and utilization, rapid progress in technology, and significant decrease in the cost of photovoltaic power, solar energy has shown a good prospect for development. China, the United States, the European Union and other countries or regions regard solar power as an important source of renewable energy. According to the forecast of the IEA, between 2022 and 2027, the global new installed capacity of photovoltaic power will reach 1500GW, with an annual average of 300GW. Therefore, photovoltaic solar energy is expected to achieve a sustained increase in installed capacity in the future and become the backbone in the energy structure. According to the forecast of China Photovoltaic Industry Association, for the global market in 2023, there will be more than 31 new markets with installed photovoltaic capacity exceeding 1GW, five more than the number in 2022. The new installed photovoltaic capacity in the world is expected to reach 305-350GW, with the rapid growth of over 30%.

According to the data of China Photovoltaic Industry Association, in the first half of 2023, the installed photovoltaic capacity in China increased by 78.42GW, up by 154% on year-on-year basis. By the end of June 2023, the cumulative installed photovoltaic capacity is about 470 million kilowatts. Photovoltaic power has become the second largest power supply in China, only second to coal-fired power. Photovoltaic products (silicon chip, batteries and modules) have also become an important part of China's new energy export products. In the first half year of 2023, China's total exports of photovoltaic products exceeded RMB29 billion, representing a year-on-year increase of 13%. The total export of "new three products" (including solar cells, electric manned vehicles and lithium batteries) increased by 61.6%, driving the overall export growth by 1.8 percentage points. Driven by favorable factors such as the reduction of photovoltaic power generation cost and global economic recovery, China Photovoltaic Industry Association predicted that the newly installed photovoltaic capacity in China was expected to reach 120-140GW in 2023, with a year-on-year increase of over 60%.

3. Photovoltaic EVA materials, as the main raw materials of photovoltaic films, fully benefit from the high prosperity of the photovoltaic industry

(1) Photovoltaic film is one of the key factors that determine the product quality and service life of photovoltaic modules

Photovoltaic film is mainly used for the packaging of photovoltaic modules. It plays the role of bonding, provides the structural support for modules, and has the role of protecting and enhancing the efficiency of cell slices. Photovoltaic modules work in the open air all year round, and their service life is usually required to be more than 25 years. Once the film of the cell module begins to turn yellow and crack, the cell will fail and be scrapped. Therefore, there are very strict requirements for the photovoltaic film in many material characteristics such as erosion resistance, heat resistance, low temperature resistance, oxidation resistance, and UV aging resistance. Although photovoltaic film accounts for a low proportion in the total cost of photovoltaic modules (about 5%), it is a key factor to determine the product quality and service life of photovoltaic modules.

At present, there are mainly four kinds of photovoltaic films on the market: transparent EVA film, white EVA

film, POE film and co-extrusion EPE film. Transparent EVA film has become the mainstream packaging material in the current market for its advantages in price and processing performance, accounting for about 52%; white film EVA is made by adding to EVA resins a certain amount of titanium dioxide and other white fillers to improve the reflectivity of the secondary light, mainly used for the back packaging of single-glazed and double-glazed modules; POE film is the mainstream packaging material of double-glazed modules because of its unique PID resistance, high electrical resistivity and weak hydrolysis; EPE film is made from EVA and POE resins by the co-extrusion process, and has both good processing performance of EVA and good PID resistance and water vapor resistance of POE. According to the forecast of the China Photovoltaic Industry Association, the EPE film market share is expected to increase steadily in the next few years.

(2) Photovoltaic EVA, as the main raw material of photovoltaic films, fully benefits from the high prosperity of the photovoltaic industry

EVA

EVA, made by polymerization of ethylene and vinyl acetate, is one of the important downstream products of ethylene, and widely used. EVA is widely used in the field of photovoltaic films because of its high transparency, durability, adhesion, low melting point, machinability and other characteristics.

Photovoltaic EVA particles are characterized by low crystal point, high melting index and high VA content (28%-33%). EVA production uses the ultra-high pressure process, with the complicated process flow, high difficulty in equipment maintenance, and high difficulty in production. From the experience of the industry, it still takes at least one year or even several years for the new capacity device from successful operation to continuously producing photovoltaic EVA particles with stable quality and output on a large scale, and there are higher requirements for the production management and technology research and development ability of enterprises. The leading enterprise in the domestic photovoltaic EVA industry is Sierbang Petrochemical, a wholly-owned subsidiary of the Company, with the market share and production technology always leading the industry. At present, Sierbang Petrochemical has an annual EVA capacity of 300,000 tons, including a set of 200,000 tons tubular device and a set of 100,000 tons kettle device that can be used to produce photovoltaic EVA particles. Its product performance indicator has reached the advanced level of similar international products.

The global EVA unit capacity is mainly concentrated in Asia, Western Europe, North America and the Middle East. In recent years, the global EVA products have maintained a high-speed growth trend, and the main growth momentum comes from the Asia-Pacific region. The increase in the proportion of EVA production capacity in Asia is mainly due to the expansion of EVA production in China. The integration of EVA industry in China is developing rapidly, and China is the country with the largest production capacity of EVA products in the world. As of June 30, 2023, the total EVA production capacity in China reached 2.45 million tons. According to the statistics of SCI99.com, from January to May 2023, the total domestic EVA output is about 832,600 tons, up 27% on year-on-year basis.

According to the statistics of China Photovoltaic Industry Association, the output of photovoltaic modules in China exceeded 200GW in the first half of 2023, representing a year-on-year increase of more than 60%. Benefiting from the significant increase in the demand for downstream photovoltaic modules, the demand for photovoltaic EVA particles, which are the major raw materials of photovoltaic film, has also increased substantially. At present, the proportion of photovoltaic EVA in the downstream consumption demands for EVA products has exceeded 50%. However, due to the long production expansion period and high production difficulty of EVA devices, the output growth of photovoltaic-level EVA is uncertain, and the photovoltaic-level EVA will maintain a tight balance between supply and demand.

POE

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

At present, due to the monopoly of overseas enterprises, the technology barrier of POE industrial production has not been broken in China. As POE with the excellent water vapor and ion barrier ability has a good application prospect in the field of films used for packaging of photovoltaic modules, leading enterprises such as Sierbang Petrochemical have begun to carry out research and development with fully independent intellectual property rights. In September 2022, the 800 tons/year POE pilot plant of Sierbang Petrochemical successfully produced qualified products, achieving an instant operation success, which marked that Sierbang Petrochemical has become

the only enterprise in China with the independent production technology of both photovoltaic EVA and POE. The localization and industrialization of POE is expected to accelerate in the future.

4. Focusing on the fields of new energy and new materials, and further developing key upstream raw materials of lithium battery

In recent years, under the influence of multiple factors, such as the frequent introduction of favorable national policies, continuous iteration of battery technology, increasing mileage, and increasingly perfect infrastructure, consumers' recognition and acceptance of new energy vehicles have been significantly improved, and China's new energy vehicles have entered the fast lane of booming development. According to the data of China Automotive Industry Association, the production and sales of new energy vehicles in China in the first half of 2023 were 3.786 million and 3.747 million respectively, up by 42.4% and 44.1% respectively. In the first half of 2023, the market share of new energy vehicles reached more than 28.3%. The rapid growth of the new energy automobile industry has driven the rapid growth of the power battery market. In the first half of 2023, the cumulative output of power batteries in China was 293.6GWh, representing a year-on-year increase of 36.8%. The cumulative loading capacity reached 152.1GWh, representing a year-on-year increase of 38.1%. Lithium battery is mainly composed of four major materials: positive electrode material, negative electrode material, electrolyte, diaphragm and other parts. Raw materials account for 80% of the cost of lithium batteries. With the rapid development of the new energy vehicle industry, the terminal consumer market, the demand of power batteries for upstream lithium battery materials is also increasing every day.

The demand of the energy storage market for lithium battery is also growing rapidly. With the proposal of the goal of carbon dioxide peaking and carbon neutrality, the strategic position of renewable energy represented by photovoltaic and wind power has become prominent. Energy storage, as a key technology to support the development of renewable energy, is also developing rapidly. In recent years, national policies have strongly supported the development of the energy storage industry. According to *the Implementation Plan for the Development of New Energy Storage in the 14th Five-year Plan Period*, *the Outline of the 14th Five-year Plan for National Economic and Social Development and the Long-range Objectives Through the Year 2035 for the People's Republic of China*, and *the Guiding Opinions of the National Development and Reform Commission and the National Energy Administration on Accelerating the Development of New Energy Storage* and other documents: by 2025, new energy storage will enter the stage of large-scale development from the initial stage of commercialization and be ready for large-scale commercial application. By 2030, new energy storage will be fully market-oriented. The market mechanism, business mode and standard system are mature and sound, and can basically meet the needs of building a new electric power system. Lithium iron phosphate battery occupies an absolutely dominant position in the electrochemical energy storage market for its advantages such as high energy density, long service life, high number of cycle times, good safety performance and mature technical route. In the first half of 2023, the cumulative sales of energy storage batteries in China reached 31.5GWh, of which the cumulative sales of lithium iron phosphate batteries reached 31.2GWh. At present, the domestic new energy storage market is in its infancy, and the business mode of each link is in the exploratory stage. With the gradual maturity of energy storage market demand, energy storage batteries have a huge potential to drive the demand for upstream lithium battery materials.

In response to the rapid development needs of downstream new energy vehicle and energy storage industries, and based on the continuous enabling of its large chemical platform and the accumulation of new material development over the years, the Company continues to focus on the fields of new energy and new materials. At present, the Company has carried out its layout in the upstream raw material field of lithium-ion batteries, and its related products involve many key links such as positive electrode materials, battery diaphragms, and electrolyte solvents. The Company has built a 20,000 tons/year UHMWPE project, which achieved an instant operation success and was successfully put into production at the end of 2022. UHMWPE, a thermoplastic engineering plastic with excellent properties such as resistance to impact, wear and corrosion, is the main raw material of lithium battery diaphragms. At the same time, UHMWPE is also widely used in aerospace, ocean engineering, rail transit and other cutting-edge fields. In addition, the Company is building the 100,000 tons/year EC/DMC device whose products will be mainly used in the downstream lithium battery electrolyte field. The Company will also develop the whole industry chain of lithium iron phosphate as cathode materials in Yichang, Hubei, and fully create a new energy green factory. The project will, with phosphate rock as raw materials, build 500,000 tons of iron phosphate and 300,000 tons of lithium iron phosphate per year, and eventually form the integrated layout of the whole industry chain from phosphate rock to lithium iron phosphate, to promote the supporting development, cluster development and collaborative development of downstream industries under the circular economy development mode and realize the continuous increase of resource value.

(III) Development of the polyester chemical fiber industry

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

The textile and chemical fiber industry is the pillar industry of China's national economy and social development, the basic industry to solve people's livelihood problems and beautify life, as well as the advantageous industry of international cooperation and integrated development. According to the data of the National Bureau of Statistics, the total output of chemical fibers in China reached 33.8162 million tons in the first half of 2023, representing a cumulative year-on-year increase of 3.9%.

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

The industrial concentration of polyester filament has gradually increased. At present, CR6 accounts for about 66% of the total capacity of the industry. It is expected that the industrial concentration of polyester filament will be further improved in the future. The competition in polyester filament industry is changing from "price and quality" to "high-tech and brand competition oriented" comprehensive strength competition. From the overall development trend of the polyester filament industry, supply-side structural reform and improvement of green manufacturing level have gradually become the main line of transformation and upgrading of the polyester chemical fiber industry. Domestic leading filament enterprises continue to strengthen the core of competition and enhance the core competitiveness in their own advantageous product fields, showing significant differentiated competition among them. At the same time, the gradual improvement of industry concentration is also conducive to the formation of orderly expansion and differentiated and diversified competition among leading enterprises.

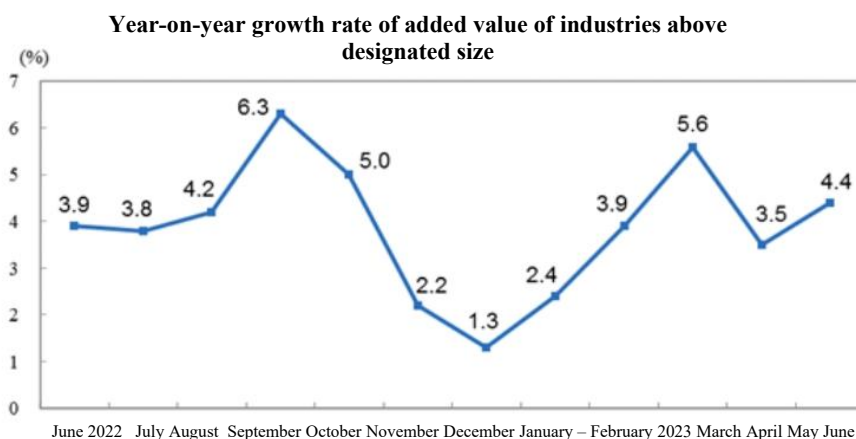
2. Under the background of carbon neutrality, recycled polyester fiber has a broad market space

Recycled polyester fiber refers to polyester chemical fiber products obtained from recycled polyester bottle chips, filament waste, waste cloth and other raw materials through a certain regeneration technology. Recycled polyester fiber is a typical representative of the circular development of the industry chain and secondary exploitation and utilization of waste resources. Compared with the original polyester fiber produced by the chemical synthesis process in the traditional petrochemical route, the recycled fiber obtained through the secondary processing of waste textiles, waste polyester bottles and other waste resources greatly reduces new carbon dioxide emissions, truly achieves green and environmental protection, and circular development, and conforms to the national carbon neutrality development strategy. At present, the annual consumption of polyester products (including polyester fibers and polyester bottle chips) in China has exceeded 50 million tons. Even if only 20% of polyester products are recycled, the market scale is expected to reach 10 million tons. Therefore, recycled polyester fiber has a very broad market space.

II. Primary business during the reporting period

Since the beginning of this year, under the complex and severe external environment, the macro economy has still faced many difficult challenges. From an international perspective, the century-old changes have accelerated. The world political and economic situation is complex. The global economy is facing greater downward pressure, and there are many unstable and uncertain factors. Domestically, the economic operation is in a critical period of recovery and industrial upgrading, and structural problems and cyclical contradictions are intertwined and overlapped. The sustained recovery of the economy is still facing problems such as insufficient demand, weak expectations and accumulated risks in some areas, and the foundation for sustained economic recovery is not yet solid. However, focusing on steady growth, stable employment and risk prevention, China has timely introduced and implemented a series of targeted, combined and highly synergistic policies and measures. China's economic operation has gradually rebounded and shown its resilience. With the full resumption of normal economic and social operation, the effects of the policy on steady growth, employment and prices have gradually emerged, and market demand has gradually recovered. According to the National Bureau of Statistics, domestic GDP in the first quarter increased by 4.5% year-on-year, and the GDP in the second quarter increased by 6.3% year-on-year. The economy is operating well. In the first half of the year, GDP grew 5.5% year-on-year, faster than the 3% economic growth rate for the whole of last year and the 4.5% economic growth rate in the first quarter. From the perspective of industrial added value, the added value of industries above designated size in the first half of the

year increased by 3.8% year-on-year (the growth rate of added value is the actual growth rate after deducting price factors).



Data source: National Bureau of Statistics

With the gradual improvement of China's economy, the refining and chemical industry has shown a rebounding trend from the bottom. With the marginal decline in impact of the Russia-Ukraine conflict and the continued interest rate hike of the US dollar pushing the federal funds rate to a high level, international oil prices ended their unilateral downward trend. During the reporting period, international crude oil fluctuated but generally showed a downward trend. On the demand side, the contact service industry and agglomeration consumption scenarios accelerated their recovery. With the increase in people travel and infrastructure investment, the recovery in the consumption of refined oil and chemicals and in the downstream demand for polyester and the industry destocking, the month-on-month profit per ton increased. However, the operation of various sectors of the chemical industry shows a phenomenon of differentiation, and the income and profit growth of sub-industries with strong resource attributes is relatively good, while the sub-industries bias downstream of the industrial chain are still under pressure due to the influence of rising costs and weak downstream demand,

As one of the leading enterprises of "refining + polyester chemical fiber + new energy and new materials" in China, the Company's refining and chemical products will benefit from the recovery of the national economy, the Company's polyester chemical fiber products will benefit from the recovery of residents' optional consumption, and the Company's new energy and new materials products will benefit from the development of the photovoltaic industry and high-end chemical industry. According to the 2023 *Fortune's* list of China's top 500 listed companies released on the Fortune Chinese website (<http://www.fortunechina.com/>), the Company ranked 211th in the list, highlighting its anti-risk ability and industry leading edge brought by the integration of the whole industrial chain.

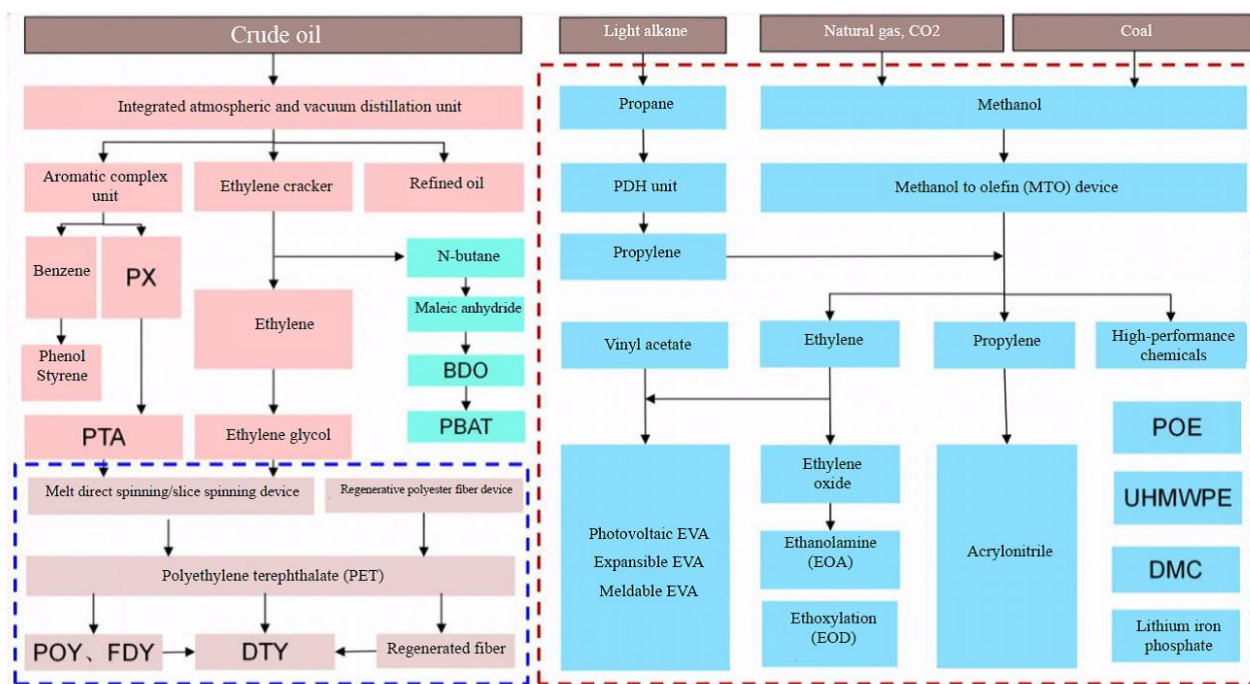
(I) Overview

The Company is a global leading energy and chemical enterprise with vertical integration of the whole industry chain and in-depth layout of new energy and new material business. The Company has been engaged in the fields of new energy, new materials, petroleum refining and chemical, and polyester chemical fiber for many years, has diversified olefin production processes, and has gradually formed a chemical complex with vertical integration of the whole industry chain, and a "1+N" industrial layout based on the "large chemical" comprehensive chemical raw material supply platform built relying on refining and chemical integration, alcohol-based polygeneration and propane industry chain projects and with extension to diversified industry chains such as new energy, new materials, electronic chemistry, and biotechnology.

From the perspective of the relationship between the upstream and the downstream of the industry chain, the upstream refining and chemical sector is the basic raw material assuring platform for the downstream polyester chemical fiber industry and new material industry. The petrochemical raw materials such as ethylene, propylene, PX, benzene, vinyl acetate, ethylene glycol, phenol and acetone produced by the 16 million tons/year refining and chemical integration project of Shenghong Refining & Chemical can basically meet the raw material demand of downstream products such as PET, polyester chemical fiber, acrylonitrile, ethylene oxide, EVA, and propylene oxide.

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

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



(II) Introduction of main business sectors

1. Petrochemical and chemical new materials

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

(1) Refining and chemical sector

Shenghong Refining & Chemical is the operating subject of the Shenghong Refining & Chemical Integration Project, which has the capacity of diversified basic chemicals, and is the raw material guarantee platform of the Company for the new material industry. The project was successfully completed and fully put into operation in December 2022. With the designed crude oil processing capacity of 16 million tons/year, the scale of the aromatics complex device of 2.8 million tons/year (calculated at the output of p-xylene), and the scale of the ethylene cracking device of 1.1 million tons/year, it has become the largest single atmospheric and vacuum unit in China.

(2) New energy and new materials sector

Sierbang Petrochemical is the operating subject of chemical new energy and new materials of the Company. Now, it has formed a diversified product structure with coordinated development of propylene, ethylene and derivative fine chemicals, and won the honor of the provincial "green factory". The MTO unit that has been put into operation has a designed capacity of 2.4 million tons/year (calculated at methanol), making it the largest single

alcohol-based polygeneration unit in the world; the PDH unit has a designed capacity of 700,000 tons/year. As at the end of the reporting period, Sierbang Petrochemical has the capacity of 780,000 tons/year acrylonitrile, 300,000 tons/year EVA, 255,000 tons/year MMA and 300,000 tons/year EO, making it the world's largest photovoltaic EVA producer and the largest acrylonitrile producer in China.

(3) PTA sector

Honggang Petrochemical is an important intermediate link of the Company's new polyester material industry chain. It undertakes refining and chemical aromatics products of the Company upward, and supplies polyester raw materials of the Company's bases in Suzhou and Suqian downward. Its main product PTA is widely used in textile new materials, functional fibers, polyester new materials and other fields. It has been awarded the honor of the national "green factory". As at the end of the reporting period, Honggang Petrochemical has the PTA capacity of 3.9 million tons/year, making it an important supplier of polyester raw materials in East China.

2. Polyester chemical fiber

The Company set up chemical fiber production bases in Suzhou and Suqian respectively. Rooted in the staggered competition strategy, and focusing on the development and production of microfiber and differentiated functional fiber, the Company has led the establishment of a national advanced functional fiber innovation center, and created a world-leading renewable PTT polyester and fiber industry chain with complete independent intellectual property rights, making it known as a "global differentiated fiber expert". Guowang High-Tech, an important operating subject of the Company, has been awarded the honor of the national "green factory". By the end of the reporting period, it had the differentiated fiber capacity of 3.3 million tons/year, including the recycled fiber capacity of over 300,000 tons/year, mainly high-end DTY products.

(III) Main products and business modes

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

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

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

1. Petrochemical and chemical new materials

(1) Production process

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

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

PTA is finally produced through the oxidation reaction process and the purification and refining process of the main raw material PX.

(2) Purchasing mode

Main raw materials of refined oil, petrochemical products and new chemical materials include bulk commodities such as crude oil and coal as well as bulk basic chemical raw materials such as methanol, propane and vinyl

acetate. Procurement plans, prepared on an annual and monthly basis, are mainly in the long-term agreement mode and the spot mode. Meanwhile, a specific procurement and inventory management plan for the next month shall be prepared each month on a rolling basis according to the actual needs of the operation of the units and the market supply and demand of raw materials, and be supplemented by the spot procurement mode, so as to improve procurement flexibility and better control procurement costs.

The main raw material of PTA is PX. The raw materials are mainly purchased from suppliers through long-term agreements. The purchase prices are calculated by averaging the prices references from Platts and ICIS.

(3) Sales mode and settlement mode

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

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

(4) Profit model

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

2. Polyester chemical fiber

(1) Production process

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

(2) Purchasing mode

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

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

(3) Sales mode and settlement mode

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

Direct selling is adopted for domestic sales business and external sales are realized through a unified sales platform. The settlement mode of payment upon delivery is generally adopted. A small number of domestic and external sales customers with a large purchase quantity and good credit will be given a certain credit period. The

unified sales platform has established long-term stable and win-win strategic partnerships with important customers, signed long-term framework contracts, and conducted settlement according to the market conditions at daily quotations.

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

(4) Profit model

Profits are realized by purchasing raw materials such as PTA, MEG or plastic bottle sheets, processing them into polyester filament products, and selling the products to downstream customers for the production of textiles. Through scale production and fine management, the Company improves production efficiency, reduces product costs, improves the functionalization rate and differentiation rate of products, enhances the added value of products and thus enhances its overall profitability.

(IV) Operational measures during the reporting period

During the reporting period, under the complex and severe external environment, the Company adhered to the general tone of seeking progress while maintaining stability, further promoted the strategic layout of new energy and new materials, continued to strengthen the core advantages of the industry, optimized the industrial growth structure, continued to rebound in business operation, and continuously made new breakthroughs in high-quality development, demonstrating the advantages and resilience of the development of the whole industrial chain,

During the reporting period, the Company achieved revenue of RMB65.9 billion and net profit attributable to shareholders of the listed company of RMB1680 million; as at the end of the reporting period, the Company had total assets of RMB174.399 billion and net assets attributable to shareholders of the listed company of RMB36.801 billion.

1. Focusing on both EVA and POE to build the world's largest photovoltaic film raw material production base, with EVA + POE

Since the national carbon dioxide peaking and carbon neutrality goals were proposed, photovoltaic new energy has been generally regarded as a key industry for carbon emissions reduction. As the core raw materials for the production of photovoltaic packaging film, PV-grade EVA and POE directly determine the life of modules. Due to the high production barriers of PV-grade EVA and POE, the long production expansion cycle and many restrictions on production conversion, there are only a few domestic enterprises that can produce PV-grade EVA and POE. In September 2022, the 800 tons/year POE intermediate trial unit of Sierbang Petrochemical successfully produced qualified products, making Sierbang Petrochemical the only enterprise in China with independent production technology for PV-grade EVA and POE.

At present, the Company is actively promoting the strategic goal of "million-ton EVA". Hongjing New Materials is building three sets of 200,000-ton photovoltaic EVA devices, and the Company will also plan 100,000-ton high-end hot melt adhesive EVA devices in the later stage. At the same time, the Company plans to build 200,000 tons/year α -olefin plant, 300,000 tons/year POE plant, 300,000 tons/year butanol octanol plant, 300,000 tons/year acrylic acid and ester plant, 240,000 tons/year bisphenol A plant. It will use Shenghong Refining & Chemical's rich basic intermediate products such as ethylene, propylene, phenol and acetone to further expand the high-end application of downstream materials business. Through the efforts in both EVA and POE double-line and the layout of the whole industry chain of photovoltaic materials with horizontal coverage and chain extension, the Company will accelerate towards the goal of "building the world's largest photovoltaic film materials industry base".

2. Deepening the layout of new material projects to expand the high-end applications of downstream materials

With the full production of Shenghong Refining & Chemical Integration, Sierbang Propane Industry Chain and other projects in 2022, the Company's three core raw material platforms of "oil, coal and gas" have been fully formed, laying a solid industrial foundation for the follow-up in-depth promotion of the strategic layout of new energy and new materials. During the reporting period, by taking advantage of its integrated industrial chain, the Company actively expanded the high-end application of downstream materials and continuously laid out in the field of new materials. The main items are as follows:

Ethylene glycol + phenol/acetone project: 2# ethylene glycol + phenol/acetone project of Shenghong Refining & Chemical, including the 10/900,000 tons/year ethylene glycol unit and the 40/250,000 tons/year phenol/acetone unit, will be put into operation in March 2023.

POSM and polyol project: POSM and polyol project of Hongwei Chemical, including the 508,000 tons/year ethylbenzene unit, the 20/450,000 tons/year POSM unit, the 112,500 tons/year PPG unit and the 25,000 tons/year POP unit. As at the end of the reporting period, the construction of the project was started.

POE and other high-end new material projects: Hongjing New Materials POE and other high-end new material projects, including 200,000 tons/year α -olefin plant, 300,000 tons/year POE plant, 300,000 tons/year butanol octanol plant, 300,000 tons/year acrylic acid and ester plant, and 240,000 tons/year bisphenol A plant. As at the end of the reporting period, the newly-built 100,000 tons/year POE unit is in the early stage of the project.

Degradable plastics project: Hongke New Materials degradable materials project Hengyun, including 340,000 tons/year maleic anhydride plant, 300,000 tons/year BDO plant and 180,000 tons/year PBAT plant. As of the end of the reporting period, the first phase, including 200,000 tons/year maleic anhydride plant, 150,000 tons/year BDO plant and 120,000 tons/year PBAT plant, has completed the project environmental impact assessment publicity and is in the stage of construction.

Lithium iron phosphate project: the supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy, including the 1.8 million tons/year beneficiation unit, the 500,000 tons/year iron phosphate unit and the 300,000 tons/year lithium iron phosphate unit. As at the end of the reporting period, the project was still in its preliminary stage.

3. Improving the ESG system to build a green, safe and harmonious enterprise

The Company adheres to the principle of "establishing an ecological enterprise with safety first", adheres to the new development concept of innovation, coordination, green, open and sharing, carries out the environmental, social and governance (ESG) management system, actively explores the new path of green development, and tries to open the channel for industrial green and low-carbon transformation by taking scientific and technological innovation as the core driving force and making technological innovation breakthroughs.

On the one hand, the Company strengthens technological innovation to build a world-class "green" production system, breaks through a number of "choke point" technologies through innovation-driven green and low-carbon development mode, implements a large number of energy-saving, water-saving and emission reduction technology transformation projects, and realizes full coverage of various industrial sectors such as green workshops, green parks and national green factories; on the other hand, the Company promotes digital transformation, creates a world-class "green" industry chain pattern, actively lays out the "Hongyun" industrial Internet platform, realizes the "big data connection" between upstream and downstream enterprises, constructs a credible platform for green fiber products, builds a transparent and credible traceability platform from fibers to end-products, formulates China's own green textile industry standard system, and walks out of a new mode of green and low-carbon development with the comprehensive utilization of resources as a link, interconnection and win-win situation.

4. Adhering to the talent development strategy and improving the incentive mechanism

The Company establishes a new talent strategic plan, unifies the strategic layout and talent layout in close combination with the industry development direction, faces cutting-edge technology research and explores an open talent training mechanism and use the mechanism in combination with the cooperation with external resources of international first-class universities, colleges and institutes. In order to implement the Company's talent strategic plan, fully mobilize the enthusiasm and creativity of its employees, and attract and retain outstanding talents, the Company launched the fourth phase of the Employee Share Ownership Plan during the reporting period. The total amount of funds to be initially raised under the current Employee Stock Purchase Plan will not exceed RMB1,280 million.

The launch of the fourth phase of the Employee Share Ownership Plan highlights the recognition of the Company and its employees on their own enterprise value, and further improves the Company's incentive and restraint mechanism.

5. Accelerating the development of the technological innovation system and promoting industrial transformation and upgrading

In the face of a new round of energy revolution, the construction of digital intelligence has become a key link in

industrial transformation and upgrading, and it is also an inevitable requirement for achieving high-quality development of enterprise. The Company is making every effort to build a world-class green new energy and new material industry highland. The in-depth empowerment of digital intelligence application has strengthened the basic plate for the enterprise's high-quality development. By continuing to focus on the core raw material platform and taking digital intelligence transformation as the core strategy, The Company will make great efforts to explore the innovative practice and industrialized application of the cutting-edge technologies, such as artificial intelligence, digital twins, big data, etc., build an intelligent system with the theme of "digital interconnection, R&D innovation, simultaneous promotion of quantity and quality, and ecological synergy", and create a "Sheng Hong mode" of manufacturing transformation and upgrading.

At the same time, in order to accelerate the construction of a technological innovation system integrating basic research, process development, industrialization and product application development, the Company aims at the technological frontier, positions high-end products and actively builds an innovation platform. After the National Advanced Functional Fiber Innovation Center, the Company has successively established the Shenghong Petrochemical Innovation Center and the Shenghong Advanced Materials Research Institute to vigorously promote the industrial transformation and upgrading of new energy and new materials.

6. Improving corporate governance and strengthening communication with investors

The Company strictly abides by the requirements of relevant laws, regulations and normative documents, establishes a standardized corporate governance structure, continuously improves the system development, perfects its internal control system, improves the management level and promotes its healthy and sustainable development. On the basis of fair disclosure, the Company fully conducts interaction and communication with investors, strengthens communication with investors and promptly and accurately transmits the latest situation of the Company to the market in various online and offline forms to help investors more deeply understand and recognize the value of the Company.

(V) Industry status of the Company

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

1. Refining and chemical sector

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

2. New energy and new materials sector

Sierbang Petrochemical has a 2.4 million tons/year MTO unit (calculated in methanol), which is the largest single alcohol-based multigeneration unit in the world. Among the downstream high-end olefin derivatives, Sierbang Petrochemical has an EVA with the capacity of 300,000 tons/year, which is mainly used for the production of photovoltaic-grade EVA. After years of R&D, Sierbang Petrochemical has developed a variety of PV grade EVA, and the product technology has reached the international advanced level. As at the end of the reporting period, Sierbang Petrochemical's PV-grade EVA market share was ranked first in the world, and the product quality was fully recognized by downstream customers, and PV-grade EVA covered many leading domestic enterprises in the field of PV film.

Sierbang Petrochemical has a production capacity of 780,000 tons/year for acrylonitrile. The downstream of acrylonitrile is widely used in the production of ABS, polyacrylamide, nylon 66, carbon fiber and other products. Sierbang Petrochemical's acrylonitrile products have stable and excellent quality, and it has become a major raw material supplier for many mainstream carbon fiber enterprises in China. As of the end of the reporting period, its production capacity was ranked first in China.

3. Polyester chemical fiber sector

The Company has an annual production capacity of 3.1 million tons for polyester filament, with a differential rate of more than 90%. The Company's high value-added filament products mainly include the high-end product DTY, and it has the largest DTY production capacity in the world. The Company is also the world's leading producer of all-matting series fibers and fine denier differentiated fibers. Meanwhile, the Company also has complete independent intellectual property rights, the world's leading renewable PTT polyester fiber industry chain and so on.

The Company's recycled polyester fiber production capacity exceeds 300,000 tons/year, and the polyester recycled fiber production capacity ranks among the forefront of the global industry. Through special technical research, the Company took the lead in putting into production the self-developed waste plastic bottle pieces to direct melt spinning line, which not only realized the recycling of waste plastics but also effectively reduced production costs. At present, the Company's recycled fiber has passed the global recycling standard GRS certification. The Company will continue to increase the development and production of differentiated and high-performance chemical fiber products in the future.

III. Analysis on core competitiveness

(I) Advanced advantages of industrial layout

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

(II) Advantages of innovation-driven development

Sierbang Petrochemical, a wholly-owned subsidiary of the Company, has been deeply engaged in the new chemical materials industry for more than 10 years, and has many years of experience in the production and management of olefin downstream high value-added products, and has developed into a leading fine chemical and new materials enterprise in China. At present, Sierbang Petrochemical is the largest acrylonitrile producer in China, the largest PV-grade EVA supplier in the world, and the only enterprise that possesses both PV-grade EVA and POE independent production technologies in China. A number of new technology products have achieved import substitutions and filled the domestic gap. Among others, the PV-grade EVA developed by Sierbang Petrochemical has been appraised by the China Petroleum and Chemical Industry Federation. The product performance indicators have reached the international advanced level of similar products and the overall technology has reached the international advanced level. At the 2023 Petrochemical Industry Development Conference organized by the China Petroleum and Chemical Industry Federation (CPCIF), Sierbang Petrochemical's self-developed high-melting-finger hot-melt adhesive EVA products were honored with the "2022 Innovative New Chemical Materials Product of the Year" award, thanks to their pioneering process technology and internationally advanced product performance. This is the second consecutive year that Sierbang Petrochemical has been honored with this award after the award for photovoltaic-grade EVA in 2021.

The Company's important operating entities Guowang Hi-Tech, Shenghong Fibers, Ganghong Fiber, Suzhen Bioengineering, Zhonglu Technology and other chemical fiber enterprises in the polyester chemical fiber sector are national high-tech enterprises. For many years, the Company has attached great importance to the R&D of civil polyester filament products, and has independent intellectual property rights in the production technology of a variety of functional fibers. It has overcome the technical barriers of microfibers, and has built a world-leading renewable PTT polyester and fiber industry chain with complete intellectual property rights. The Company took the lead in putting into production a fully independently developed direct melt spinning production line with waste plastic bottle pieces as raw materials, which not only realizes the recycling of waste plastics but also effectively reduces production costs.

In response to the policy orientation of "carbon dioxide peaking and carbon neutrality", the Company actively layouts the "green and low-carbon" industry. Sierbang Petrochemical and Iceland Carbon Recycling International

jointly established the world's first industrial chain project of "carbon dioxide capture and utilization - green methanol - new energy materials". The project recovers carbon dioxide from industrial tail gas to produce methanol. After deep processing by integrated upstream and downstream units, 20,000 tons of photovoltaic-grade EVA resin has been finally produced, and a new green development path of "turning carbon into treasure" has been explored.

In addition, the Company adheres to the concept of innovation-driven development. It has successively established the National Advanced Functional Fiber Innovation Center, the Shenghong Petrochemical Innovation Center and the Shenghong Advanced Materials Research Institute to continuously research and develop downstream high-end new energy and new materials.

Through scientific and technological innovation, the Company has made fruitful scientific achievements in products, processes and equipment. As at the end of the reporting period, the Company had 382 patents, including 77 invention patents, 299 utility model patents and 6 design patents.

(III) Advantages of differentiated competition

Shenghong Refining & Chemical Integration Project is the Company's basic raw material platform, with the largest single atmospheric and vacuum distillation unit and the best domestic oil-chemical ratio advantages. The inter-refining and inter-chemical materials supply has been optimized to improve resource utilization, and the refined oil yield is reduced to about 31%, and chemicals account for 69%. The downstream products, including ethylene, propylene, mixed xylene, propane, isobutane and isopentane, are competitive in terms of the product structure and costs.

Sierbang Petrochemical is an important new energy and new material production base of the Company, with the successful experience advantage in the operation of olefin large chemical projects. The designed production capacity of the MTO unit that has been put into operation is 2.4 million tons/year (calculated by methanol), and the single scale ranks among the top MTO units that have been built in the world. The production capacity of the supporting acrylonitrile, MMA, EVA, EO and derivatives units ranks among the top units in the industry, and have certain market influence on the pricing of regional products.

In the field of polyester chemical fiber, the Company adheres to the idea of "not engaging in repeated construction, not producing conventional products and not adopting conventional production technology" and is rooted in the staggered competition strategy. It focuses on the development and production of microfiber and differentiated functional fiber, with product differentiation rate of more than 90%. To effectively avoid the fierce market competition for conventional chemical fiber products, it mainly focuses on the development of high-end DTY products and highlights the recycled fiber green low-carbon products.

(IV) Advantages of collaborative development

The Company has a high self-supporting rate for refining, polyester and fine chemicals. After Shenghong Refining & Chemical's integration unit is put into operation, the Company will achieved the self-supply of upstream PX and ethylene glycol raw materials of polyester chemical fiber, and its upstream and downstream product structure will be very reasonable. Petrochemical enterprises and their downstream products in the Lianyungang Petrochemical Industry Base have a high digestion proportion of refined and chemical products, and the efficient coordination and supporting advantages of regions, products and production processes bring in cost advantages. In the future, the refining and chemical, polyester and new energy and new materials sectors will fully coordinate, cooperatively develop the materials of high-performance, high-value-added materials and their modified applications, to provide broad possibilities for the industrial chain to further extend to the downstream.



(V) Location advantages

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

IV. Analysis of primary business

Overview

For relevant content, please refer to "II. Main business of the Company during the reporting period" in this chapter.

YOY Changes in Main Financial Data

Monetary Unit: RMB

	Reporting period	Same period of last year	YOY changes	Reasons for changes
Operating revenue	65,899,893,060.67	30,242,102,319.11	117.91%	Increase in the sales revenue of project going into operation
Operating costs	56,995,628,876.72	26,640,455,316.06	113.94%	Corresponding increase in costs with the increase in the sales revenue in the current period
Selling expenses	197,296,550.24	91,184,333.22	116.37%	Increase in employee compensation and sales warehousing in the current period
Administration expenses	363,083,439.83	314,187,056.45	15.56%	
Financial expenses	1,276,118,609.33	938,510,791.24	35.97%	Increase in interest expenses
Income tax expenses	315,974,930.12	223,271,202.66	41.52%	Corresponding increase in income tax with the

				increase in profit contribution
Investments in research and development	790,188,969.10	985,186,964.70	-19.79%	
Net cash flows from operating activities	7,585,483,535.61	6,106,634,459.32	24.22%	
Net cash flows from investing activities	-12,874,076,041.14	-16,826,553,282.06	23.49%	
Net cash flows from financing activities	3,722,805,704.62	18,811,713,053.01	-80.21%	Decrease in borrowings acquired in the current period for the funds privately offered in the prior period
Net increase in cash and cash equivalents	-1,568,936,424.80	8,124,176,059.79	-119.31%	Decrease in cash and cash equivalents

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

Applicable Not applicable

During the reporting period, the profit structure or source had no significant change.

Breakdown of operating revenue

Monetary Unit: RMB

	Reporting period		Same period of last year		YOY changes
	Amount	Proportion in operating revenue	Amount	Proportion in operating revenue	
Total operating revenue	65,899,893,060.67	100%	30,242,102,319.11	100%	117.91%
By industry					
Petrochemical and new chemical materials	54,314,742,970.74	82.42%	19,843,364,128.33	65.62%	173.72%
Chemical fiber	10,764,168,233.15	16.33%	9,576,880,583.39	31.67%	12.40%
Others	820,981,856.78	1.25%	821,857,607.39	2.71%	-0.11%
By product					
Refining products	14,425,031,526.67	21.89%			
Others petrochemical and new chemical materials	39,889,711,444.07	60.53%	19,843,364,128.33	65.62%	101.02%
Polyester silk	10,248,366,838.79	15.55%	9,070,324,225.03	29.99%	12.99%
Other chemical fiber products	515,801,394.36	0.78%	506,556,358.36	1.68%	1.83%
Others	820,981,856.78	1.25%	821,857,607.39	2.71%	-0.11%
By region					
Domestic	60,297,499,760.52	91.50%	25,021,744,258.57	82.74%	140.98%

Overseas	5,602,393,300.15	8.50%	5,220,358,060.54	17.26%	7.32%
----------	------------------	-------	------------------	--------	-------

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

Applicable Not applicable

Monetary Unit: RMB

	Operating revenue	Operating costs	Gross margin	Increase/decrease of operating revenue when compared with the same period of last year	Increase/decrease of operating cost when compared with the same period of last year	Increase/decrease of gross margin when compared with the same period of last year
By industry						
Petrochemical and new chemical materials	54,314,742,970.74	46,160,937,108.42	15.01%	173.72%	165.66%	2.58%
Chemical fiber	10,764,168,233.15	10,216,748,339.16	5.09%	12.40%	19.73%	-5.81%
By product						
Refining products	14,425,031,526.67	10,424,906,864.06	27.73%			
Others petrochemical and new chemical materials	39,889,711,444.07	35,736,030,244.36	10.41%	101.02%	105.66%	-2.02%
Polyester silk	10,248,366,838.79	9,707,171,439.64	5.28%	12.99%	20.76%	-6.10%
Other chemical fiber products	515,801,394.36	509,576,899.52	1.21%	1.83%	2.94%	-1.07%
By region						
Domestic	60,297,499,760.52	51,600,639,943.32	14.42%	140.98%	135.85%	1.86%
Overseas	5,602,393,300.15	5,394,988,933.40	3.70%	7.32%	13.30%	-5.08%

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

Applicable Not applicable

V. Analysis of non-primary business

Applicable Not applicable

Monetary Unit: RMB

	Amount	Proportion in total	Formation causes	Whether it is
--	--------	---------------------	------------------	---------------

		profit		sustainable
Investment income	-25,905,507.77	-1.30%	Income from investments in main associates	No
Profit or loss from changes in fair value	-19,002,860.16	-0.95%	Changes in fair value of financial assets and liabilities	No
Asset impairment	-621,088,208.09	-31.12%	Losses from inventory impairment	No
Non-operating revenue	60,519,482.34	3.03%	Income from compensation and fines	No
Non-operating expenses	8,375,654.09	0.42%	Expenses on compensation	No

VI. Analysis on assets and liabilities

1. Significant changes in the composition of assets

Monetary Unit: RMB

	As at June 30, 2023		As at December 31, 2022		Increase/decrease in proportion	Description of significant changes
	Amount	Proportion in total assets	Amount	Proportion in total assets		
Monetary funds	10,719,538,535.60	6.15%	12,243,627,249.26	7.35%	-1.20%	
Accounts receivable	1,954,057,985.78	1.12%	694,576,855.29	0.42%	0.70%	Increase in receivables from customers with high credit rating
Inventories	12,899,973,078.55	7.40%	17,533,086,586.31	10.53%	-3.13%	
Investment properties	683,872,792.94	0.39%	703,380,396.54	0.42%	-0.03%	
Long-term equity investments	95,572,956.54	0.05%	110,741,030.96	0.07%	-0.02%	
Fixed assets	97,420,669,410.22	55.86%	39,953,986,703.24	23.99%	31.87%	Transfer of construction in progress into fixed assets
Construction in progress	32,930,787,637.35	18.88%	80,121,609,139.42	48.12%	-29.24%	Transfer of construction in progress into fixed assets
Right-of-use assets	1,552,044,410.77	0.89%	1,612,861,760.99	0.97%	-0.08%	

Short-term borrowings	30,193,195,804.29	17.31%	26,155,359,814.42	15.71%	1.60%	
Contract liabilities	1,582,213,596.12	0.91%	1,401,254,796.06	0.84%	0.07%	
Long-term borrowings	69,681,202,388.75	39.95%	66,234,747,647.66	39.78%	0.17%	
Lease liabilities	1,361,237,908.31	0.78%	1,398,029,978.09	0.84%	-0.06%	
Notes receivable	50,741,928.48	0.03%	91,597,634.56	0.06%	-0.03%	Less held-to-maturity notes receivable in the current period
Receivables financing	274,094,067.17	0.16%	121,280,859.60	0.07%	0.09%	Increase in notes receivable measured at fair value through other comprehensive income held at the end of the period
Advances to suppliers	2,687,235,237.00	1.54%	409,108,480.99	0.25%	1.29%	Increase in advances to suppliers for goods in the current period
Other receivables	475,098,507.34	0.27%	819,622,327.79	0.49%	-0.22%	Collection of receivables for transferring government assets in the current period
Other current assets	364,120,624.17	0.21%	1,589,003,836.83	0.95%	-0.74%	Decrease in VAT credits at the end of the current period
Other non-current assets	5,517,510,415.74	3.16%	4,052,697,675.69	2.43%	0.73%	Increase in advances to suppliers for the purchase of long-term assets
Notes payable	1,524,471,958.19	0.87%	2,364,309,399.89	1.42%	-0.55%	Decrease in the notes-based settlement of payment for purchase of

						goods in the current period
Employee compensation payable	320,989,126.68	0.18%	539,995,029.57	0.32%	-0.14%	Year-end bonus payment
Taxes and surcharges payable	1,343,255,414.11	0.77%	421,218,281.62	0.25%	0.52%	Increase in consumption tax, VAT and its surtaxes in the current period
Special reserves	67,152,590.82	0.04%	7,838,677.20	0.00%	0.04%	Withdrawal of special reserves in the current period

2. Breakdown of main overseas assets

Applicable Not applicable

3. Assets and liabilities measured at fair value

Applicable Not applicable

Monetary Unit: RMB

Item	Amount as at January 1, 2023	Amount as at June 30, 2023
Financial assets		
1. Financial assets held for trading (excluding derivative financial assets)	83,147,068.34	74,637,347.06
2. Derivative financial assets	622,260.37	
3. Other equity instrument investments	580,780,040.00	580,780,040.00
4. Receivables financing	121,280,859.60	274,094,067.17
Sub-total of financial assets	785,830,228.31	929,511,454.23
Total	785,830,228.31	929,511,454.23
Financial liabilities	0.00	10,487,642.89

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

Yes No

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

Monetary Unit: RMB

Item	Book value as at June 30, 2023	Reason for restriction
Monetary funds	2,284,956,377.25	See Note VII (1) for the reason for restriction
Inventories	480,000,000.00	Working capital loan
Fixed assets	15,754,888,913.63	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment

		financing
Intangible assets	2,444,581,440.74	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Construction in progress	477,997,814.58	Project loan, and finance lease
Total	21,442,424,546.20	

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

☑Applicable ☐Not applicable

Investment amount in the reporting period (RMB)	Investment amount in the same period of last year (RMB)	Extent of change
2,629,656,570.23	13,564,940,239.51	-80.61%

2. Significant equity investments acquired during the reporting period

☐Applicable ☑Not applicable

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

☑Applicable ☐Not applicable

Monetary Unit: RMB

Project name	Investment mode	Whether it is a fixed asset investment	Industries involved in the investment projects	Amount invested during the reporting period	Cumulative actual investment amount as of the end of the reporting period	Source of funds	Progress of the project	Date of disclosure	Disclosure index
Shengze Gas Turbine Cogeneration Project	Self-built	Yes	Production and supply of electric power and heat power	23,249,993.65	723,950,436.45	Self-owned fund + special borrowings	Startup commissioning phase	January 17, 2018	CNINFO: Announcement on the Investment in Jiangsu Shengze Combustion Engine Cogeneration Co-production Project (Announcement No.: 2018-003)
Sierbang Petrochemical propane industry chain project - Phase II	Self-built	Yes	Chemical engineering	636,426,925.71	1,283,347,356.55	Self-owned fund	Construction phase	July 10, 2021	CNINFO, Listing Particulars on Issuing Shares and Paying Cash to Purchase Assets and

									Raising Supporting Funds and Related transactions
Guowang (Suqian) super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	221,831,880.04	3,431,742,560.80	Self-owned fund + special borrowings	Put into operation	July 17, 2021	CNINFO: Announcement on the Investment and Construction of Super-simulation Functional Fiber Project with an Annual Output of 500,000 Tons by Subsidiaries (Announcement No.: 2021-085)
Shenghong Refining and Chemical 2# glycol + phenol/acetone project	Self-built	Yes	Chemical engineering	524,573,871.60	4,563,576,334.27	Self-owned fund + special borrowings	Put into operation	March 30, 2021	CNINFO: Announcement on the Additional Investment and Construction of 2# Ethylene Glycol + Phenol/Acetone Project by Shenghong Refining & Chemical (Announcement No.: 2021-029)
Hongwei Chemical POSM and Polyol Project	Self-built	Yes	Chemical engineering	268,804,809.90	714,483,868.74	Self-owned fund + special borrowings	Construction phase	May 15, 2021	CNINFO: Announcement on the Investment and the Construction of POSM and Polyol Project by Hongwei Chemical (Announcement No.:2021-069)

Guowang (Suqian) Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	22,315,109.85	175,724,704.07	Self-owned fund + special borrowings	Construction phase	January 13, 2022	CNINFO: Announcement on the Investment and Construction Phase II of Super-simulation Functional Fiber Project with an Annual Output of 500,000 by Subsidiaries (Announcement No.: 2022-010)
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project of Reborn Technology with an annual production capacity of 250,000 tons	Self-built	Yes	Chemical fiber manufacturing industry	805,265,000.59	1,561,602,828.19	Self-owned fund + special borrowings	Construction phase	January 13, 2022	CNINFO: Announcement on the Investment and Construction of Recycled Differentiated and Functional Polyester Filament and Supporting Stretching Project with an Annual Output of 250,000 Tons - Phase II by Subsidiaries (Announcement No.: 2022-011)
Biodegradable material project (Phase I) of Hongke New Material	Self-built	Yes	Chemical engineering	56,777,283.95	119,376,218.75	Self-owned fund	Construction phase	March 24, 2022	CNINFO: Announcement on the Investment and Construction of Biodegradable Material Project (Phase I) by Subsidiaries

									(Announcement No.: 2022-047)
Intelligent functional fiber project with an annual output of 1 million tons of Honghai New Materials	Self-built	Yes	Chemical fiber manufacturing industry	0.00	0.00	Not invested yet	Early stage of approval	March 24, 2022	CNINFO: Announcement on the Investment and Construction of the Intelligent Functional Fiber Project with an Annual Output of 1 Million Tons by Subsidiaries (Announcement No.: 2022-046)
Honggang Petrochemical 2.4 million tons/year purified terephthalic acid (PTA) Phase III Project	Self-built	Yes	Chemical engineering	68,929,912.01	109,225,326.72	Self-owned fund + special borrowings	Construction phase	June 28, 2022	CNINFO: Announcement on the Investment and Construction of the 2.4 Million Tons/Year Purified Terephthalic Acid (PTA) Phase III Project (Announcement No.: 2022-091)
High-end new materials project of Shengjing New Materials	Self-built	Yes	Chemical engineering	0.00	0.00	Not invested yet	Early stage of approval	November 30, 2022	CNINFO: Announcement on the Investment and Construction of POE and Other High-end New Materials Projects by Jiangsu Shengjing New Materials Co., Ltd. (Announcement

									No.: 2022-142)
Supporting raw materials and iron phosphate and lithium iron phosphate new energy materials project of Haigesi New Energy	Self-built	Yes	Chemical engineering	1,481,782.93	1,481,782.93	Self-owned fund	Early stage of approval	November 30, 2022	CNINFO: Announcement on the Investment and Construction of Supporting Raw Materials and Iron Phosphate and Lithium Iron Phosphate New Energy Materials Project by Hubei Haigesi New Energy Co., Ltd. (Announcement No.: 2022-141)
Total	--	--	--	2,629,656,570.23	12,684,511,417.47	--	--	--	--

4. Financial assets investment**(1) Portfolio investment**

☑Applicable ☐Not applicable

Monetary Unit: RMB

Type of securities	Stock code	Abbreviation	Initial investment costs	Accounting measurement mode	Book value at January 1, 2023	Profit or loss from changes in fair value in this period	Accumulated changes in fair value included in equity	Purchase/sale amount in the current period	Profit or loss during the reporting period	Book value as at June 30, 2023	Accounting of subjects	Source of funds
Domestic and overseas stocks	603323	Agricultural Bank of Suzhou	5,000,000.00	Measurement at fair value	83,147,068.34	-8,509,721.28	0.00	0.00	-8,509,721.28	74,637,347.06	Financial assets held for trading	Self-owned funds
Total			5,000,000.00	--	83,147,068.34	-8,509,721.28	0.00	0.00	-8,509,721.28	74,637,347.06	--	--

(2) Investment in derivatives

☑Applicable ☐Not applicable

Monetary unit: RMB '0,000

Investment type	Initial investment amount (Remark)	Actual profit or loss during the reporting period	Investment income	Income from changes in fair value	Investment amount as at June 30, 2023	Proportion of investment amount as at June 30, 2023 in the Company's net assets as at June 30, 2023
Commodity derivatives	696.35	-2,252.37	-1,191.90	-1,060.47	15,986.34	0.43%
Total	696.35	-2,252.37	-1,191.90	-1,060.47	15,986.34	0.43%
Source of funds for investment in derivatives		Self-owned fund				
Litigation		N/A				

Date of disclosure of the announcement of the board of directors on approving investment in derivatives	January 13, 2022, April 18, 2023
Date of disclosure of the announcement of the general meeting of shareholders on approving investment in derivatives	January 29, 2022, March 29, 2023
Description of risk analysis and control measures for derivative positions during the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, and legal risk, etc.)	The Company has formulated annual commodity hedging, foreign exchange derivatives and other business plans, and has fully assessed and effectively controlled the possible abnormal price fluctuation risks, liquidity risks, operational risks, credit risks and legal risks. The Company shall establish and improve the relevant internal control system, standardize the business operation process and approval process, and operate in strict accordance with the approved plans.
Changes in the market price or fair value during the reporting period of invested derivatives; for the analysis of the fair value of the derivatives, the specific methodology used and the setting of relevant assumptions and parameters are required	The transaction varieties of commodity derivatives conducted by the Company have great market transparency and active transactions, and the transaction price and the settlement unit price on the current day can fully reflect the fair value of derivatives.
Statement on whether the accounting policies and specific accounting principles for the Company's derivatives have had significant changes by comparison with those during the previous reporting period	<p>In the current period, the Company carried out the hedging business, and chose to make the accounting and report presentation according to the hedging accounting requirements.</p> <p>Before the change in accounting policies, the Company included the gains or losses from financial assets or financial liabilities measurement at fair value in the current profit or loss in accordance with the <i>Accounting Standards for Business Enterprises No. 22 -- Recognition and Measurement of Financial Instruments</i> and the <i>Accounting Standards for Business Enterprises No.23 - Transfer of Financial Assets</i>. After the change in accounting policies, the Company designated hedging instruments and hedged items according to the hedging accounting requirements. The gain or loss from relevant hedging instrument, belonging to the effective part of hedging, should be recognized the as cash flow hedging reserve and included in other comprehensive income, while that belonging to the ineffective part of hedging should be included in the current profit or loss. The amount of cash flow hedging reserve is determined at one of the following two absolute values, whichever is lower: cumulative gain or loss since the commencement of hedging of hedging instruments; cumulative change amount of the present value of expected future cash flows since the commencement of hedging of the hedged item. Where a hedged item is an expected transaction which may result in the recognition of the Company of a non-financial asset or non-financial liability, or when a fixed commitment applicable to the accounting for fair value hedging generates from the expected transaction of such non-financial asset or non-financial liability, the Company should transfer out the cash flow hedging reserve originally recognized in other comprehensive income and include the same in the initial recognition amount of such asset or liability.</p> <p>According to the hedging accounting requirements, if the hedging accounting treatment before the implementation date is</p>

	inconsistent with the standards for hedging accounting, the Company should not make the retroactive adjustment; thus, for this change in accounting policies, the prospective application method was adopted and no retroactive adjustment had been made for the financial statements disclosed by the Company, having no impact on the financial position and operating results of the Company in previous years.
Independent directors' special opinion on the Company's derivative investments and risk control	During the reporting period, the Company used its own funds to carry out commodity hedging business, which was conducive to fixing production costs and controlling operation risks, which is in line with the principle of prudent and stable risk management. The Company has established and perfected the relevant internal control system, standardized the business operation process and approval process, and can effectively control the risks of derivatives investment without harming the interests of the Company and all shareholders, especially small and medium shareholders.

Remark: Such item refers to the margin amount.

5. Use of the funds raised

Applicable Not applicable

(1) Overall use of the funds raised

Applicable Not applicable

Monetary unit: RMB '0,000

Year of fund raising	Way of fund raising	Net proceeds	Net proceeds used in the current period	Cumulatively used proceeds	Total proceeds with purpose changed during the reporting period	Total cumulative proceeds with purpose changed	Proportion of total cumulative proceeds with purpose changed	Total proceeds unused	Use and destination of unused proceeds	Amount of proceeds idle for more than two years
2021	Public issuance of convertible corporate bonds	497,250.00	0.00	498,187.27	0.00	0.00	0.00%	5.26	The Company intended to transfer the carryover and surplus funds to the account for self-owned funds.	0.00

Total	--	497,250.00	0.00	498,187.27	0.00	0.00	0.00%	5.26	--	0.00
-------	----	------------	------	------------	------	------	-------	------	----	------

Overall use of the funds raised

1. Public issuance of convertible corporate bonds in March 2021

According to the Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds (ZJXX [2021] No.512), the Company was approved to issue convertible bonds with a total nominal value of RMB 5 billion, with a term of 6 years and a total amount of raised funds of RMB 5 billion; the actual net amount of the raised funds after deduction of issuance costs was RMB 4,972.5 million.

In March 2021, the Company publicly issued the convertible corporate bonds, and the raised funds, after deducting the issuance costs, were intended to be used for the construction of the integration project of Shenghong Refining & Chemical and for repayment of bank loans.

As of June 30, 2023, the cumulative interest generated by the Company's proceeds deposited in the bank totaled RMB 10,717,200. The Company used RMB 0 of the raised funds during the reporting period, and the cumulative amount of raised funds used was RMB 4,981,872,700. The unused amount of the Company's raised funds was RMB 52,600 (the difference between the sum of the balances and the total amount is caused by the rounding method). During the reporting period, the closing balance of the raised funds special account of 10,000 yuan was transferred to the general account.

2. Other issuance

Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on SIX Swiss Exchange (ZJXX [2022] No. 3151) issued by the China Securities Regulatory Commission. According to the Official Reply, China Securities Regulatory Commission has approved the issuance of no more than 434,926,886 new A-share underlying shares corresponding to GDRs by the Company, and according to the conversion ratio determined by the Company, the number of GDRs issued shall not exceed 43,492,688.

With the approval of the China Securities Regulatory Commission and the SIX Exchange Regulation AG, the GDRs issued by the Company were listed on the SIX Swiss Exchange on December 28, 2022 (Swiss time) under the full name of Jiangsu Eastern Shenghong Co., Ltd. and the listing code of DFSH. A total number of 39,794,000 GDRs was issued this time, corresponding to the underlying securities of 397,940,000 A-shares of the Company, and the total amount of funds raised in this issuance was approximately USD 718 million. The funds raised in this issuance were received on the issuance date, and the actual amount received after deducting the underlying underwriting expenses was approximately USD 715 million.

According to the Chinese version of the “Prospectus (Draft)”, about 35% of the net proceeds from GDR will be used to expand the production capacity of new energy and new materials or build new product capacity; about 25% of the net proceeds will be used to develop our vertical integration refining business capabilities, including supporting the company’s procurement of upstream raw materials from the global market; about 20% of the net proceeds will be used to seek potential investment and acquisition opportunities and develop management and marketing networks outside mainland China; about 10% of the net proceeds will be used to invest in the company’s own research to enhance its product development technology capabilities; about 10% of the net proceeds will be used for working capital and other general corporate purposes. The utilization of the aforementioned proceeds may be subject to changes in accordance with our evolving business needs, regulatory environment, and prevailing industry conditions, aligning with our business strategy and complying with laws.

The equity proceeds raised from the company’s stock issuance amounted to USD718,281,700.00. After deducting the relevant issuance expenses, the remaining funds of USD 715,349,307.32 had been transferred to the account opened by the company at Industrial and Commercial Bank of China Limited, Zurich Branch, on December 28, 2022.

The net amount raised from the company’s GDR issuance is equivalent to RMB498,462.55 million (based on the middle exchange rate of USD 1 to RMB 6.9681, as

announced by the Foreign Exchange Trading Center of the People's Bank of China on December 28, 2022). As of June 30, 2023, the company has utilized a cumulative amount of RMB 405,500.00 million from the funds raised, accounting for approximately 81%. The remaining unused funds will be utilized by the company to seek potential investment opportunities, mergers and acquisitions, and the development of management and marketing networks outside mainland China, in accordance with business needs, regulatory environment, and prevailing market conditions.

(2) Committed projects invested with the raised funds

Applicable Not applicable

Monetary unit: RMB '0,000

Committed investment projects and investment direction of over-raised funds	Whether the project has been changed (including partial change)	Total amount of committed investment with raised funds	Adjusted total investment amount (1)	Amount invested during the reporting period	Accumulated 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 reached its intended usable status	Benefits realized in the reporting period	Whether the expected benefits have been achieved	Whether there is a significant change in the feasibility of the project
Committed investment projects										
Integration project of Shenghong Refining & Chemical	No	350,000	350,000	0.00	351,070.55	100.30%	May, 2022	193,041.21	Yes	No
Repayment of bank loans	No	147,250	147,250	0.00	147,122.08	99.91%	N/A	N/A	N/A	No
Sub-total of committed investment projects	--	497,250.00	497,250.00	0.00	498,187.27	--	--	193,041.21	--	--
Investment direction of over-raised funds										
N/A										
Total	--	497,250.00	497,250.00	0.00	498,187.27	--	--	193,041.21	--	--
Description of and reasons for the failure to meet the planned progress and					Integration project of Shenghong Refining & Chemical was started in May 2022, and fully					

expected revenue by projects (including the reasons for selecting "Not applicable (N/A)" for "Whether the expected benefits have been achieved")	put into operation at the end of December 2022, opening the whole process.
Description of significant changes in the feasibility of the project	None
Amount, purpose and progress of use of over-raised funds	N/A
Change of implementation location of the projects invested with raised funds	N/A
Adjustment of the implementation mode of the projects invested with raised funds	N/A
Prior investment and replacement of projects invested with raised funds	Applicable
	In 2021, the Company publicly issued convertible corporate bonds and invested RMB 1,090,779,100 with its own funds, which was replaced with the raised funds, and the replacement had been completed as of March 26, 2021.
Temporary replenishment of working capital with idle raised funds	N/A
Amount of and reasons for the balance of raised funds during the project implementation	N/A
Purpose and destination of the unused raised funds	As of June 30, 2023, the unused funds of the Company raised by publicly issuing the convertible corporate bonds in March 2021, amounted to RMB 52,600, would be transferred to the account for self-owned funds.
Problems or other circumstances in the use and disclosure of raised funds	None

(3) Changes in raised funds

Applicable Not applicable

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

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

Applicable Not applicable

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

2. Sales of significant equity

Applicable Not applicable

IX. Analysis of major holding and participating companies

Applicable Not applicable

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

Monetary unit: RMB '00,000,000

Company	Company type	Primary business	Registered capital	Total assets	Net assets	Operating revenue	Operating profit	Net profit
Shenghong Refining & Chemical	Subsidiary	Production and sales of petrochemical products	235.45	1,024.84	247.07	470.58	23.69	19.30
Sierbang Petrochemical	Subsidiary	R&D, production, and sales of fine chemicals	55.88	301.12	123.20	80.87	1.93	1.79

Acquisition and disposal of subsidiaries during the reporting period

Applicable Not applicable

X. Structured entities controlled by the Company

Applicable Not applicable

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

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

2. Industry policy risks

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

the market environment and development space of the relevant industry, which will have certain impact on the Company's operation.

3. Risks caused by exchange rate fluctuations

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

In order to control the risk of exchange rate fluctuations, the Company has established an internal control system for forward exchange settlement and foreign exchange option transactions, which clearly stipulates the instruments, objectives, decision-making procedures and implementation processes for controlling the risk of exchange rate fluctuations, so as to make comprehensive decisions on exchange rate risk management methods based on the exchange rate fluctuations. However, generally speaking, in the case of significant exchange rate fluctuations, it is difficult to completely eliminate the risks arising therefrom by the existing risk management methods. At the same time, if there is a major mistake in the selection of relevant instruments or the implementation of exchange rate risk management, or if the above system is not effectively implemented, it may lead to the Company's exposure to exchange rate risk or losses.

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

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

5. Environmental protection and work safety risks

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

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

Section IV Corporate Governance

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

1. General meeting held during the reporting period

Session	Type of meeting	Proportion of participating investors	Date of meeting	Date of disclosure	Resolutions made at the meeting
First extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	72.36%	January 30, 2023	January 31, 2023	See CNINFO: Announcement on the Resolutions of the First Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-018)
Second extraordinary general meeting of shareholders in 2023	Extraordinary general meeting of shareholders	72.78%	February 10, 2023	February 11, 2023	See CNINFO: Announcement on the Resolutions of the Second Extraordinary General Meeting of Shareholders in 2023 (Announcement No. 2023-021)
Annual general meeting of shareholders in 2022	Annual general meeting of shareholders	67.49%	May 10, 2023	May 11, 2023	See CNINFO: Announcement on the Resolutions of the Annual General Meeting of Shareholders in 2022 (Announcement No. 2023-056)

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

Applicable Not applicable

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

Applicable Not applicable

Name	Position	Type	Date	Reasons
Yang Xiaowei	Director	Elected	February 10, 2023	Elected as a director of the ninth Board of Directors of the Company
Ren Zhigang	Independent director	Elected	February 10, 2023	Elected as an independent director of the ninth Board of Directors of the Company
Jing Daoquan	Supervisor	Elected	February 10, 2023	Elected as a supervisor of the ninth Board of Supervisors of the Company
Gu Shaohua	Employee supervisor	Elected	February 10, 2023	Elected as an employee supervisor of the ninth Board of Supervisors of the Company
Luo Yukun	Director	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office
Zhang Xiangjian	Independent director	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office
Pang	Employee	Leaving office at	February 10, 2023	Leaving office for the expiration of

Quanfang	supervisor	the expiration of the term of office		the term of office
Chen Jian	Supervisor	Leaving office at the expiration of the term of office	February 10, 2023	Leaving office for the expiration of the term of office

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

Applicable Not applicable

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

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

Applicable Not applicable

1. Equity incentive

Applicable Not applicable

2. Implementation of employee stock ownership plan

Applicable Not applicable

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

Scope of employees	Number of employees	Total number of shares held (shares)	Changes	Proportion in the total share capital of the listed company	Source of funds for implementing plans
Middle-level and above employees of the Company and its holding subsidiaries as approved by the Board of Directors of the Company, and other personnel as determined by the Board of Directors	142	49,612	12,650,000 shares sold during the current period	0.00%	Self-financing by employees, funds from financial institutions
	2,011	116,630,870	0 share purchased during the current period	1.76%	Employees' legal remuneration, self-financing, loans from controlling shareholder
	452	87,268,859	34,243,681 shares purchased during the current period	1.32%	Shenghong Technology and other means permitted by laws and regulations

Changes in asset management institutions during the reporting period

Applicable Not applicable

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

Applicable Not applicable

Exercise of shareholders' rights during the reporting period

None

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

Other description:

3. Other employee incentive measures

Applicable Not applicable

Section V Environment and social responsibility

I. Major environmental issues

Whether the listed company and its subsidiaries are among the key emission units announced by the environmental protection authorities

Yes No

Environmental protection-related policies and industry standards

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

Environmental protection related administrative licensing

The existing pollution discharge permit for Shenghong Refining & Chemical's main plant was received on July 29, 2022 and will be valid until July 28, 2027; and the existing pollution discharge permit for the outer tank area was received on December 16, 2022 and will be valid until December 15, 2027.

The existing pollution discharge permit of Sierbang Petrochemical was received on December 25, 2022 and will be valid until December 24, 2027; the existing radiation safety permit was received on September 15, 2022 and will be valid until November 29, 2025.

The existing pollution discharge permit of Honggang Petrochemical was received on September 20, 2022 and will be valid until September 19, 2027.

The existing pollution discharge permit of Shengze Thermal Power Plant was received on September 30, 2021 and will be valid until September 29, 2026.

The existing pollution discharge permit of Shenghong Fiber was received on October 21, 2022 and will be valid until October 20, 2027.

The existing pollution discharge permit of Guowang High-Tech was received on May 23, 2022 and will be valid until May 22, 2027.

The existing pollution discharge permit of Tangnan Sewage was received on August 14, 2022 and will be valid until August 13, 2027.

The existing pollution discharge permit of Ganghong Fiber was received on January 13, 2021 and will be valid until January 12, 2024.

The existing pollution discharge permit of Reborn Technology was received on August 20, 2021 and will be valid until August 19, 2026.

The existing pollution discharge permit of Guowang (Suqian) was received on September 22, 2022 and will be valid until September 21, 2027.

Name of the company or subsidiary	Types of main pollutants and characteristic pollutants	Names of main pollutants and characteristic pollutants	Emission method	Number of emission outlets	Distribution of emission outlets	Discharge concentration/intensity	Pollutant emission standards	Total emissions	Approved total emissions	Excess emissions
Shenghong Refining & Chemical	Exhaust gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct emission after treatment	79 (including 11 emergency emission outlets)	Located at the main device area of the plant area	Waste gas treatment facilities: particulate matter: ≤ 20mg/m ³ ; sulfur dioxide: ≤ 50mg/m ³ ; nitrogen oxide: ≤ 100mg/m ³ ; volatile organic compounds: ≤ 80mg/m ³ . Waste gas discharge outlet of waste liquid incinerator: particulate matter: ≤ 30mg/m ³ ; sulfur dioxide: ≤ 100mg/m ³ ; nitrogen oxide: ≤ 300mg/m ³ ; volatile organic compounds: ≤ 80mg/m ³	Standards for the Discharge of Malodorous Pollutants (GB 14554-93), Standards for the Discharge of Industrial Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Volatile Organic Compounds in the Chemical Industry (DB 32/3151-2016), Integrated Emission Standard of Air Pollutants	Particulate matter: 0.5989t; sulfur dioxide: 22.3615t; nitrogen oxides: 511.2548t; volatile organic compounds: 90.9294t	Particulate matter: 291.17t; sulfur dioxide: 470.35t; nitrogen oxides: 1,259.25t; volatile organic compounds: 1,845.1761t	None

							(DB32/4041-2021), Standard for the Control of Pollution from the Burning of Dangerous Wastes (GB 18484-2020), Standard for Fugitive Emission of Volatile Organic Compounds (GB 37822-2019)			
Shenghong Refining & Chemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Treatment Project for Chemical High Salt Wastewater Discharged to the Donggang Sewage Treatment Plant and Petrochemical Base in the Park after Pre-treatment by Sewage Treatment Station (Phase I); Discharge of regenerated	3	Located at the final monitoring tank of each sewage treatment station	Pipeline connection standards for Donggang Sewage Plant: chemical oxygen demand: ≤ 500mg/L; ammonia nitrogen: ≤ 35mg/L; total nitrogen: ≤ 45mg/L; total phosphorus: ≤ 5mg/L. Pipeline connection standards for petrochemical base chemical high salt wastewater treatment project (Phase I): chemical oxygen demand: ≤ 200mg/L; ammonia nitrogen: ≤	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015), Standards for the Discharge of Industrial Pollutants from Petroleum Refining (GB 31570-2015), Standards for the Discharge of Water Pollutants in the Chemical Industry	Chemical oxygen demand: 107.4091t; ammonia nitrogen: 18.2107t; total nitrogen: 26.2435t; total phosphorus: 0.9226t	Chemical oxygen demand: 1,205.31t; Ammonia nitrogen: 101.40t; total nitrogen: 141.29t; total phosphorus: 11.79t	None

			concentrated water to Fangyang Outlet after treatment			15mg/L; total nitrogen: ≤ 35mg/L; total phosphorus: ≤ 2mg/L. Discharge standard of sea outfall: chemical oxygen demand: ≤ 50mg/L; ammonia nitrogen: ≤ 5mg/L; total nitrogen: ≤ 15mg/L	(DB32/929-2020), and pipeline connection standards for the sewage treatment plants in the Park			
Sierbang Petrochemical	Exhaust gas	Particulate matter, sulfur dioxide, nitrogen oxides, volatile organic compounds	Direct emission after treatment	64	Located at the main device area of the plant area	Waste gas treatment facilities: particulate matter: ≤ 20mg/m3; sulfur dioxide: ≤ 50mg/m3; nitrogen oxide: ≤ 100mg/m3; volatile organic compounds: ≤ 80mg/m3 Wastewater incineration facilities: particulate matter: ≤ 30 mg/m3; sulfur dioxide: ≤ 100mg/m3; nitrogen oxide: ≤ 300mg/m3; volatile organic compounds: ≤	Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571-2015), Standards for the Discharge of Volatile Organic Compounds in the Chemical Industry (DB32_3151-2016), Standard for the Control of Pollution from the Burning of Dangerous Waste (GB18484-2020), and	Particulate matter: 9.140503t; sulfur dioxide: 11.136537t; nitrogen oxides: 136.901812t; volatile organic compounds: 30.195685	Particulate matter: 147.85t; sulfur dioxide: 250.171t; nitrogen oxides: 1269.758t; volatile organic compounds: 611.60677t	None

						80mg/m3 EVA and SAP devices: volatile organic compounds: ≤ 60mg/m3	Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572- 2015)			
Sierbang Petrochemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the chemical high salt wastewater treatment plant in the park after pre- treatment by the sewage treatment station	1	Located at the final observation tank of the sewage treatment station	chemical oxygen demand: ≤ 200mg/L; ammonia nitrogen: ≤ 15mg/L; total nitrogen: ≤ 35mg/L; total phosphorus: ≤ 2mg/L.	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015) and pipeline connection standards for the sewage treatment plants in the Park	Chemical oxygen demand: 85.2564t; Ammonia nitrogen: 1.1208t; total nitrogen: 6.344t; total phosphorus: 0.6811t	Chemical oxygen demand: 479.49t; Ammonia nitrogen: 49.46t; total nitrogen: 70.6t; total phosphorus: 2.58t	None
Honggang Petrochemical	Exhaust gas	Dust, p- xylene, hydrogen bromide, volatile organic compounds	Direct emission after treatment	29 (including the backup facility outlets)	Located at the main device area and finished product silo within the plant area	Dust: ≤ 20 mg/m3; p- xylene: ≤ 20mg/m3; bromomethane: ≤ 20mg/m3	Integrated Emission Standard of Air Pollutants (GB16297- 1996), Standards for the Discharge of Petrochemical Industrial Pollutants (GB31571- 2015), and Standard for the Discharge of Air Pollutants	Sulfur dioxide: 0.301771t; nitrogen oxides: 0.66198t; particulate matter: 0.46t; volatile organic compounds: 30.19	Sulfur dioxide: 6.75t; nitrogen oxides: 16.82; particulate matter: 11.12t; volatile organic compounds: 206.07	None

							from Boilers (GB13271-2014)			
Honggang Petrochemical	Process waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the Donggang Sewage Treatment Plant in the Park after treatment by the sewage pre-treatment station	1	Located at the main discharge outlet of the final monitoring tank of the sewage treatment station	chemical oxygen demand: $\leq 500\text{mg/L}$; ammonia nitrogen: $\leq 35\text{mg/L}$; total nitrogen: $\leq 45\text{mg/L}$; total phosphorus: $\leq 5\text{mg/L}$.	Standards for the Discharge of Petrochemical Industrial Pollutants (GB 31571-2015) and pipeline connection standards for the sewage treatment plants in the Park	Chemical oxygen demand: 179.7t; Ammonia nitrogen: 0.558t; total nitrogen: 14.49t; total phosphorus: 1.0674t	Chemical oxygen demand: 1992.35t; Ammonia nitrogen: 63.155t; total nitrogen: 62.943t; total phosphorus: 23.718t	None
Shengze Thermal Power Plant	Exhaust gas	Smoke dust, sulfur dioxide, nitrogen oxides	Direct emission after treatment	3	Main chimney discharge outlet is arranged on the north side of the plant area	Smoke dust: $\leq 10\text{mg/Nm}^3$; sulfur dioxide: $\leq 35\text{mg/Nm}^3$; nitrogen oxide: $\leq 50\text{mg/Nm}^3$	Standard for the Discharge of Air Pollutants from Thermal Power Plants (GB13223-2011)	Smoke dust: 1.95t; sulfur dioxide: 16.59t; nitrogen oxides: 47.32t	Smoke dust: 34.05t; sulfur dioxide: 302.92t; nitrogen oxides: 427.07t	None
Shenghong Fiber	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the Centralized Industrial Sewage Treatment Plant after the pre-treatment by the sewage treatment station	1	Located at the sewage pre-treatment station in the plant area	chemical oxygen demand: $\leq 500\text{mg/L}$; ammonia nitrogen: $\leq 45\text{mg/L}$; total nitrogen $\leq 70\text{mg/L}$; total phosphorus $\leq 8\text{mg/L}$	Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015) and pipeline connection standards for the sewage treatment plants	Chemical oxygen demand: 1.24686t; Ammonia nitrogen: 0.020119t; total nitrogen: 0.102458t; total phosphorus: 0.004833t	Chemical oxygen demand: 348.91t; Ammonia nitrogen: 15.8335t; total nitrogen: 19.063t; total phosphorus: 2.31163t	None

Guowang High-Tech	Exhaust gas	Nitrogen oxides, non-methane total hydrocarbons	Direct emission after treatment	4	Located at the main device area of the plant area	Nitrogen oxide: $\leq 150\text{mg}/\text{Nm}^3$; non methane total hydrocarbons: $\leq 60\text{mg}/\text{Nm}^3$	Standard for the Discharge of Air Pollutants from Boilers (GB13271-2014), Integrated Emission Standard of Air Pollutants (DB32/4041-2021), and Standard for the Discharge of Industrial Pollutants in the Production of Synthetic Resins (GB31572-2015)	Nitrogen oxides: 9.1568t; non methane total hydrocarbons: 1.3492t	Nitrogen oxides: 163.9t; non methane total hydrocarbons: 6.39t	None.
Guowang Hi-Tech	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Discharged to the chemical high salt wastewater treatment plant in the park after pre-treatment by the sewage treatment station	1	Located in the final observation tank of the sewage treatment station	Chemical oxygen demand: $\leq 500\text{mg}/\text{L}$; Ammonia nitrogen: $\leq 40\text{mg}/\text{L}$; Total nitrogen: $\leq 40\text{mg}/\text{L}$; Total phosphorus: $\leq 8\text{mg}/\text{L}$	Standard for Pollutant Discharge of Synthetic Resin Industry (GB31572-2015) and Standard for Takeover of Sewage Treatment Plant	Chemical Oxygen Demand: 12.9617 tons; Ammonia nitrogen: 0.221405 tons; Total nitrogen: 1.73267 tons; Total phosphorus: 0.0058 tons	Chemical oxygen demand: 340.9064 tons; Ammonia nitrogen: 15.022 tons; Total nitrogen: 18.603 tons; Total phosphorus: 2.4699 tons	None
Ganghong Fiber	Exhaust gas	Nitrogen oxides, non methane total hydrocarbons	Organized discharge	1	Located in the main device area of the plant area	Nitrogen oxide: $\leq 50\text{mg}/\text{Nm}^3$; Non methane total hydrocarbons: $\leq 60\text{mg}/\text{Nm}^3$	Emission Standard for Air Pollutants of Boilers (DB32/4385-2022),	Nitrogen oxide: 6.38 tons; Non methane total hydrocarbons:	Nitrogen oxide: 24.36 tons; Non methane total hydrocarbons: 8.53 tons	None

							Comprehensive Emission Standard for Air Pollution (DB32/4041-2021), Emission Standard for Pollutants of Synthetic Resin Industry (GB31572-2015),	0.30647 tons		
Tangnan Sewage	Waste water	Chemical oxygen demand, ammonia nitrogen, total nitrogen, total phosphorus	Direct access to rivers, lakes, reservoirs and other water environments	1	Located in the sewage treatment station in the plant	Chemical oxygen demand: $\leq 60\text{mg/L}$; Ammonia nitrogen: $\leq 8\text{mg/L}$; Total nitrogen: $\leq 40\text{mg/L}$; Total Phosphorus: $\leq 1\text{mg/L}$	Discharge Standard for Pollutants of Synthetic Resin Industry (GB31572-2015)	Chemical oxygen demand: 5.939 tons; Ammonia nitrogen: 0.045 tons; Total nitrogen: 2.536 tons; Total phosphorus: 0.0057 tons	Chemical oxygen demand: 82.13 tons; Ammonia nitrogen: 6.84 tons; Total nitrogen: 20.53 tons; Total phosphorus: 0.68 tons	None
Reborn Technology	Exhaust gas	Non methane total hydrocarbons	Organized discharge	12	Located in the main device area of the plant area	Non methane total hydrocarbons: $\leq 60\text{mg/Nm}^3$	Standard for Comprehensive Emission of Air Pollutants (DB32/4041-2021)	Non methane total hydrocarbons: 1.1454t	Non methane total hydrocarbons: 19.49t	None
Reborn Technology	Waste water	Chemical oxygen demand, ammonia nitrogen	Discharged into the sewage treatment plant of Wood Industry Park in Siyang County after	1	Located on the south side of the sewage treatment station in the plant area	Chemical oxygen demand: $\leq 400\text{mg/L}$; Ammonia nitrogen: $\leq 25\text{mg/L}$	Water Quality Standards for Discharge to Municipal Sewers (GB/T31962-2015), Integrated	Chemical oxygen demand: 0.01884t; Ammonia nitrogen: 0.000442t	Chemical oxygen demand: 58.336t; Ammonia nitrogen: 1.936t	None

			pre-treatment by the sewage treatment station				Wastewater Discharge Standard (GB8978-1996), and pipeline connection standards for sewage treatment plants in the Park			
Guowang (Suqian)	Exhaust gas	Sulfur dioxide, nitrogen oxides, particulate matter,	Organized discharge	1	Arranged in the main device area in the plant area	Sulfur dioxide: ≤ 25 mg/m ³ ; Nitrogen oxides: ≤ 30 mg/m ³ ; Particulate matter: ≤ 5 mg/m ³ ;	Requirements for Implementing Emission Restrictions for "Green Benchmark" Demonstration Enterprises in Suqian City; Integrated Emission Standard of Air Pollutants (DB32/4041-2021)	Sulphur dioxide: 1.91t; Nitrogen oxide: 10.02t; Particulate matter: 1.7t	Sulphur dioxide: 72.66t; Nitrogen oxide: 90.74t; Particulate matter: 17.08t	None

Disposal of pollutants

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

Response Plan for Environmental Emergencies

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

1. Shenghong Refining & Chemical has prepared and continuously revised the Response Plan for Environmental Emergencies, which has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing numbers: 320741-2022-024-H (main plant area) and 320741-2022-016-H (outer tank area).
2. Sierbang Petrochemical has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing number: 32074-2022-017-H.
3. Honggang Petrochemical has been filed with the Environmental Protection Bureau of the National Eastern-Central-Western Regional Cooperation Demonstration Zone under the following filing number: 320741-2022-011-H.
4. Shengze Thermal Power Plant has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2020-094-M.
5. Shenghong Fiber has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2022-005-H.
6. Guowang Hi-Tech has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2020-139-H.
7. Tangnan Sewage has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2021-284-H.
8. Ganghong Fiber has been filed with the Ecological Environment Bureau of Wujiang District, Suzhou City, under the following filing number: 320509-2022-003-H.
9. Ruibang Technology has been filed with Siyang Ecological Environment Bureau of Suqian City, under the following filing number: 321323-2022-055-L,
10. Guowang (Suqian) has been filed with Siyang Ecological Environment Bureau of Suqian City, under the following filing number: 321323-2023-001-M.

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

In accordance with the relevant requirements of the state and local governments, the Company's subsidiaries completed various monitoring and environmental governance work. From January to June 2023, the Company invested a total of RMB 275,478,400 in environmental protection-related investment, equipment construction and technical transformation. From January to June, 2023, the Company actually paid environmental protection tax of RMB 4,776,100.00.

Environmental self-monitoring plan

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

Administrative penalties imposed due to environmental issues during the reporting period

None

Other environmental information that should be made public

None

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

Applicable Not Applicable

Focusing on the "low carbon" goal and adhering to the concept of green ecological development, the Company leads the green development of the industry with world-class standards, and has successfully built a number of green industry projects such as carbon dioxide recycling to make new materials, recycled polyester fiber, and photovoltaic-grade EVA.

During the reporting period, Shenghong Refining & Chemical invested RMB 188.76 million to build the "250,000 tons/year CO₂ recovery and purification project" by using the rich CO₂ in the waste gas emitted by the ethylene glycol unit to recover CO₂ through compression adsorption, rectification storage, freezing and liquefaction and other processes to produce 220,000 tons/year of food-grade liquid CO₂ and 30,000 tons/year of dry ice. The project is currently under construction and is expected to be basically completed and put into operation by the end of 2023. Honggang Petrochemical followed the principle of "collecting as much as possible and treating as much as possible" for the unorganized emission of VOCs, made full use of the favorable conditions for system shutdown, and carried out measures such as the transformation of the packed tower exhaust gas treatment system and the transformation of closed sampling, which greatly reduced the emission of volatile organic compounds and eliminated the odor in the plant area.

Other relevant environmental protection information

None

II. Social responsibility

While developing the enterprise, the Company will closely integrate the fulfillment of social responsibilities with the development strategy and daily business activities of the enterprise, abide by social morality, accept public supervision, attach importance to the protection of the legitimate rights and interests of shareholders, creditors and employees, treat suppliers, customers and consumers in good faith, practice the concept of green development, enthusiastically participate in environmental protection, community construction and other public welfare undertakings, strive to achieve win-win economic, social and environmental benefits, and promote the coordinated and harmonious development of the Company and the whole society.

During the reporting period, the Company adhered to the principle of "ecological enterprise establishment and safety first", adhered to the new development concept of innovation, coordination, green, openness and sharing, carried out the environmental, social and governance (ESG) management system, actively explored the new path of green development, took scientific and technological innovation as the core driving force, and opened the channel for the green and low-carbon transformation of the industry through technological innovation breakthroughs,

During the reporting period, the relevant internal control system for safety management of the Company was well built and operating well; There were no major safety incidents.

Section VI Important Matters

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

Applicable Not applicable

Reasons for commitment	Party making commitment	Commitment type	Commitment content	Commitment time	Commitment period	Fulfillment status
Commitments made at IPO or refinancing	22 shareholders including Caitong Fund Management Co., Ltd. who participated in the Company's private placement	Commitment on restricted sales of shares	<p>Within 6 months from the date when Jiangsu Eastern Shenghong Co., Ltd.'s private placement is completed and relevant shares are listed, the above-mentioned shares subscribed by these subscribers shall not be transferred.</p> <p>After the lock-up period expires, the reduction of the above shares subscribed by these subscribers is subject to the Company Law, Securities Law, Listing Rules of Shenzhen Stock Exchange and other laws, regulations, rules, normative documents, the relevant rules of the Shenzhen Stock Exchange and the relevant provisions of the Articles of Association.</p>	July 20, 2022	To January 19, 2023	Restricted shares were listed and circulated on January 20, 2023
Whether the commitments have been fulfilled on time				Yes.		
If the commitments are overdue and not fulfilled, the specific reasons for the failure to fulfill and the next work plan shall be explained in detail.				Not applicable		

II. Non-operational appropriation of funds by the controlling shareholder and other related parties to the listed company

Applicable Not applicable

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

III. Illegal external guarantees

Applicable Not applicable

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

IV. Appointment and Dismissal of Accounting Firms

Whether the semi-annual financial report has been audited

Yes No

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

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

Applicable Not applicable

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

Applicable Not applicable

VII. Matters related to bankruptcy and reorganization

Applicable Not applicable

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

VIII. Litigation matters

Significant litigation and arbitration

Applicable Not applicable

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

IX. Punishment and Rectification

Applicable Not applicable

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

Applicable Not applicable

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

☑Applicable ☐Not applicable

Related parties	Relationship	Type of related transactions	Related transactions	Pricing principles for related transactions	Related transaction price	Amount of related transactions (RMB'0,000)	Proportion in the amount of similar transactions	Approved transaction amount (RMB'0,000)	Whether exceed the approved limit or not	Settlement method of related transactions	Available market price for similar transactions	Date of Disclosure	Index of Disclosure
Lianyungang Hongyang Thermoelectricity Co., Ltd.	Enterprise controlled by the relative of the actual controller	Purchase of fuel, power, etc. from related parties	Steam, etc.	Steam trading is priced according to the government guidance price	RMB 226.13/ton	306,382.79	99.84%	649,400	No	Monthly settlement	RMB 232.50/ton	January 19, 2023	CNINFO: Announcement on Expected Daily Related-party Transactions in 2023 (Announcement No.: 2023-014)
Total				--	--	306,382.79	--	649,400	--	--	--	--	--
Details of large-value sales return						None							
Where the total amount of daily related transactions to occur in the current period is estimated by category, state the actual performance in the reporting period						Normal performance in progress							
Reason for the large difference between the transaction price and the market reference price						Not applicable							

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

Applicable Not applicable

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

3. Related transactions of joint foreign investment

Applicable Not applicable

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

4. Related creditor's rights and debts

Applicable Not applicable

During the reporting period, the company had no associated creditor's rights and debts.

5. Contacts with financial companies that have affiliated relationships

Applicable Not applicable

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

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

Applicable Not applicable

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

7. Other major related transactions

Applicable Not applicable

For other related transactions between the Company and related parties during the reporting period, please refer to "XII. Related parties and related transactions" in "Section X Financial Report".

Related inquiries on temporary report disclosure website for major related transactions

Temporary announcement name	Disclosure date of temporary announcement	Name of temporary announcement disclosure website
Announcement on Estimated Daily Related transactions in 2023 (Announcement No.: 2023-014)	January 19, 2023	CNINFO

XII. Major Contracts and Performance Thereof

1. Matters concerning trusteeship, contracting and leasing

(1) Trusteeship situation

Applicable Not applicable

(2) Contracting status

Applicable Not applicable

(3) Lease situation

Applicable Not applicable

2. Major guarantee

☑Applicable ☐Not applicable

Monetary unit: RMB '0,000

External guarantees of the Company and its subsidiaries (excluding guarantees for subsidiaries)								
Total amount of external guarantees approved during the reporting period (A1)			0	Total actual amount of external guarantee during the reporting period (A2)				0
Total amount of external guarantee approved as at the end of the reporting period (A3)			0	Total actual balance of external guarantees as at the end of the reporting period (A4)				0
Guarantees of the Company to its subsidiaries								
Name of guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual amount of guarantee	Guarantee type	Guarantee period	Whether the performance has been completed	Whether guaranteed by the related party
Combustion Engine Cogeneration	March 13, 2018	80,000	September 10, 2019	54,400	Joint liability guarantee	September 10, 2037	No	No
Honggang Petrochemical	August 31, 2019	270,000	September 20, 2019	241,811.11	Joint liability guarantee	September 20, 2032	No	No
Shenghong Refining & Chemical	July 4, 2020	4,150,000	November 13, 2020	4,070,000	Joint liability guarantee	November 12, 2038	No	No
Guowang (Suqian)	July 17, 2021	275,000	August 23, 2021	255,000	Joint liability guarantee	March 1, 2031	No	No
Reborn Technology	December 16, 2021	250,000	December 21, 2021	71,000	Joint liability guarantee	December 20, 2031	No	No
			January 20, 2022	70,826.14	Joint liability guarantee	January 20, 2032	No	No
Hongjing New Materials	January 13, 2023	840,000	March 24, 2023	196,000	Joint liability guarantee	March 23, 2041	No	No
Hongwei Chemical	January 13, 2023	400,000	February 6, 2023	33,876.52	Joint liability guarantee	March 23, 2037	No	No
Zhonglu Technology	January 19, 2023	(Note)	August 6, 2021	12,500	Joint liability	August 11, 2027	No	No

					guarantee			
Guowang Hi-Tech			January 20, 2021	103,347.7	Joint liability guarantee	July 1, 2027	No	No
			August 26, 2021	13,020.99	Joint liability guarantee	August 26, 2025	No	No
			January 10, 2022	30,000	Joint liability guarantee	October 12, 2026	No	No
			January 20, 2022	20,000	Joint liability guarantee	October 26, 2026	No	No
			December 2, 2022	92,063.16	Joint liability guarantee	May 30, 2027	No	No
			December 26, 2022	40,000	Joint liability guarantee	January 2, 2027	No	No
			January 26, 2022	30,000	Joint liability guarantee	January 28, 2027	No	No
			October 29, 2022	9,900	Joint liability guarantee	April 11, 2027	No	No
			March 6, 2022	30,000	Joint liability guarantee	April 20, 2027	No	No
			May 12, 2022	40,000	Joint liability guarantee	May 16, 2029	No	No
			October 27, 2022	9,398.48	Joint liability guarantee	January 2, 2027	No	No
			October 17, 2022	24,000	Joint liability guarantee	October 31, 2026	No	No
			November 29, 2022	60,000	Joint liability guarantee	November 28, 2027	No	No
	Guowang (Suqian)			December 7, 2022	13,401.84	Joint liability guarantee	2 years from the date of expiry of the main debt performance period	No

Reborn Technology	March 24, 2022	90,155.74	Joint liability guarantee	March 24, 2033	No	No
	June 1, 2022	38,493.09	Joint liability guarantee	May 31, 2028	No	No
	August 25, 2022	871.52	Joint liability guarantee	2 years from the date of expiry of the main debt performance period	No	No
Shenghong Refining & Chemical	June 30, 2022	344,000	Joint liability guarantee	June 29, 2036	No	No
	February 26, 2022	61,000	Joint liability guarantee	September 20, 2026	No	No
	July 26, 2022	150,000	Joint liability guarantee	July 28, 2027	No	No
	December 16, 2022	148,111.38	Joint liability guarantee	March 19, 2027	No	No
	June 26, 2023	99,957.34	Joint liability guarantee	November 7, 2026	No	No
	May 20, 2022	108,000	Joint liability guarantee	December 27, 2026	No	No
	November 16, 2022	32,000	Joint liability guarantee	November 17, 2026	No	No
	April 29, 2022	200,000	Joint liability guarantee	April 10, 2027	No	No
	July 13, 2022	69,966.27	Joint liability guarantee	June 19, 2027	No	No
	January 4, 2023	100,000	Joint liability guarantee	April 13, 2027	No	No
	August 22, 2022	50,000	Joint liability guarantee	March 8, 2027	No	No
	August 22, 2022	50,000	Joint liability	March 8, 2027	No	No

					guarantee			
			April 7, 2023	30,000	Joint liability guarantee	October 6, 2026	No	No
			February 21, 2023		Joint liability guarantee	February 1, 2025	No	No
			June 12, 2023		Joint liability guarantee		No	No
			November 15, 2022	110,000	Joint liability guarantee	December 14, 2023	No	No
			June 28, 2023	20,000	Joint liability guarantee	December 27, 2023	No	No
			May 24, 2023	8,000	Joint liability guarantee	December 30, 2023	No	No
			November 10, 2022		Joint liability guarantee	December 31, 2023	No	No
Petrochemical (Singapore)			April 20, 2022	5,441.05	Joint liability guarantee	December 28, 2026	No	No
			December 27, 2022	19,619.69	Joint liability guarantee	December 31, 2026	No	No
			March 17, 2022	20,000	Joint liability guarantee	December 21, 2026	No	No
			February 24, 2022	30,531.82	Joint liability guarantee	February 16, 2026	No	No
			April 22, 2022	2,000	Joint liability guarantee	April 13, 2026	No	No
			November 21, 2022		Joint liability guarantee	November 20, 2026	No	No
			March 7, 2023		Joint liability guarantee	February 12, 2027	No	No
			April 25, 2023		Joint liability guarantee	April 24, 2027	No	No
Sierbang Petrochemical								

			June 26, 2023		Joint liability guarantee	June 8, 2027	No	No
			June 28, 2023	35,000	Joint liability guarantee	June 28, 2028	No	No
			June 25, 2023	10,000	Joint liability guarantee	June 30, 2031	No	No
			January 29, 2023	27,500	Joint liability guarantee	January 15, 2029	No	No
			January 29, 2023	22,916.67	Joint liability guarantee	January 15, 2029	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (B1)			(Note)	Total actual amount of guarantees for subsidiaries during the reporting period (B2)			1,333,853.18	
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (B3)			(Note)	Total actual balance of guarantees for subsidiaries as at the end of the reporting period (B4)			7,404,110.51	
Guarantees by subsidiaries to subsidiaries								
Name of guarantee object	Disclosure date of announcements related to guarantee amount	Guarantee amount	Date of actual occurrence	Actual amount of guarantee	Guarantee type	Guarantee period	Whether the performance has been completed	Whether guaranteed by the related party
Ganghong Fiber	January 19, 2023	(Note)	January 30, 2018	25,100	Joint liability guarantee	December 25, 2028	No	No
			December 27, 2022	60,000	Joint liability guarantee	July 12, 2027	No	No
			January 7, 2019	28,533.67	Joint liability guarantee	January 8, 2027	No	No
			June 28, 2021	58,213	Joint liability guarantee	July 6, 2031	No	No
			February 28, 2023	20,000	Joint liability guarantee	March 13, 2027	No	No
			October 29, 2022	5,000	Joint liability guarantee	April 5, 2027	No	No

			June 28, 2022	39,000	Joint liability guarantee	October 25, 2026	No	No
Shenghong Fibre			December 27, 2022	26,508.05	Joint liability guarantee	June 5, 2027	No	No
			January 10, 2022	26,220.97	Joint liability guarantee	June 22, 2027	No	No
			February 27, 2023	29,560	Joint liability guarantee	August 27, 2027	No	No
			October 29, 2022	10,000	Joint liability guarantee	December 20, 2026	No	No
			January 5, 2022	20,416	Joint liability guarantee	November 17, 2026	No	No
Zhonglu Technology			December 29, 2022	20,000	Joint liability guarantee	December 28, 2026	No	No
			June 28, 2022	10,000	Joint liability guarantee	November 1, 2026	No	No
			January 19, 2022	3,497.09	Joint liability guarantee	October 20, 2026	No	No
Suzhen Bioengineering			October 29, 2022	5,000	Joint liability guarantee	March 15, 2027	No	No
			June 8, 2023	5,204.3	Joint liability guarantee	June 8, 2024	No	No
Reborn Technology			June 17, 2022	30,000	Joint liability guarantee	December 14, 2026	No	No
Petrochemical industry			February 21, 2023	27,727.56	Joint liability guarantee	February 1, 2025	No	No
Shenghong Refining & Chemical			May 30, 2023	18,000	Joint liability guarantee	November 24, 2023	No	No
Petrochemical (Singapore)			February 28, 2023	52,000	Joint liability guarantee	August 28, 2023	No	No
			January 1, 2022	158,200	Joint liability	December 28,	No	No
The Company								

				guarantee	2029		
		February 28, 2022	20,790	Joint liability guarantee	December 28, 2029	No	No
		March 29, 2022	19,900	Joint liability guarantee	December 28, 2029	No	No
		April 15, 2022	79,900	Joint liability guarantee	December 28, 2029	No	No
		February 25, 2022	205,500	Joint liability guarantee	November 29, 2027	No	No
Total amount of guarantees for subsidiaries approved during the reporting period (C1)		(Note)	Total actual amount of guarantees for subsidiaries during the reporting period (C2)				282,599.30
Total amount of guarantees for subsidiaries approved as at the end of the reporting period (C3)		(Note)	Total actual balance of guarantees for subsidiaries as at the end of the reporting period (C4)				1,004,270.64
Total amount of the Company's guarantee (that is, the total of the first three items)							
Total approved amount of guarantees during the reporting period (A1+B1+C1)		10,460,000	Total actual amount of guarantees during the reporting period (A2+B2+C2)				1,616,452.48
Total approved amount of guarantees as at the end of the reporting period (A3 + B3 + C3)		16,725,000	Total actual balance of guarantee as at the end of the reporting period (A4+B4+C4)				8,408,381.15
Ratio of the total actual guarantee amount (i.e., A4+B4+C4) to the Company's net assets							228.48%
Of which:							
Balance of guarantee provided for shareholders, actual controllers and their related parties (D)							0
Balance of debt guarantees directly or indirectly provided for the guaranteed object with the asset-liability ratio exceeding 70% (E)							6,486,384.73
Amount of the total amount of guarantee exceeding 50% of net assets (F)							6,568,343.07
Total amount of the above three guarantees (D+E+F)							13,054,727.80
Notes to the occurrence of guarantee liability during the reporting period, or evidence of the possibility of joint and several liability for unexpired guarantee contracts (if			Not applicable				

any)	
Notes to external guarantees in violation of prescribed procedures (if any)	Not applicable

Note: At the 63rd meeting of the 8th Board of Directors held on January 18, 2023, the Company deliberated and adopted the *Proposal on the Expected Mutual Guarantee Limit in 2023*. In 2023, the amount of mutual guarantee between the Company and its subsidiaries shall not exceed the equivalent of RMB 104.6 billion, and the guarantee period shall expire on the date of the convening of the 2023 annual general meeting. After the approval of this guarantee, the total amount of guarantees approved by the Company and its subsidiaries will not exceed the equivalent of RMB 167.25 billion. This proposal was deliberated and adopted at the second extraordinary general meeting of the Company for 2023 on February 10, 2023.

3. Entrusted financial management

Applicable Not applicable

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

4. Other major contracts

Applicable Not applicable

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

XIII. Explanation of other important matters

Applicable Not applicable

1. Change of the Board of Directors and the Board of Supervisors

The Company held the 2023 second extraordinary general meeting on February 10, 2023. Upon voting at the general meeting, Mr. Miao Hangen, Mr. Ji Gaoxiong, Mr. Qiu Hairong and Mr. Yang Xiaowei were elected as non-independent directors of the ninth Board of Directors of the Company, and Mr. Yuan Jianxin, Mr. Xu Jinye and Mr. Ren Zhigang were elected as independent directors of the ninth Board of directors of the Company. The above seven persons jointly formed the ninth Bank of Directors of the Company; Mr. Yang Fangbin, Ms. Zhou Xuefeng and Mr. Jing Daoquan were elected as supervisors of the ninth Board of Supervisors of the Company. The above three employee supervisors and the Company's employee supervisors Mr. Ni Genyuan and Mr. Gu Shaohua, who were elected at the employee congress held on the same day, jointly formed the Company's ninth Board of Supervisor. The term of office of the ninth Board of Directors and the Board of Supervisors of the Company is three years, namely from February 10, 2023 to February 9, 2026.

2. Existence of GDR

According to the *Official Reply on Approving the Initial Public Offering of Global Depositary Receipts by Jiangsu Eastern Shenghong Co., Ltd. and Listing on the SIX Swiss Exchange* (ZJXX [2022] No.3151) issued by the China Securities Regulatory Commission, the Company issued 39,794,000 GDRs on December 28, 2022 (Swiss time) and listed on the SIX Swiss Exchange, corresponding to 397,940,000 underlying shares of the Company's A Shares.

The redemption restriction period for the Company's GDRs will expire on April 26, 2023 (Swiss time). The number of GDRs at the expiration of the redemption restriction period is 39,794,000, corresponding to 397,940,000 A shares of the Company.

As at the close of Shenzhen Stock Exchange on June 30, 2023, Citibank, National Association, the depository party of the Company's GDRs as the nominal holder, held 277,770,000 A-shares of the Company, accounting for 69.80% of the number of basic A-shares corresponding to the actual issuance of GDRs by the Company approved by the CSRC. The number of GDRs of the Company may be further reduced due to GDR redemption, and the redemption of GDRs will cause the number of A-shares of the Company held by the depository party Citibank, National Association as the nominal holder to be correspondingly reduced and traded in the domestic market according to the GDR cancellation order.

Inquiry related to the website for disclosure of interim reports on major events

Summary of Important Matters	Date of Disclosure	Website Query Index of Interim Report Disclosure
Change of the Board of Directors and the Board of Supervisors	February 11, 2023	CNINFO, Announcement on the Resolution of the Second Extraordinary General Meeting of Shareholders in 2023 (Announcement No.: 2023-021), Announcement on the Election of Employee Supervisors of the Ninth Board of Supervisors by the Employee Congress (Announcement No: 2023-022), etc.
Existence of the GDR	Apr 19, 2023	CNINFO, Announcement on the Imminent Expiry of the Restriction Period for GDR Redemption (Announcement No.: 2023-046)
	Apr 21, 2023	CNINFO, First Indicative Announcement on the Redeemability of GDRs (Announcement No.: 2023-051)
	April 22, 2023	CNINFO, Second Prompt Announcement on the Redemption of GDR (Announcement No.: 2023-052)
	April 25, 2023	CNINFO, Third Prompt Announcement on the Redemption of GDR (Announcement No.: 2023-053)

XIV. Significant events of the Company's subsidiaries

Applicable Not applicable

Section VII Changes in shares and shareholders' information

I. Changes in shares

1. Changes in shares

Unit: share

	Before this change		Change in the current period (+,-)					After this change	
	Quantity	Proportion	Issuance of new shares	Bonus shares	conversion of capital reserves into share capital	Others	Sub-total	Quantity	Proportion
I. Shares with restrictive conditions for sales	1,378,246,185.00	20.85%				- 264,036,687.00	- 264,036,687.00	1,114,209,498.00	16.85%
1. State-owned shares									
2. State-owned legal person's shares	29,810,827.00	0.45%				-29,810,827.00	-29,810,827.00	0	0.00%
3. Shares held by other domestic capital	1,319,123,552.00	19.96%				- 204,914,054.00	- 204,914,054.00	1,114,209,498.00	16.85%
Including: shares held by domestic legal person	1,277,175,903.00	19.32%				- 165,647,577.00	- 165,647,577.00	1,111,528,326.00	16.81%
Shares held by domestic natural person	41,947,649.00	0.63%				-39,266,477.00	-39,266,477.00	2,681,172.00	0.04%
4. Foreign shareholding	29,311,806.00	0.44%				-29,311,806.00	-29,311,806.00	0	0.00%
Including: shares held by overseas legal person	29,311,806.00	0.44%				-29,311,806.00	-29,311,806.00	0	0.00%
Shares held by overseas natural person									
II. Shares without restrictive conditions for sales	5,232,943,047.00	79.15%				264,060,082.00	264,060,082.00	5,497,003,129.00	83.15%

1. RMB common shares	5,232,943,047.00	79.15%				264,060,082.00	264,060,082.00	5,497,003,129.00	83.15%
2. Foreign shares listed domestically									
3. Foreign shares listed overseas									
4. Others									
III. Total number of shares	6,611,189,232.00	100.00%				23,395	23,395	6,611,212,627.00	100.00%

Reasons for changes in shares

Applicable Not applicable

Convertible debt-to-equity swap

On March 22, 2021, the Company publicly offered convertible corporate bonds ("Shenghong Convertible Bond", under bond code "127030"), which were listed and traded on the Shenzhen Stock Exchange as of April 21, 2021, with a tenor of 6 years. "Shenghong Convertible Bond" can be converted into shares of the Company from September 27, 2022. During the reporting period, due to the conversion of some "Shenghong Convertible Bond" into ordinary A shares of the Company, the total share capital of the Company increased by 23,395 shares.

Approval status of shareholding changes

Applicable Not applicable

Transfer status of share changes

Applicable Not applicable

Implementation progress of share repurchases

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

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

Applicable Not applicable

2. Changes in restricted shares

Applicable Not applicable

Unit: share

Shareholder's name	Number of restricted shares at the beginning of the period	Number of restricted shares lifted in the current period	Increase in restricted shares in the current period	Number of restricted shares at the end of the period	Reasons for sales restriction	Date of release of restricted sales
Shenghong Petrochemical Group Co., Ltd.	1,052,404,479	0	0	1,052,404,479	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in January 2022	January 26, 2025
Lianyungang Bohong Industrial Co., Ltd.	59,123,847	0	0	59,123,847		
22 shareholders including Jinan Jiangshan Investment Partnership (Limited Partnership)	266,714,109	266,714,109	0	0	Non-public issuance of additional shares in issuing shares and paying cash to purchase assets and raising supporting funds in July 2022	January 20, 2023
Ji Gaoxiong	0	0	802,500	802,500	Share purchase by directors participating in the shareholding increase plan	-
Qiu Hairong	0	0	554,625	554,625		-
Ni Genyuan	0	0	734,997	734,997	Share purchase by supervisors participating in the shareholding increase plan	-
Wang Jun	0	0	582,450	582,450	Share purchase by senior executives participating in the shareholding increase plan	-
Feng Qin	3,750	900	0	2,850	Share purchase after resignation of the supervisor	-
Sun Yihong	0	0	3,750	3,750	Share purchase after	-

					resignation of senior executive	
Total	1,378,246,185	266,715,009	2,678,322	1,114,209,498	--	--

II. Securities issuance and listing

Applicable Not applicable

III. Number and shareholding of the Company's shareholders

Unit: share

Total number of ordinary shareholders as at the end of the reporting period		123,098			Total number of preferred shareholders whose voting rights have been restored at the end of the reporting period		0
Shareholdings of ordinary shareholders holding more than 5% of shares or the top 10 ordinary shareholders							
Shareholder's name	Nature of shareholder	Shareholding ratio	Number of ordinary shares held as at the end of the reporting period	Increase/decrease in the reporting period	Number of ordinary shares with sales restriction	Number of ordinary shares with sales restriction	Pledge, mark or freezing
Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	41.87%	2,768,225,540	0	0	2,768,225,540	0
Shenghong Petrochemical Group Co., Ltd.	Domestic non-state-owned legal person	15.92%	1,052,404,479	0	1,052,404,479	0	0
Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	5.06%	334,821,428	0	0	334,821,428	0
Citibank, National Association	Overseas legal person	4.20%	277,770,000	-120,170,000	0	277,770,000	0
Hong Kong Securities Clearing Company Ltd.	Overseas legal person	1.98%	131,098,425	+10,331,099	0	131,098,425	0
Jiangsu Wujiang Silk Group Co., Ltd.	State-owned legal person	1.86%	122,662,170	+1,000,000	0	122,662,170	0
Suzhou Wujiang Dongfang State-	State-owned	1.43%	94,596,800	+82,000,000	0	94,596,800	0

owned Capital Investment Management Co., Ltd.	legal person						
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	Others	1.25%	82,522,600	0	0	82,522,600	0
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	Others	0.99%	65,657,432	+8,368,100	0	65,657,432	0
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	Others	0.96%	63,756,084	0	0	63,756,084	0
Strategic investors or general legal persons becoming the top 10 ordinary shareholders due to the placement of new shares	Not applicable						
Notes to shareholders' related relationship or concerted actions	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., and Shenghong (Suzhou) Group Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.						
Notes to the above shareholders' involvement in entrusted/entrusted voting rights and waiver of voting rights:	Not applicable						
Special note on the presence of repurchase accounts among the top 10 shareholders	Not applicable						
Shareholdings of the top 10 shareholders not subject to restricted conditions for sales							
Shareholder's name	Number of ordinary shares not subject to sales restrictions held as at the end of the reporting period	Type of shares					
		Type of shares	Quantity				
Jiangsu Shenghong Technology Co., Ltd.	2,768,225,540	RMB ordinary shares	2,768,225,540				

Shenghong (Suzhou) Group Co., Ltd.	334,821,428	RMB ordinary shares	334,821,428
Citibank, National Association	277,770,000	RMB ordinary shares	277,770,000
Hong Kong Securities Clearing Company Ltd.	131,098,425	RMB ordinary shares	131,098,425
Jiangsu Wujiang Silk Group Co., Ltd.	122,662,170	RMB ordinary shares	122,662,170
Suzhou Wujiang Dongfang State-owned Capital Investment Management Co., Ltd.	94,596,800	RMB ordinary shares	94,596,800
Shaanxi International Trust Co., Ltd. - SITI · Eastern Shenghong Phase II Employee Shareholding Collective Fund Trust Plan	82,522,600	RMB ordinary shares	82,522,600
Shaanxi International Trust Co., Ltd. - SITI · Controlling Shareholder and its Affiliates of Eastern Shenghong Phase III No.2 Employee Shareholding Collective Fund Trust Plan	65,657,432	RMB ordinary shares	65,657,432
Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund	63,756,084	RMB ordinary shares	63,756,084
Shaanxi International Trust Co., Ltd. - SITI Eastern Shenghong Phase III Employee Stock Ownership Collective Capital Trust Plan	58,935,155	RMB ordinary shares	58,935,155
Notes to the related relationship or concerted action among the top 10 shareholders of ordinary shares not subject to restricted conditions for sales, and between the top 10 shareholders of ordinary shares not subject to restricted conditions for sales and the top 10 shareholders of ordinary shares	Jiangsu Shenghong Technology Co., Ltd., Shenghong Petrochemical Group Co., Ltd., and Shenghong (Suzhou) Group Co., Ltd. are controlled by the same actual controller and are persons acting in concert. Beside this, the Company is not aware of whether there is any associated relationship among other shareholders, nor is it aware of their concerted actions.		
Notes to the participation of the top 10 shareholders of ordinary shares in the margin financing and securities lending business	Xuan Yuan Private Fund Investment Management (Guangdong) Co., Ltd. - Xuan Yuan Yuan Bao No.19 Private Securities Investment Fund, holds 0 share of the Company through an ordinary securities account, holds 63,756,084 shares of the Company through a credit transaction guaranteed securities account, and actually holds a total of 63,756,084 shares of the Company.		

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

Yes No

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

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

Applicable Not applicable

Name	Position	Position status	Number of shares held at the beginning of the period	Number of shares increased in the current period	Number of shares underweight in the current period	Number of shares held at the end of the period	Number of restricted shares granted
Ji Gaoxiong	Vice Chairman, Executive Deputy General Manager	Current	0	1,070,000	0	1,070,000	0
Qiu Hairong	Director, Deputy General Manager, Chief Financial Officer	Current	0	739,500	0	739,500	0
Ni Genyuan	Chairman of the board of supervisors	Current	0	979,996	0	979,996	0
Wang Jun	Assistant General Manager, Secretary of the Board of Directors	Current	0	776,600	0	776,600	0
Total	--	--	0	3,566,096	0	3,566,096	0

V. Changes in controlling shareholders or actual controllers

Changes in controlling shareholders during the reporting period

Applicable Not applicable

The controlling shareholder of the Company remained unchanged during the reporting period.

Changes in the actual controller during the reporting period

Applicable Not applicable

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

Section VIII Related Information of Preferred Shares

Applicable Not applicable

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

Section IX Bond Related Information

Applicable Not applicable

I. Enterprise bonds

Applicable Not applicable

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

II. Corporate bonds

Applicable Not applicable

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

III. Debt financing instruments of non-financial enterprises

Applicable Not applicable

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

IV. Convertible corporate bonds

Applicable Not applicable

1. Previous adjustments and corrections to the conversion price

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

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

According to the resolution of the Company's 2021 Annual General Meeting, the Company implemented the 2021 annual dividend distribution plan in May 2022. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.53/share to RMB 13.38/share, and the effective date of the adjustment of the conversion price was May 27, 2022.

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

According to the *Official Reply of the China Securities Regulatory Commission on Approving the Initial Public Offering of Global Depositary Receipts and Listing of Jiangsu Eastern Shenghong Co., Ltd. on the SIX Swiss Exchange* (ZJXK [2022] No.3151), the Company issued 39,794,000 GDR in December 2022, of which each GDR represents 10 A shares of the Company, and the total amount of new underlying securities represented by the GDR issued this time is 397,940,000 A shares. After the listing of the new shares, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.46/share to RMB 13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

According to the resolution of the Company's 2022 Annual General Meeting, the Company implemented the 2022 annual dividend distribution plan in May 2023. After the implementation of the equity distribution, the conversion price of "Shenghong Convertible Bonds" was adjusted from RMB 13.41/share to RMB 13.31/share, and the effective date of the conversion price adjustment was May 22, 2023.

2. Cumulative conversion status

☑Applicable ☐ Not applicable

Abbreviation	Commencement and ending date of conversion	Total number issued	Total amount of issue	Cumulative amount of conversion (RMB)	Cumulative number of shares converted (shares)	Proportion of the number of shares to be transferred to the total issued shares of the Company before the commencement date of equity transfer	Amount not yet converted into shares (RMB)	Proportion of the amount not converted to shares in the total amount of issue
Shenghong Convertible Bond	From September 27, 2021 to March 21, 2027	50,000,000	5,000,000,000.00	2,305,500.00	166,326	0.00%	4,997,694,500.00	99.95%

3. Information of the top ten convertible bond holders

No.	Name of holder of convertible bonds	Nature of holder of convertible bonds	Quantity of convertible bonds held at the end of the reporting period	Amount of convertible bonds held at the end of the reporting period (RMB)	Proportion of convertible bonds held at the end of the reporting period
1	Jiangsu Shenghong Technology Co., Ltd.	Domestic non-state-owned legal person	26,387,680	2,638,768,000.00	52.80%
2	Shenghong (Suzhou) Group Co., Ltd.	Domestic non-state-owned legal person	3,462,389	346,238,900.00	6.93%
3	Agricultural Bank of China Limited - Penghua Convertible Bond Fund	Others	972,215	97,221,500.00	1.95%
4	China Life AMP Asset Management - China Construction Bank - Life Insurance - Hybrid Portfolio Trusted by China Life AMP Asset Management under the entrustment of China Life Insurance (Group) Company	Others	604,490	60,449,000.00	1.21%
5	Industrial Bank Co., Ltd. -	Others	599,008	59,900,800.00	1.20%

	Guangfa Jiyu Bond Securities Investment Fund				
6	Dajia Asset - China CITIC Bank - Dajia Asset Houkun No.40 Collective Asset Management Product	Others	482,928	48,292,800.00	0.97%
7	Taikang Asset - Postal Savings Bank of China - Wentai Value No.3 Asset Management Product	Others	393,481	39,348,100.00	0.79%
8	E-Fund Anxin Income Fixed-income Pension Product - Industrial and Commercial Bank of China Limited	Others	362,326	36,232,600.00	0.72%
9	China Construction Bank Corporation - Huashang Credit Enhanced Bond Securities Investment Fund	Others	352,801	35,280,100.00	0.71%
10	Industrial and Commercial Bank of China Limited - Jinying Yuanfeng Bond Securities Investment Fund	Others	343,897	34,389,700.00	0.69%

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

Applicable Not applicable

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

On June 15, 2023, China Lianhe Credit Rating Co., Ltd. issued the LH [2023] No.3619 *Credit Rating Announcement*, which, through tracking analysis and evaluation of the credit status of the Company and its related bonds, determines that the long-term credit rating of the Company was AA+; the credit rating of "Shenghong Convertible Bond" was AA+ and the rating outlook was stable.

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

Applicable Not applicable

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

Monetary unit: RMB '0,000

Item	At the end of the reporting period	At the end of previous year	Increase/decrease at the end of the reporting period compared to the end of the previous year
Current Ratio	51.06	61.73	-17.28%
Asset-liability Ratio	78.90%	78.56%	0.34%
Quick Ratio	28.73	29.50	-2.61%
Earnings before Interest, Taxes, Depreciation and Amortization	498,216.83	394,254.21	26.37%
	Reporting period	Same period of last year	YOY changes during the

			reporting period
Net profit after deducting the extraordinary items	155,965.57	159,582.46	-2.27%
EBITDA all debt ratio	4.32%	3.62%	0.70%
Interest coverage multiple	1.3487	1.2713	6.09%
Cash interest coverage multiple	3.4609	3.2394	6.84%
EBITDA interest coverage multiple	2.0227	1.8004	12.35%
Loan repayment ratio	100.00%	100.00%	0.00%
Interest repayment ratio	100.00%	100.00%	0.00%

Section X Financial reports

I. Auditor's Report

Whether the semi-annual report is audited or not

Yes No

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

II. Financial Statements

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

1. Consolidated Balance Sheet

Prepared by: Jiangsu Eastern Shenghong Co., Ltd.

As at June 30, 2023

Monetary Unit: RMB

Item	As at June 30, 2023	As at December 31, 2022
Current assets:		
Monetary funds	10,719,538,535.60	12,243,627,249.26
Balances with clearing companies		
Loans to banks and other financial institutions		
Financial assets held for trading	74,637,347.06	83,769,328.71
Derivative financial assets		
Notes receivable	50,741,928.48	91,597,634.56
Accounts receivable	1,954,057,985.78	694,576,855.29
Receivables financing	274,094,067.17	121,280,859.60
Advances to suppliers	2,687,235,237.00	409,108,480.99
Premiums receivable		
Reinsurance accounts receivable		
Reinsurance contract reserve receivable		
Other receivables	475,098,507.34	819,622,327.79
Including: interest receivable		
Dividends receivable		
Financial assets purchased under resale agreements		
Inventories	12,899,973,078.55	17,533,086,586.31
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	364,120,624.17	1,589,003,836.83

Total current assets	29,499,497,311.15	33,585,673,159.34
Non-current assets:		
Loans and advances to customers		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	95,572,956.54	110,741,030.96
Other equity instrument investments	580,780,040.00	580,780,040.00
Other non-current financial assets		
Investment properties	683,872,792.94	703,380,396.54
Fixed assets	97,420,669,410.22	39,953,986,703.24
Construction in progress	32,930,787,637.35	80,121,609,139.42
Productive biological assets		
Oil and gas assets		
Right-of-use assets	1,552,044,410.77	1,612,861,760.99
Intangible assets	4,503,691,557.51	4,182,362,937.17
Development expenses		
Goodwill	692,058,513.24	692,058,513.24
Long-term deferred expenses	2,735,011.35	4,386,809.81
Deferred income tax assets	920,029,222.12	911,175,239.38
Other non-current assets	5,517,510,415.74	4,052,697,675.69
Total non-current assets	144,899,751,967.78	132,926,040,246.44
Total assets	174,399,249,278.93	166,511,713,405.78
Current liabilities:		
Short-term borrowings	30,193,195,804.29	26,155,359,814.42
Borrowings from central bank		
Loans from banks and other financial institutions		
Financial liabilities held for trading		
Derivative financial liabilities	10,487,642.89	
Notes payable	1,524,471,958.19	2,364,309,399.89
Accounts payable	12,495,754,127.50	13,169,038,472.75
Advances from customers	24,852,169.71	31,031,697.74
Contract liabilities	1,582,213,596.12	1,401,254,796.06
Funds from sales of financial assets under repurchase agreement		
Absorption of deposits and interbank deposit		
Receivings from vicariously traded		

securities		
Receivings from vicariously sold securities		
Employee compensation payable	320,989,126.68	539,995,029.57
Taxes and surcharges payable	1,343,255,414.11	421,218,281.62
Other payables	337,953,827.26	405,928,757.49
Including: interest payable		
Dividends payable		
Handling charges and commissions payable		
Reinsurance accounts payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	9,746,805,030.12	9,743,348,814.61
Other current liabilities	199,299,540.38	177,892,150.07
Total current liabilities	57,779,278,237.25	54,409,377,214.22
Non-current liabilities:		
Reserves for insurance contracts		
Long-term borrowings	69,681,202,388.75	66,234,747,647.66
Bonds payable	4,256,794,935.51	4,143,110,281.98
Including: preferred shares		
Perpetual bonds		
Lease liabilities	1,361,237,908.31	1,398,029,978.09
Long-term payables	1,175,637,611.90	1,383,990,471.34
Long-term employee compensation payable		
Estimated liabilities		
Deferred income	2,245,021,752.40	2,248,454,419.59
Deferred income tax liabilities	1,081,906,607.28	971,493,075.48
Other non-current liabilities	21,673,389.17	24,984,480.48
Total non-current liabilities	79,823,474,593.32	76,404,810,354.62
Total liabilities	137,602,752,830.57	130,814,187,568.84
Owners' equity:		
Share capital	9,599,612,335.16	9,599,588,940.16
Other equity instruments	906,759,153.43	906,691,995.86
Including: preferred shares		
Perpetual bonds		
Capital reserves	18,209,968,021.45	18,209,793,170.31
Less: treasury stock		
Other comprehensive income	95,525,929.70	74,539,490.29

Special reserves	67,152,590.82	7,838,677.20
Surplus reserves	603,991,295.17	603,991,295.17
General risk reserves		
Undistributed profits	7,317,752,352.40	6,298,390,031.62
Total equity attributable to owners of the parent company	36,800,761,678.13	35,700,833,600.61
Minority equity	-4,265,229.77	-3,307,763.67
Total owners' equity	36,796,496,448.36	35,697,525,836.94
Total liabilities and owner's equity	174,399,249,278.93	166,511,713,405.78

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

2. Parent Company's Balance Sheet

Monetary Unit: RMB

Item	As at June 30, 2023	As at December 31, 2022
Current assets:		
Monetary funds	3,939,980,313.04	5,723,798,761.84
Financial assets held for trading	74,637,347.06	83,147,068.34
Derivative financial assets		
Notes receivable		3,467,278.00
Accounts receivable	307,916,100.76	104,708,347.83
Receivables financing		
Advances to suppliers	2,291,978.22	1,562,123.96
Other receivables	1,196,478,850.04	892,626,224.88
Including: interest receivable		
Dividends receivable		
Inventories	21,949,513.37	32,277,660.22
Contract assets		
Assets held for sale		
Non-current assets maturing within one year		
Other current assets	14,417,138.78	16,410,136.63
Total current assets	5,557,671,241.27	6,857,997,601.70
Non-current assets:		
Creditor's right investments		
Other creditor's right investments		
Long-term receivables		
Long-term equity investments	53,758,358,787.08	53,558,561,894.73
Other equity instrument investments	580,780,040.00	580,780,040.00

Other non-current financial assets		
Investment properties	293,832,924.08	302,298,147.89
Fixed assets	342,219,388.22	357,857,430.66
Construction in progress	18,996,278.91	2,351,210.57
Productive biological assets		
Oil and gas assets		
Right-of-use assets		
Intangible assets	66,860,829.28	68,086,449.38
Development expenses		
Goodwill		
Long-term deferred expenses		
Deferred income tax assets	78,856,029.47	16,461,851.14
Other non-current assets	390,000.00	955,828.00
Total non-current assets	55,140,294,277.04	54,887,352,852.37
Total assets	60,697,965,518.31	61,745,350,454.07
Current liabilities:		
Short-term borrowings	2,900,112,133.46	2,342,696,894.48
Financial liabilities held for trading		
Derivative financial liabilities		
Notes payable	107,000,000.00	207,000,000.00
Accounts payable	1,750,806,198.28	1,868,972,248.83
Advances from customers	24,852,169.71	31,031,697.74
Contract liabilities	2,818,463,299.93	2,637,522,189.17
Employee compensation payable	9,517,741.50	19,893,689.67
Taxes and surcharges payable	6,812,255.78	6,105,738.50
Other payables	3,152,317,165.84	3,837,265,391.21
Including: interest payable		
Dividends payable		
Liabilities held for sale		
Non-current liabilities maturing within one year	1,677,198,974.38	1,589,328,002.58
Other current liabilities	364,470,038.44	342,264,314.20
Total current liabilities	12,811,549,977.32	12,882,080,166.38
Non-current liabilities:		
Long-term borrowings	4,281,900,000.00	4,404,000,000.00
Bonds payable	4,256,794,935.51	4,143,110,281.98
Including: preferred shares		
Perpetual bonds		

Lease liabilities		
Long-term payables		
Long-term employee compensation payable		
Estimated liabilities		
Deferred income		
Deferred income tax liabilities	226,664,935.21	256,864,919.68
Other non-current liabilities	21,673,389.17	24,984,480.48
Total non-current liabilities	8,787,033,259.89	8,828,959,682.14
Total liabilities	21,598,583,237.21	21,711,039,848.52
Owners' equity:		
Share capital	6,611,212,627.00	6,611,189,232.00
Other equity instruments	906,759,153.43	906,691,995.86
Including: preferred shares		
Perpetual bonds		
Capital reserves	29,749,944,620.85	29,749,769,769.71
Less: treasury stock		
Other comprehensive income	66,210,030.00	66,210,030.00
Special reserves		
Surplus reserves	652,896,900.49	652,896,900.49
Undistributed profits	1,112,358,949.33	2,047,552,677.49
Total owners' equity	39,099,382,281.10	40,034,310,605.55
Total liabilities and owner's equity	60,697,965,518.31	61,745,350,454.07

3. Consolidated Income Statement

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
I. Total operating revenue	65,899,893,060.67	30,242,102,319.11
Including: operating revenue	65,899,893,060.67	30,242,102,319.11
Interest income		
Premiums earned		
Revenue from handling charges and commissions		
II. Total operating costs	63,414,482,614.33	28,324,893,802.08
Including: operating costs	56,995,628,876.72	26,640,455,316.06
Interest expenses		
Handling charge and commission expenses		
Surrenders		
Net amount of compensation payout		

Net amount withdrawn for insurance contract reserves		
Policy dividend payment		
Reinsurance costs		
Taxes and surcharges	4,329,601,707.20	96,814,469.57
Selling and distribution expenses	197,296,550.24	91,184,333.22
General and administrative expenses	363,083,439.83	314,187,056.45
Research and development expenses	252,753,431.01	243,741,835.54
Financial expenses	1,276,118,609.33	938,510,791.24
Including: interest expenses	1,326,468,560.72	924,743,515.29
Interest income	92,801,503.64	82,817,737.24
Plus: other income	70,034,830.93	61,445,441.71
Investment income ("-" for losses)	-25,905,507.77	-4,616,499.86
Including: income from investment in associates and joint ventures	-14,600,085.01	-1,780,321.97
Gains from derecognition of financial assets measured at amortized cost		
Gains from foreign exchange ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	-19,002,860.16	-522,395.04
Losses from credit impairment ("-" for losses)	-4,742,704.22	-38,395,450.43
Losses from asset impairment ("-" for losses)	-621,088,208.09	-78,817,755.52
Gains from disposal of assets ("-" for losses)	58,651,199.72	-7,185,304.56
III. Operating profits ("-" for losses)	1,943,357,196.75	1,849,116,553.33
Plus: non-operating revenue	60,519,482.34	16,654,603.83
Less: non-operating expenses	8,375,654.09	16,418,671.75
IV. Total profits ("-" for total losses)	1,995,501,025.00	1,849,352,485.41
Less: income tax expenses	315,974,930.12	223,271,202.66
V. Net profit ("-" for net loss)	1,679,526,094.88	1,626,081,282.75
(I) Classified by operating sustainability		
1. Net profit from continued operation ("-" for net loss)	1,679,526,094.88	1,626,081,282.75
2. Net profit from discontinued operation (- for net loss)		
(II) Classified by ownership		
1. Net profit attributable to shareholders of the parent company ("-" for net loss)	1,680,483,560.98	1,628,239,039.50
2. Minority interest income ("-" for net loss)	-957,466.10	-2,157,756.75
VI. Other comprehensive income, net of tax	20,986,439.41	-684,009.16
Other comprehensive income, net of tax attributable to owners of the parent company	20,986,439.41	-681,959.80
(I) Other comprehensive income that cannot be reclassified into profit or loss		

1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in the fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss	20,986,439.41	-681,959.80
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right investments		
3. Amount of financial assets reclassified and included in other comprehensive income		
4. Provision for credit impairment of other creditor's right investments		
5. Cash flow hedging reserve		
6. Differences arising from translation of foreign-currency financial statements	20,986,439.41	-681,959.80
7. Others		
Other comprehensive income, net of tax attributable to minority shareholders		-2,049.36
VII. Total comprehensive income	1,700,512,534.29	1,625,397,273.59
Total comprehensive income attributable to owners of the parent company	1,701,470,000.39	1,627,557,079.70
Total comprehensive income attributable to minority shareholders	-957,466.10	-2,159,806.11
VIII. Earnings per share:		
(I) Basic earnings per share	0.25	0.27
(II) Diluted earnings per share	0.24	0.26

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

4. Parent Company's Income Statement

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
I. Operating revenue	3,789,741,019.40	4,091,000,207.42
Less: operating costs	3,644,030,294.32	3,976,370,526.03
Taxes and surcharges	10,547,120.99	20,458,447.13
Selling and distribution expenses	238,930.31	160,327.32

General and administrative expenses	43,180,668.09	29,246,165.10
Research and development expenses		
Financial expenses	454,175,513.27	442,124,254.39
Including: interest expenses	407,110,428.45	439,432,298.14
Interest income	24,566,399.04	11,645,535.87
Plus: other income	371,360.06	7,537,675.24
Investment income ("-" for losses)	3,787,183.33	-4,943,462.24
Including: income from investment in associates and joint ventures	-203,107.65	55,833.94
Gains from derecognition of financial assets measured at amortized cost ("-" for losses)		
Gains from net exposure hedging ("-" for losses)		
Gains from changes in fair value ("-" for losses)	-8,509,721.28	6,784,665.03
Losses from credit impairment ("-" for losses)	613,859.38	1,435,029.29
Losses from asset impairment ("-" for losses)		
Gains from disposal of assets ("-" for losses)	2,950.89	64,676.74
II. Operating profits ("-" for losses)	-366,165,875.20	-366,480,928.49
Plus: non-operating revenue	630,548.64	359,590.94
Less: non-operating expenses	1,131,324.20	306,316.37
III. Total profits ("-" for total losses)	-366,666,650.76	-366,427,653.92
Less: income tax expenses	-92,594,162.80	-206,570,174.89
IV. Net profit ("-" for net loss)	-274,072,487.96	-159,857,479.03
(I) Net profit from continued operation ("-" for net loss)	-274,072,487.96	-159,857,479.03
(II) Net profit from discontinued operation ("-" for net loss)		
V. Other comprehensive income, net of tax		
(I) Other comprehensive income that cannot be reclassified into profit or loss		
1. Changes in re-measurement of the defined benefit plan		
2. Other comprehensive income that cannot be transferred to profit or loss under the equity method		
3. Changes in fair value of other equity instrument investments		
4. Changes in the fair value of the Company's own credit risk		
5. Others		
(II) Other comprehensive income that will be reclassified into profit or loss		
1. Other comprehensive income that can be transferred to profit or loss under the equity method		
2. Changes in fair value of other creditor's right		

investment		
3. Amount of financial assets reclassified into other comprehensive income		
4. Provision for credit impairment of other creditor's rights investment		
5. Cash flow hedging reserve		
6. Differences arising from translation of foreign-currency financial statements		
7. Others		
VI. Total comprehensive income	-274,072,487.96	-159,857,479.03
VII. Earnings per share:		
(I) Basic earnings per share		
(II) Diluted earnings per share		

5. Consolidated Statement of Cash Flows

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	72,516,769,814.45	31,238,406,272.40
Net increase in deposits from customers and deposits with banks and other financial institutions		
Net increase in borrowings from central bank		
Net increase in loans from other financial institutions		
Cash received from receiving insurance premiums of original insurance contracts		
Net cash received from reinsurance business		
Net increase in deposits and investments from policyholders		
Cash received from interest, handling charges and commissions		
Net increase in loans from banks and other financial institutions		
Net capital increase in repurchase business		
Net cash received from vicariously traded securities		
Refunds of taxes and surcharges	1,211,556,514.56	4,555,487,259.76
Cash received from other operating activities	3,050,613,785.28	5,410,714,121.05
Sub-total of cash inflows from operating activities	76,778,940,114.29	41,204,607,653.21
Cash paid for goods purchased and services received	58,843,185,703.33	27,972,928,601.58
Net increase in loans and advances to customers		
Net increase in deposits in central bank and other banks		

and financial institutions		
Cash paid for original insurance contract claims		
Net increase in loans to banks and other financial institutions		
Cash paid for interest, handling charges and commissions		
Cash paid for policy dividends		
Cash paid to and on behalf of employees	1,852,199,094.95	1,362,705,315.77
Various taxes and surcharges paid	4,626,702,676.18	656,228,724.88
Cash paid for other operating activities	3,871,369,104.22	5,106,110,551.66
Sub-total of cash outflows from operating activities	69,193,456,578.68	35,097,973,193.89
Net cash flows from operating activities	7,585,483,535.61	6,106,634,459.32
II. Cash flows from investing activities:		
Cash received from withdraw of investments	19,919,135.79	294,113.99
Cash received from investment income	5,106,970.94	51,392,192.00
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	443,944,001.73	4,364,090.26
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities	1,046,868,802.95	2,196,142,374.68
Subtotal of cash inflows from investing activities	1,515,838,911.41	2,252,192,770.93
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	13,957,278,696.29	13,431,598,080.14
Cash paid for investments	34,873,009.05	2,109,119,033.15
Net increase in pledge loans		
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities	397,763,247.21	3,538,028,939.70
Sub-total of cash outflows from investing activities	14,389,914,952.55	19,078,746,052.99
Net cash flows from investing activities	-12,874,076,041.14	-16,826,553,282.06
III. Cash flows from financing activities:		
Cash received from absorption of investments		4,077,798,690.97
Including: cash received by subsidiaries from investments by minority shareholders		
Cash received from borrowings	26,005,986,938.66	32,908,800,745.46
Cash received from other financing activities	550,000,000.00	3,004,900,000.00
Subtotal of cash inflows from financing activities	26,555,986,938.66	39,991,499,436.43
Cash paid for debts repayments	18,879,829,144.35	12,302,570,901.34
Cash paid for distribution of dividends and profits or payment of interest	2,906,629,513.92	2,871,698,367.43
Including: dividends or profits paid to minority		

shareholders by subsidiaries		
Cash paid for other financing activities	1,046,722,575.77	6,005,517,114.65
Sub-total of cash outflows from financing activities	22,833,181,234.04	21,179,786,383.42
Net cash flows from financing activities	3,722,805,704.62	18,811,713,053.01
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-3,149,623.89	32,381,829.52
V. Net increase in cash and cash equivalents	-1,568,936,424.80	8,124,176,059.79
Plus: beginning balance of cash and cash equivalents	10,003,518,583.15	9,678,121,585.63
VI. Ending balance of cash and cash equivalents	8,434,582,158.35	17,802,297,645.42

6. Parent Company's Statement of Cash Flows

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023	Six Months Ended June 30, 2022
I. Cash flows from operating activities:		
Cash received from sales of goods and rendering of services	10,131,449,791.55	8,954,772,044.29
Refunds of taxes and surcharges	1,550,016.67	
Cash received from other operating activities	9,344,001,347.77	79,428,780,762.42
Sub-total of cash inflows from operating activities	19,477,001,155.99	88,383,552,806.71
Cash paid for goods purchased and services received	8,731,400,062.01	4,441,797,643.61
Cash paid to and on behalf of employees	61,933,230.34	61,270,071.67
Cash paid for taxes and surcharges	14,136,133.78	33,998,413.68
Cash paid for other operating activities	7,078,697,937.40	84,883,337,447.17
Sub-total of cash outflows from operating activities	15,886,167,363.53	89,420,403,576.13
Net cash flows from operating activities	3,590,833,792.46	-1,036,850,769.42
II. Cash flows from investing activities:		
Cash received from withdraw of investments		1,244,987,647.14
Cash received from investment income	3,990,290.98	209,070,970.86
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	89,375,280.00	542,752.00
Net cash received from disposal of subsidiaries and other business units		
Cash received from other investing activities		
Subtotal of cash inflows from investing activities	93,365,570.98	1,454,601,370.00
Cash paid to acquire and construct fixed assets, intangible assets and other long-term assets	24,883,465.03	36,028,167.20
Cash paid for investments	202,993,519.91	2,518,727,200.00
Net cash paid to acquire subsidiaries and other business units		
Cash paid for other investing activities		

Sub-total of cash outflows from investing activities	227,876,984.94	2,554,755,367.20
Net cash flows from investing activities	-134,511,413.96	-1,100,153,997.20
III. Cash flows from financing activities:		
Cash from absorption of investments		4,077,798,690.97
Cash received from borrowings	2,157,100,000.00	7,868,000,000.00
Cash received from other financing activities	467,500,000.00	1,800,000,000.00
Subtotal of cash inflows from financing activities	2,624,600,000.00	13,745,798,690.97
Cash paid for debts repayments	3,061,100,000.00	4,958,031,070.00
Cash paid for distribution of dividends and profits or payment of interest	911,070,595.88	1,180,695,084.87
Cash paid for other financing activities	3,958,828,362.50	3,015,005,572.00
Sub-total of cash outflows from financing activities	7,930,998,958.38	9,153,731,726.87
Net cash flows from financing activities	-5,306,398,958.38	4,592,066,964.10
IV. Effect of fluctuation in exchange rate on cash and cash equivalents	-63,006,101.95	221.72
V. Net increase in cash and cash equivalents	-1,913,082,681.83	2,455,062,419.20
Plus: beginning balance of cash and cash equivalents	5,471,756,379.20	204,710,085.27
VI. Ending balance of cash and cash equivalents	3,558,673,697.37	2,659,772,504.47

7. Consolidated Statement of Changes in Owners' Equity

Current period

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023														Minority equity	Total owners' equity
	Equity attributable to owners of the parent company												Sub-total			
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others				
	Preferred shares	Perpetual bonds	Others													
I. Balance at the end of the previous period	9,599,588,940.16			906,691,995.86	18,209,793,170.31		74,539,490.29	7,838,677.20	603,991,295.17		6,298,390,031.62		35,700,833,600.61	3,307,763.67	-	35,697,525,836.94
Plus: changes in accounting policies																
Correction of accounting errors in prior period																
Business combination under common control																
Others																
II. Balance at the beginning of the year	9,599,588,940.16			906,691,995.86	18,209,793,170.31		74,539,490.29	7,838,677.20	603,991,295.17		6,298,390,031.62		35,700,833,600.61	3,307,763.67	-	35,697,525,836.94
III. Increases/decreases in the current period ("-" for decreases)	23,395.00			67,157.57	174,851.14		20,986,439.41	59,313,913.62			1,019,362,320.78		1,099,928,077.52	-957,466.10		1,098,970,611.42
(I) Total comprehensive income							20,986,439.41				1,680,483,560.98		1,701,470,000.39	-957,466.10		1,700,512,534.29
(II) Capital contributed or reduced by owners	23,395.00			67,157.57	174,851.14								265,403.71			265,403.71
1. Common stock contributed by owners																
2. Capital contributed by the	23,395.00			67,157.57	174,851.14								265,403.71			265,403.71

Full Text of the semi-annual report for the six months ended June 30, 2023 of Jiangsu Eastern Shenghong Co., Ltd.

(V) Special reserves							59,313,913.62						59,313,913.62		59,313,913.62
1. Amount withdrawn in the current period							158,815,528.73						158,815,528.73		158,815,528.73
2. Amount used in the current period							99,501,615.11						99,501,615.11		99,501,615.11
(VI) Others															
IV. Balance at the end of the current period	9,599,612,335.16			906,759,153.43	18,209,968,021.45		95,525,929.70	67,152,590.82	603,991,295.17		7,317,752,352.40		36,800,761,678.13	4,265,229.77	36,796,496,448.36

Prior year

Monetary Unit: RMB

Item	Six Months Ended June 30, 2022														Minority equity	Total owners' equity
	Equity attributable to owners of the parent company												Sub-total			
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	General risk reserves	Undistributed profits	Others				
	Preferred shares	Perpetual bonds	Others													
I. Balance at the end of the previous period	8,934,888,229.16			1,218,368,686.59	10,161,654,344.13		61,610,475.56	20,965,757.18	601,569,763.59		6,615,477,283.13		27,614,534,539.34	1,793,494,538.72	29,408,029,078.06	
Plus: changes in accounting policies											40,763,117.46		40,763,117.46		40,763,117.46	
Correction of accounting errors in prior period																
Business combination under common control					10,000,000.00						-19,486,429.55		-9,486,429.55		-9,486,429.55	
Others																
II. Balance at the beginning of the year	8,934,888,229.16			1,218,368,686.59	10,171,654,344.13		61,610,475.56	20,965,757.18	601,569,763.59		6,636,753,971.04		27,645,811,227.25	1,793,494,538.72	29,439,305,765.97	
III. Increases/decreases in the current period ("-" for decreases)	266,747,595.00			-110,706.74	3,461,024,205.41		9,041,259.08	11,288,829.97			744,134,060.51		4,469,547,583.29	1,793,494,610.25	2,676,052,973.04	

Full Text of the semi-annual report for the six months ended June 30, 2023 of Jiangsu Eastern Shenghong Co., Ltd.

(I) Total comprehensive income							9,041,259.08					1,636,110,429.11		1,645,151,688.19	-2,159,548.53	1,642,992,139.66
(II) Capital contributed or reduced by owners	266,747,595.00			-110,706.74	3,789,397,910.40									4,056,034,798.66	2,116,819,093.21	1,939,215,705.45
1. Common stock contributed by owners	266,714,109.00				3,788,958,625.27									4,055,672,734.27	2,116,819,093.21	1,938,853,641.06
2. Capital contributed by the holders of other equity instruments	33,486.00			-110,706.74	439,285.13									362,064.39		362,064.39
3. Amounts of share-based payments recognized in owners' equity																
4. Others																
(III) Profit distribution												-891,976,368.60		-891,976,368.60		-891,976,368.60
1. Withdrawal of surplus reserves																
2. Withdrawal of general risk reserves																
3. Profit distributed to owners (or shareholders)												-891,976,368.60		-891,976,368.60		-891,976,368.60
4. Others																
(IV) Internal carry-forward of owners' equity																
1. Conversion of capital reserves into paid-in capital (or share capital)																
2. Conversion of surplus reserves into paid-in capital (or share capital)																
3. Surplus reserves																

offsetting losses															
4. Carry-forward of changes in the defined benefit plan for retained earnings															
5. Carry-forward of other comprehensive income for retained earnings															
6. Others															
(V) Special reserves								11,288,829.97					-11,288,829.97		-11,288,829.97
1. Amount withdrawn in the current period								37,327,984.04					37,327,984.04		37,327,984.04
2. Amount used in the current period								48,616,814.01					48,616,814.01		48,616,814.01
(VI) Others					-328,373,704.99								-328,373,704.99	325,484,031.49	-2,889,673.50
IV. Balance at the end of the current period	9,201,635,824.16			1,218,257,979.85	13,632,678,549.54	70,651,734.64	9,676,927.21	601,569,763.59		7,380,888,031.55		32,115,358,810.54	-71.53	32,115,358,739.01	

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

Current period

Monetary Unit: RMB

Item	Six Months Ended June 30, 2023											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous period	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55
Plus: changes in accounting policies												
Correction of accounting errors in												

prior period												
Others												
II. Balance at the beginning of the year	6,611,189,232.00			906,691,995.86	29,749,769,769.71		66,210,030.00		652,896,900.49	2,047,552,677.49		40,034,310,605.55
III. Increases/decreases in the current period ("-" for decreases)	23,395.00			67,157.57	174,851.14					-935,193,728.16		-934,928,324.45
(I) Total comprehensive income										-274,072,487.96		-274,072,487.96
(II) Capital contributed or reduced by owners	23,395.00			67,157.57	174,851.14							265,403.71
1. Common stock contributed by owners												
2. Capital contributed by the holders of other equity instruments	23,395.00			67,157.57	174,851.14							265,403.71
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution										-661,121,240.20		-661,121,240.20
1. Withdrawal of surplus reserves												
2. Profit distributed to owners (or shareholders)										-661,121,240.20		-661,121,240.20
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into paid-in capital (or share capital)												

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

Prior year

Monetary Unit: RMB

Item	Six Months Ended June 30, 2022											
	Share capital	Other equity instruments			Capital reserves	Less: treasury stock	Other comprehensive income	Special reserves	Surplus reserves	Undistributed profits	Others	Total owners' equity
		Preferred shares	Perpetual bonds	Others								
I. Balance at the end of the previous period	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13
Plus: changes in accounting policies												

Correction of accounting errors in prior period												
Others												
II. Balance at the beginning of the year	5,946,488,521.00			1,218,368,686.59	21,394,743,718.63		68,171,865.00		652,896,900.49	3,310,159,838.42		32,590,829,530.13
III. Increases/decreases in the current period ("-" for decreases)	266,747,595.00			-110,706.74	3,789,397,910.40					1,051,833,847.63		3,004,200,951.03
(I) Total comprehensive income										-159,857,479.03		-159,857,479.03
(II) Capital contributed or reduced by owners	266,747,595.00			-110,706.74	3,789,397,910.40							4,056,034,798.66
1. Common stock contributed by owners	266,714,109.00				3,788,958,625.27							4,055,672,734.27
2. Capital contributed by the holders of other equity instruments	33,486.00			-110,706.74	439,285.13							362,064.39
3. Amounts of share-based payments recognized in owners' equity												
4. Others												
(III) Profit distribution										-891,976,368.60		-891,976,368.60
1. Withdrawal of surplus reserves												
2. Profit distributed to owners (or shareholders)										-891,976,368.60		-891,976,368.60
3. Others												
(IV) Internal carry-forward of owners' equity												
1. Conversion of capital reserves into												

paid-in capital (or share capital)												
2. Conversion of surplus reserves into paid-in capital (or share capital)												
3. Surplus reserves offsetting losses												
4. Carry-forward of changes in the defined benefit plan for retained earnings												
5. Carry-forward of other comprehensive income for retained earnings												
6. Others												
(V) Special reserves												
1. Amount withdrawn in the current period												
2. Amount used in the current period												
(VI) Others												
IV. Balance at the end of the current period	6,213,236,116.00			1,218,257,979.85	25,184,141,629.03		68,171,865.00		652,896,900.49	2,258,325,990.79		35,595,030,481.16

III. Company profile

(I) Company overview

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

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

As of June 30, 2023, the Company has a total issued share capital of 6,611.2126 million shares and a registered capital of RMB 6,611.1892 million, with registered office at No.73, East Market Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province and headquarters' address at No.73, East Market Road, Shengze Town, Wujiang District, Suzhou City, Jiangsu Province.

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

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

The financial statements have been approved by the Board of Directors of the Company on August 9, 2023 for disclosure.

(II) Scope of consolidated financial statements

As of June 30, 2023, companies within the scope of the consolidated financial statements of the Company are as follows:

Company
Jiangsu Guowang High-tech Fibre Co., Ltd.
Suzhou Shenghong Fiber Co., Ltd.
Jiangsu Zhonglu Technology Development Co., Ltd.
Jiangsu Shenghong Fiber Testing Co., Ltd.

Jiangsu Ganghong Fiber Co., Ltd.
Jiangsu Shenghong Technology and Trade Co., Ltd.
Lantean Holding Group Co., Limited
Suzhou Tangnan Sewage Treatment Co., Ltd.
Suzhou Suzhen Biological Engineering Co., Ltd.
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.
Suzhou Shenghong Data Cloud Technology Co., Ltd.
Suzhou Shengze Real Estate Leasing Co., Ltd.
Suzhou Shengze Warehousing Management Co., Ltd.
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.
Jiangsu Honggang Petrochemical Co., Ltd.
Lianyungang Guanhong Trading Co., Ltd.
Shenghong (Lianyungang) Refining & Chemical Co., Ltd.
Shenghong Refining and Chemical (Lianyungang) Port Storage and Transportation Co., Ltd.
Shenghong Oils Sales Co., Ltd.
Shenghong (Lianyungang) Oils Sales Co., Ltd.
Shenghong Petrochemical (Singapore) International Co., Ltd.
Shenghong Shipping (Singapore) International Co., Ltd.
Lianyungang Shengtai New Materials Co., Ltd.
Shenghong (Shanghai) Polyester Material Co., Ltd.
Jiangsu Shengjing New Materials Co., Ltd.
Shenghong New Materials (Suqian) Co., Ltd.
Jiangsu Reborn Eco-tech Co., Ltd.
Guowang High-tech Fibre (Suqian) Co., Ltd.
Siyang Yiyang Environmental Protection Technology Co., Ltd.
Honghai New Materials (Suqian) Co., Ltd.
Hongbang New Materials (Suqian) Co., Ltd.
Siyang Yiyang Environmental Energy Co., Ltd.
Jiangsu Sierbang Petrochemical Co., Ltd.
Lianyungang Shunmeng Trading Co., Ltd.
Jiangsu Hongjing New Materials Co., Ltd.
Jiangsu Hongwei Chemical Co., Ltd.
Lianyungang Hongke New Materials Co., Ltd.
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.
Inner Mongolia Shenghuayi Energy Co., Ltd.
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.

Shenghong (Shanghai) New Material Technology Co., Ltd.
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.
Shenghong New Energy (Suzhou) Co., Ltd.
Suzhou Dongneng Innovation Technology Co., Ltd.
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.
Hubei Hongrui New Materials Co., Ltd.
Hubei Haiges New Energy Co., Ltd.

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

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

IV. Basis for preparation of the financial statements

1. Preparation Basis

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

2. Going concern

The financial statements are prepared based on going concern.

V. Principal accounting policies and accounting estimates

Tips of specific accounting policies and accounting estimates:

The following disclosures have covered the specific accounting policies and estimates formulated by the Company according to its actual production and operation features. Please refer to Note V(XXVII) Revenue for details.

1. Statement on compliance with Accounting Standards for Business Enterprises

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company's financial position of the Company as at June 30, 2023, and the consolidated and the parent company's financial performance and cash flows for the six months then ended.

2. Accounting period

The financial statements meet the requirements of the Accounting Standards for Business Enterprises issued by the Ministry of Finance, and truly and completely reflect the consolidated and the parent company's financial position of the Company as at June 30, 2023, and the consolidated and the parent company's financial performance and cash flows for the six months then ended.

3. Operating cycle

The Company's operating cycle is 12 months.

4. Functional currency

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

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

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

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

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

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

6. Preparation method of consolidated financial statements

Scope of consolidation

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

Procedures for consolidation

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

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

(1) Increase of subsidiaries or business

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

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

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

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

(2) Disposal of subsidiaries

① General method of disposal

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

② Disposal of subsidiaries by stages

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

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

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

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

(3) Purchase of non-controlling interests of subsidiary

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

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

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

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

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

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

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

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

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

The Company had no investment in any joint venture.

8. Recognition criteria of cash and cash equivalents

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

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

Foreign currency transactions

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

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

Translation of foreign currency financial statements

Assets and liabilities in the balance sheet are translated at the spot exchange rates on balance sheet date; shareholders' equity items, except for the item of "retained earnings", are translated at the spot exchange rates on the dates when the transactions occur. The revenue or expense items in the income statement are translated at the exchange rate which is similar to the spot exchange rate prevailing on the transaction date and determined by the systematic and reasonable method, which means that they are translated at the exchange rate at the beginning of the month where relevant transaction takes place.

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

10. Financial instruments

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

Classification of financial instruments

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

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

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

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

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

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

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

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

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

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

Recognition basis and measurement method of financial instruments

(1) Financial assets measured at amortized cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) Financial liabilities measured at amortized cost

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

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

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

Derecognition of financial assets and transfer of financial assets

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

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

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

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

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

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

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

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

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

Derecognition of financial liabilities

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

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

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

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

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

Where there is an active market for any financial instrument, the fair value of such financial instrument should be determined at the price quoted in the active market. The fair value of a financial instrument, for which there is no active market, is determined by using valuation techniques. At the time of valuation, the Company adopts the valuation techniques that are applicable in the current situation and supported by enough available data and other information, selects the input values that are consistent with the asset or liability characteristics considered by market participants in relevant asset or liability transactions, and gives priority to use relevant observable inputs. And the unobservable input values can be used only when the observable input values are unable or unpractical to be obtained.

Testing method and accounting treatment method for impairment of financial assets

(1) Measurement and accounting for impairment of financial assets

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

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

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

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

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

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

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

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

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

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

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

(3) Accounts receivable subject to provision for expected credit losses on a portfolio basis**① Portfolio and measurement method for expected credit loss**

Item	Basis for portfolio determination	Measurement method of expected credit loss
Credit risk characteristic portfolio of accounts receivable	Aging portfolio	Based on the historical experience in credit loss and in light of the current situation and the prediction of

Portfolio of related parties of accounts receivable	Related party	future economic position, the expected credit loss is calculated based on the default risk exposure and the lifetime expected credit loss ratio.
Portfolio of those with high credit rating	Receivables from central government customers during the credit period	
Portfolio of offshore company trade payments	Nature of payment	

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

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

11. Inventories

Classification and cost of inventories

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

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

Valuation method of inventories dispatched

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

Recognition basis for net realizable values of inventories in different categories

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

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

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

Inventory system

Perpetual inventory system is adopted.

Amortization method for low-cost consumables and packaging materials

(1) Low-cost consumables: lump-sum amortization method;

(2) Packaging materials are amortized at lump-sum method.

12. Contract assets

Recognition method and standards for contract assets

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

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

The method of determining expected credit losses and accounting treatment for contract assets are detailed in Note V.10(6) Methods of testing and accounting for impairment of financial assets".

13. Contract costs

N/A

14. Assets held for sale

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

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

(1) According to the general practice for selling such kind of asset or disposed asset portfolio in the similar transaction, the asset or portfolio can be immediately sold in the prevailing circumstance;

(2) The sale of the asset or portfolio is very likely to happen, which means that the Company has made a resolution for one selling plan and had acquired decided purchase commitment, and it is estimated that the sale will be completed within one year. Where the sale is subject to the approval of relevant authorities or regulatory authorities of the Company according to relevant provisions, the approval has been obtained.

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

15. Long-term equity investments

Judgment criteria for joint control and significant influence

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

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

Determination of initial investment cost

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

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

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

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

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

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

Subsequent measurement and recognition of gains and losses

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

Long-term equity investments of the Company in its subsidiaries are accounted for by the cost method, unless these investments conform to the conditions for assets held for sale. Except for the actual price paid for acquisition of investment or the cash dividends or profits contained in the consideration which have been declared but not yet distributed, the Company recognizes the current investment income based on the cash dividends or profits enjoyed by the Company and declared to be distributed by the investee.

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

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

The Company shall recognize the investment income and other comprehensive income at the shares of net profit or loss and other comprehensive income realized by the investee which the Company shall enjoy or bear and adjust the book value of long-term equity investments at the same time; the Company shall calculate the shares according to profits or cash dividends declared by the investee and correspondingly reduce the book value of long-term equity investments; the book value of long-term equity investments shall be adjusted according to the investee's other changes in shareholders' equity other than net profit or loss, other comprehensive income and profit distribution, which should be included in shareholders' equity.

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

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

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

(3) Disposal of long-term equity investments

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

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

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

Where the Company loses the control over the investee due to disposal of partial equity investments or other reasons, when it prepares individual financial statements, if the remaining equity can exercise joint control or significant influence on the investee, such investments should be changed to be accounted for under the equity method and the remaining equity should be deemed to have been accounted for by adopting the equity method on acquisition and adjusted; other comprehensive income recognized before the control of the investee is obtained will be carried forward on the basis same as that for the direct disposal of related assets or liabilities by the investee, and other changes in owner's equity accounted for and recognized under the equity method will be carried forward to current profits or losses in proportion; if the remaining equity cannot exercise joint control or significant influence on the investee, such equity will be recognized as financial assets, and the difference between fair value and book value on the date of loss of the control should be included in current profits or losses; other comprehensive income and other changes in owner's equity recognized before the control of the investee is obtained will be carried forward.

Where the Company disposes of equity investments in subsidiaries through multiple transactions and by stages until loss of the control, if the above transactions belong to a package deal, accounting treatment shall be made on the transactions as a transaction to dispose equity investments of subsidiaries and lose the control. The difference between each disposal cost and the book value of long-term equity investments corresponding to disposed equities before the loss of the control should be firstly recognized as other comprehensive income in individual financial statements and then transferred into the current profit or loss at the loss of the control. If the transactions are not under a package of transactions, each transaction shall be subject to accounting treatment separately.

16. Investment properties

Measurement mode of investment property

Cost method measurement

Depreciation and amortization methods

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

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

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

Type	Depreciation/amortization life (year)	Net residual value rate (%)	Annual depreciation/amortization rate (%)
Buildings and constructions	10~50	4~5	1.92~9.60
Land use rights	31~50	0	2.00~3.23

17. Fixed assets

(1) Recognition criteria

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

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

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

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

(2) Depreciation method

Category	Depreciation method	Depreciation life	Residual value rate	Annual depreciation rate
Buildings and constructions	Straight-line method	20~45	3~5	2.11~4.85
Machinery equipment	Straight-line method	3~20	3~5	4.75~32.33
Transportation equipment	Straight-line method	5~14	3~5	6.79~19.40
Office and other facilities	Straight-line method	2~20	0, 3~5, 65	4.75~50.00

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

The Company is required to comply with the disclosure requirements of the chemical industry in the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information.

(3) Disposal of fixed assets

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

The Company is required to comply with the disclosure requirements of the business relevant to the chemical industry in the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information.

(4) Determination basis, valuation method and depreciation method of fixed assets acquired under financing leases

18. Construction in process

The Company is required to comply with the disclosure requirements of the business relevant to the chemical industry in the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information.

The Company is required to comply with the disclosure requirements of the chemical industry in the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information

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

19. Borrowing costs

Recognition principles of capitalization of borrowing costs

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

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

Capitalization period of borrowing costs

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

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

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

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

Period of suspension for capitalization

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

Calculation method of capitalization rate and capitalization amount of borrowing costs

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

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

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

20. Intangible assets

Valuation methods, useful lives or impairment test

1. Measurement method of intangible assets

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

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

(2) Subsequent measurement

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

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

2. Estimate of useful lives of intangible assets with definite useful lives

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

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

The emission rights and coal replacement volume indexes acquired by the Company have no definite permitted period of use and will be used for operation continuously, and the period to bring future economic benefits to the Company cannot be reliably estimated. Therefore, the Company recognizes the emission rights and coal replacement volume indicators without a permitted period of use as intangible assets with indefinite useful lives.

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

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

4. Specific criteria for classification of research phase and development phase

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

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

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

5. Specific criteria for the capitalization of expenditures during the development phase

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

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

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

21. Impairment of long-term assets

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

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

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

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

22. Long-term deferred expenses

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

Amortization method

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

Amortization period

Lease fees are amortized evenly over the beneficial period.

23. Contract liabilities

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

24. Employee benefits

(1) Accounting treatment of short-term compensation

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

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

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

(2) Accounting treatment of post-employment benefits

Defined contribution plan

The Company pays the basic endowment insurance premiums and unemployment insurance for employees according to the relevant provisions of the local governments. During the accounting period when employees serve the Company, the paid amount which is calculated based on the payment base and proportion as stipulated in the provisions of the local place is recognized as liabilities and included in the current profit or loss or assets-related cost.

(3) Accounting treatment of dismissal benefits

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

25. Provisions

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

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

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

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

If there is continuous range for the necessary expenses, and probabilities of occurrence of all the outcomes within this range are equal, the best estimate shall be determined at the median range within the range; in other cases, the best estimate shall be accounted for as follows in different circumstances:

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

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

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

26. Preferred shares, perpetual debts and other financial instruments

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

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

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

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

27. Revenue

The Company is required to comply with the disclosure requirements of the business relevant to the chemical industry in the Self-regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information.

Accounting policies adopted for revenue recognition and measurement

If the Company fulfills its performance obligations in a contract, it will recognize revenue when relevant customer obtains right of control over relevant goods or services. Obtaining the right of control over relevant goods or

services means that the customer is able to make decisions on the use of the goods or the rendering of the services, and can obtain almost all of the economic benefits therefrom.

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

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

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

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

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

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

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

Specific principles:

(1) Petrochemical and chemical new materials: a. Domestic sales: Revenue from self-delivery goods is recognized when such goods are located at the ex-factory area according to the sales contract and sales order, and revenue from delivery of goods is recognized when the goods are delivered to the customer. b. Foreign sales:

Revenue is recognized when export customs clearance procedures are completed and customs declaration documents are obtained after the goods have been shipped out of the country.

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

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

Similar business with different business models resulting in differences in accounting policies for revenue recognition

None.

28. Government grants

Type

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

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

Confirmation of time

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

Accounting treatment

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

government grants relating to income used to compensate for relevant costs or losses which will occur in the following period in the Company shall be recognized as the deferred income, and, during the period when relevant costs or losses are recognized, be included in the current profit or loss (where government grants relating to income are relevant to routine activities of the Company, such grants shall be included in the other income; where government grants relating to income is irrelevant to routine activities of the Company, such grants shall be included in the non-operating revenue); government grants relating to income used to compensate for relevant costs or losses incurred in the Company shall be included in the current profit or loss (where government grants relating to income are relevant to routine activities of the Company, such grants shall be included in the other income; where government grants relating to income is irrelevant to routine activities of the Company, such grants shall be included in the non-operating revenue).

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

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

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

29. Deferred income tax assets and deferred income tax liabilities

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

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

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

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

Such special circumstances include:

- The initial recognition of goodwill;
- A transaction or event that is neither a business combination nor, when incurred, affects accounting profit and taxable income (or deductible loss).

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

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

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

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

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

- The taxpayer has the legal right to settle the current income tax assets and current income tax liabilities on a net basis;
- Deferred income tax assets and deferred income tax liabilities are related to the income tax which are imposed on the same taxpayer by the same tax collection authority or on different taxpayers, but, in each important future period in connection with the reverse of deferred income tax assets and liabilities, the involved taxpayer intends to balance income tax assets and liabilities for the current period with net settlement at the time of obtaining assets and discharging liabilities, deferred income tax assets and deferred income tax liabilities shall be presented based on the net amount after offset.

30. Leases

(1) Accounting treatment methods for operating leases

Lease refers to a contract in which a lessor assigns the right to use an asset to a lessee within a certain period of time in order to obtain consideration. On the contract commencement date, the Company evaluates whether the

contract is a lease or includes a lease. If a party to a contract transfers the right to control the use of one or more identified assets within a certain period in exchange for consideration, the contract shall be a lease or include a lease.

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

If the rent relief, deferred rent payment and other rent concessions directly caused by the novel coronavirus pneumonia (COVID-19) epidemic or agreed regarding the existing lease contract meet the following conditions at the same time, the Company will adopt a simplified method to measure all leases without the assessment on whether any lease has changed and the re-assessment for lease classification:

The lease consideration after the concession is reduced or substantially unchanged from that before the concession, where the lease consideration is either undiscounted or discounted at the discount rate before the concession.

Other lease terms and conditions are determined to be unchanged after a comprehensive consideration of the qualitative and quantitative factors.

The Company as the lessee

(1) Right-of-use assets

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

The initial measurement amount of lease liabilities;

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

The initial direct costs incurred by the Company;

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

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

The Company confirms whether the right-of-use assets have been impaired in the principles specified in Note “V(21) Impairment of long-term assets” hereof, and makes accounting treatment for impairment losses recognized.

(2) Lease liabilities

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

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

Variable lease payments depending on the index or ratio;

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

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

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

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

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

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

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

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

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

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

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

(4) Lease changes

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

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

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

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

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

(5) Rent concessions related to the COVID-19 epidemic

Where the simplified method for the rent concession relevant to the COVID-19 epidemic is adopted, the Company should not assess whether the lease has changed, but should continuously calculate the interest expense in lease liabilities based on the discount rate consistent with that adopted before such rent concession and include such expense in the current profit or loss, and continuously make the provision for depreciation of right-of-use assets by the method adopted before such rent concession. In the event of rent reduction or exemption, the Company will treat the reduced rent as variable lease payments. When the original rent payment obligation is relieved by

reaching a concession agreement, the undiscounted amount or the discounted amount at the discount rate before the concession is used to offset the cost or expenses of related assets, and the lease liabilities will be adjusted accordingly; if the rent payment is delayed, the Company will offset the lease liabilities recognized in the previous period at the time of actual payment.

For short-term lease and lease of low-value assets, the Company continues to charge the original contractual rents to the cost or expense of the relevant assets in a manner consistent with that before the concession. Where rent reductions occur, the Company recognizes the reduced rents as variable lease payments and reduces the related asset cost or expense in the period of reduction; where rent payments are deferred, the Company recognizes the rent payable as payables in the original payment period and reduces the payable recognized in prior periods when the actual payment is made.

The Company as the lessor

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

(1) Accounting treatment of operating leases

Rental from the operating lease in each stage during the rental period should be recognized as the rental revenue by the straight-line method. Initial direct costs relating to operating lease incurred by the Company are capitalized, and shall be included in the current profit or loss on the same basis as the recognition of lease income during the lease term. The variable lease payable that is not included in the lease receivable shall be included in the current profit or loss at the time of actual occurrence. If an operating lease is changed, the Company accounts for it as a new lease from the effective date of the change, and the amount of lease payments received in advance or receivable in connection with the lease before the change is considered to be the amount of payments for the new lease.

(2) Accounting treatment of finance lease

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

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

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

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

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

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

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

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

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

(3) Rent concession relevant to the COVID-19 epidemic

For operating lease adopting the simplified method of rent concession related to the COVID-19 epidemic, the Company continues to recognize the original contractual rent as lease revenue in the same way as before the concession; where rent reduction occurs, the Company treats the reduced rent as variable lease payments and reduces the lease revenue in the period of reduction; in the case of deferred rent collection, the Company recognizes the rentals receivable as receivables in the original collection period and offsets the receivables recognized in prior periods when they are actually received.

For the finance leases using the simplified method of rent concession related to the COVID-19 epidemic, the Company continues to calculate the interest according to the same discount rate as before the concession and recognize it as rental income. In case of the rent relief, the Company should take the rent relieved as the variable lease payment, and offset the originally recognized lease revenue at amount undiscounted or discounted at the discount rate before the rent concession when the original rent collection right is waived by reaching a rent concession agreement, and the part insufficient for offset should be included in the investment income; meanwhile, the Company should adjust the finance lease receivables accordingly; in case of the deferred rent collection, the Company should offset the originally recognized finance lease receivables at the actual payment.

Sale-and-leaseback deal

The Company evaluates and determines whether the transfer of assets in the sale-and-leaseback transaction is a sale in accordance with the principles described in (V)27 Revenue herein.

(1) As the lessee

If the transfer of an asset in a sale-and-leaseback transaction is a sale, the Company, as the lessee, measures the right-of-use asset resulting from the sale-and-leaseback at the portion of the original asset's book value that relates to the right of use acquired by the lease back and recognizes a gain or loss related to the right transferred to the lessor only; if the transfer of an asset in a sale-and-leaseback transaction is not a sale, the Company, as the lessee, continues to recognize the transferred asset and at the same time recognizes a financial liability equal to the transfer proceeds. Please refer to Note V(10) financial instruments for the accounting treatment for financial liabilities.

(2) As the lessor

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

31. Discontinued operation

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

- (1) The component represents an independent major business or a sole major business area;
- (2) The component is a part of a related plan where an independent major business or a sole major business area will be disposed as planned; or
- (3) The component is a subsidiary acquired only for re-sale.

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

32. Hedge accounting

Classification of hedging

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

Designation of hedging relationship and recognition of hedging effectiveness:

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

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

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

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

Accounting treatment of hedging

(1) Fair value hedging

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

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

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

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

(2) Cash flow hedges

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

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

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

(3) Hedges of net investment in an overseas operation

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

33. Segment report

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

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

34. Changes in significant accounting policies and accounting estimates

(1) Adjustments for changes in significant accounting policies

Applicable Not Applicable

Change in accounting policy related to derivative financial instruments

The Company conducted hedging business in the current period and chose to apply the requirements of hedge accounting for accounting and report presentation.

Prior to this change in accounting policy, the Company recognized gains or losses on financial assets or liabilities at fair value through profit or loss in accordance with the requirements of "ASBE No. 22 - Recognition and Measurement of Financial Instruments" and "ASBE No. 23 - Transfers of Financial Assets". The Company recognizes the gains or losses arising from changes in fair value of financial assets or financial liabilities into the current profit or loss.

After this change in accounting policy, the Company designates hedging instruments and hedged items in accordance with the requirements of hedge accounting. The portion of the gain or loss arising from the hedging instruments that is a valid hedge should be recognized in other comprehensive income as cash flow hedging reserves, and the portion that is not a valid hedge should be recognized in the current profit or loss. The amount of the cash flow hedge reserve is determined as the lower of the absolute amount of: the accumulative profit or loss

on the hedging instrument as of the commencement of the hedge, or the accumulative amount of changes in the present value of the estimated future cash flow of the hedged item as of the commencement of the hedge. When the hedged item is an forecast transaction and the forecast transaction results in the Company's subsequent recognition of a non-financial asset or non-financial liability, or the forecast transaction of a non-financial asset or non-financial liability creates a firm commitment to which fair value hedge accounting applies, the Company transfers the amount of the cash flow hedging reserves originally recognized in other comprehensive income to the amount initially recognized for that asset or liability.

According to the requirements of hedge accounting, if the hedge accounting treatment prior to the implementation date is inconsistent with the requirements of hedge accounting standards, enterprises will not make retrospective adjustments, so this change in accounting policy adopts the prospective application method, which does not require any retrospective adjustments to the disclosed financial statements of the Company, and will not have any impact on the financial position and results of operations of the previous years.

(2) Changes in significant accounting estimates

Applicable Not Applicable

VI. Taxation

1. Main tax types and tax rates

Tax type	Basis of tax assessment	Tax rate
Value-added tax (VAT)	The balance from output tax calculated on the basis of revenue from the sale of goods and taxable services calculated by tax laws deducting input tax deductible for current period shall be VAT payable	3%, 5%, 6%, 9%, 13%
Consumption tax	Taxable sales amount	The consumption tax of RMB 1.2/liter applies to the sale of fuel oil and diesel oil; RMB 1.52 /liter applies to the sale of gasoline and naphtha.
Urban maintenance and construction tax	Levied based on the turnover tax actually paid	5%, 7%
Enterprise income tax	Levied based on taxable income	See the table below for details
House property tax	Levied based on 12% of the rental revenue from rental housing; levied based on 1.2% of the remaining value after deducting 30% of the original value of the houses for self-use	1.2%, 12%

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

Name of taxpayer	Income tax rate
Jiangsu Eastern Shenghong Co., Ltd.	25%
Jiangsu Sierbang Petrochemical Co., Ltd.	15%
Lianyungang Shunmeng Trading Co., Ltd.	25%
Inner Mongolia Shenghuayi Energy Co., Ltd.	25%
Inner Mongolia Sierbang Energy and Chemical Technology Co., Ltd.	25%
Jiangsu Hongjing New Materials Co., Ltd.	25%
Jiangsu Guowang High-tech Fibre Co., Ltd.	15%
Suzhou Shenghong Fiber Co., Ltd.	15%
Jiangsu Zhonglu Technology Development Co., Ltd.	15%

Suzhou Suzhen Biological Engineering Co., Ltd.	15%
Jiangsu Shenghong Fiber Testing Co., Ltd.	25%
Jiangsu Ganghong Fiber Co., Ltd.	15%
Jiangsu Shenghong Technology and Trade Co., Ltd.	25%
Lantean Holding Group Co., Limited	In accordance with the relevant regulations on tax rates in the operating region
Suzhou Tangnan Sewage Treatment Co., Ltd.	25%
Jiangsu Honggang Petrochemical Co., Ltd.	25%
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	25%
Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	25%
Shenghong Refinery (Lianyungang) Port Storage and Transportation Co., Ltd.	Exempted from taxes
Shenghong Petrochemical (Singapore) International Co., Ltd.	In accordance with the relevant regulations on tax rates in the operating region
Shenghong Shipping (Singapore) International Co., Ltd.	In accordance with the relevant regulations on tax rates in the operating region
Shenghong Oils Sales Co., Ltd.	25%
Shenghong (Lianyungang) Oils Sales Co., Ltd.	25%
Lianyungang Guanhong Trading Co., Ltd.	25%
Jiangsu Hongwei Chemical Co., Ltd.	25%
Shenghong (Shanghai) Polyester Material Co., Ltd.	25%
Lianyungang Shengtai New Materials Co., Ltd.	25%
Lianyungang Hongke New Materials Co., Ltd.	25%
Shenghong New Materials (Suqian) Co., Ltd.	25%
Jiangsu Reborn Eco-tech Co., Ltd.	25%
Guowang High-tech Fibre (Suqian) Co., Ltd.	25%
Siyang Yiyang Environmental Protection Technology Co., Ltd.	25%
Honghai New Materials (Suqian) Co., Ltd.	25%
Hongbang New Materials (Suqian) Co., Ltd.	25%
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	25%
Jiangsu Xingda Natural Gas Pipeline Co., Ltd.	25%
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	25%
Suzhou Shenghong Data Cloud Technology Co., Ltd.	25%
Suzhou Shengze Real Estate Leasing Co., Ltd.	25%
Suzhou Shengze Warehousing Management Co., Ltd.	25%
Jiangsu Shenghong Energy & Chemical New Materials Co., Ltd.	25%
Shenghong (Shanghai) New Material Technology Co., Ltd.	25%

Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	25%
Jiangsu Shengjing New Materials Co., Ltd.	25%
Siyang Yiyang Environmental Energy Co., Ltd.	25%

2. Tax preference

(1) Jiangsu Guowang High-tech Fibre Co., Ltd.

On December 2, 2020, Jiangsu Guowang High-tech Fibre Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202032001747 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2020 to 2022, it shall be entitled to income tax reduction at the rate of 15%.

At the end of 2022, the high-tech enterprise certificate of Jiangsu Guowang Hi-Tech Fiber Co., Ltd. expired, and the high-tech enterprise certificate for 2023 was in the stage of filing, and the Company temporarily paid enterprise income tax at a rate of 15% during the reporting period.

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

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

(3) Suzhou Shenghong Fiber Co., Ltd.

On November 30, 2021, Suzhou Shenghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132009556 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

(4) Suzhou Suzhen Bioengineering Co., Ltd.

Suzhou Suzhen Bioengineering Co., Ltd. was subject to a reduced income tax rate of 15% from 2022 to 2024 according to the high-tech enterprise certificate (Certificate No.GR202232014670, valid for three years) issued by Jiangsu Provincial Department of Finance, Jiangsu Provincial Department of Science and Technology and Jiangsu Provincial Taxation Service, STA on December 12, 2022.

(5) Jiangsu Ganghong Fiber Co., Ltd.

On November 30, 2021, Jiangsu Ganghong Fiber Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132003582 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

(6) Jiangsu Sierbang Petrochemical Co., Ltd.

On November 30, 2021, Jiangsu Sierbang Petrochemical Co., Ltd. obtained the hi-tech enterprise certificate with the number of GR202132003995 and the valid term of 3 years, approved by the Finance Department of Jiangsu Province, the Science and Technology Department of Jiangsu Province, and Jiangsu Provincial Tax Service, SAT. From 2021 to 2023, it shall be entitled to income tax reduction at the rate of 15%.

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

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

(8) According to the Announcement of the Ministry of Finance and the State Taxation Administration on Clarifying the Value-added Tax Reduction and Exemption Policy for Small-scale Value-added Taxpayers and Other Policies (Announcement of the Ministry of Finance and State Taxation Administration [2023] No.1), from January 1, 2023 to December 31, 2023, taxpayers of manufacturing and living service industries shall be allowed to add an extra 5% and 10% based on the deductible input tax for the current period for deduction of the tax payable.

VII. Notes to the items of consolidated financial statements

1. Monetary funds

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Cash on hand	19,917.98	17,922.98
Bank deposits	9,451,081,420.76	11,146,027,884.80
Other monetary funds	1,268,437,196.86	1,097,581,441.48
Total	10,719,538,535.60	12,243,627,249.26
Including: total amount of deposit abroad	223,856,617.16	5,106,729,675.87
Total amount restricted for use due to mortgage, pledge or freezing	2,284,956,377.25	2,240,108,666.11

Cash at band and on hand restricted for use due to mortgage, pledge or freezing, or placed overseas with restrictions on fund repatriation as follows:

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance at the end of the last year
Margin of bank acceptance bills	229,433,125.42	326,892,865.80
L/C deposit	875,332,491.78	745,467,346.00
Time deposits or call deposits used for guarantee	1,117,880,000.00	1,155,798,868.02
Others	62,310,760.05	11,949,586.29
Total	2,284,956,377.25	2,240,108,666.11

2. Financial assets held for trading

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Financial assets measured at fair value through the current profit or loss	74,637,347.06	83,769,328.71
Including:		
Equity instrument investments	74,637,347.06	83,147,068.34
Derivative financial assets		622,260.37
Total	74,637,347.06	83,769,328.71

3. Notes receivable**(1) Presentation of notes receivable by category**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Bank acceptance bills	50,741,928.48	91,597,634.56
Total	50,741,928.48	91,597,634.56

If the provision for bad debts of notes receivable is made according to the general model of expected credit losses, please disclose the relevant information on the provision for bad debts by reference to the disclosure methods of other receivables:

Applicable Not applicable

(2) Pledged notes receivable of the Company as at June 30, 2023

None.

(3) Notes receivable of the Company as at June 30, 2023 that have been endorsed or discounted but not matured on the balance sheet date

Monetary Unit: RMB

Item	Amount derecognized as at June 30, 2023	Amount not derecognized as at June 30, 2023
Bank acceptance bills		15,528,000.00
Total		15,528,000.00

4. Accounts receivable**(1) Disclosure of accounts receivable by classification**

Monetary Unit: RMB

Category	Balance as at June 30, 2023					Balance as at January 1, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Including:										
Accounts receivable with provision for bad debts accrued on a portfolio basis	1,985,033,622.50	100.00%	30,975,636.72	1.56%	1,954,057,985.78	728,512,954.58	100.00%	33,936,099.29	4.66%	694,576,855.29
Including:										
Total	1,985,033,622.50	100.00%	30,975,636.72	1.56%	1,954,057,985.78	728,512,954.58	100.00%	33,936,099.29	4.66%	694,576,855.29

Provision for bad debts accrued on a portfolio basis:

Monetary Unit: RMB

Item	Balance as at June 30, 2023		
	Book balance	Provision for bad debts	Proportion of provision
Related-party portfolio	130,388,106.45		
Accounts receivable with the provision for bad debts made by the aging analysis method	608,973,993.03	30,975,636.72	5.09%
Portfolio of those with high credit rating	403,793,247.08		
Portfolio of trade payment of overseas companies	841,878,275.94		
Total	1,985,033,622.50	30,975,636.72	-

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses, please disclose the relevant information on the provision for bad debts by reference to the disclosure methods of other receivables:

Applicable Not applicable

Disclosure by aging

Monetary Unit: RMB

Aging	Balance as at June 30, 2023
Within 1 year (including 1 year)	1,984,478,746.25
1 - 2 years	244.25
Over 3 years	554,632.00
Total	1,985,033,622.50

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Category	Balance as at January 1, 2023	Change in the current period				Balance as at June 30, 2023
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	33,936,099.29	-2,960,462.57				30,975,636.72
Total	33,936,099.29	-2,960,462.57				30,975,636.72

(3) Top 5 of accounts receivables as at June 30, 2023, presented by debtor

Monetary Unit: RMB

Entity name	Balance of accounts receivable as at June 30,	Proportion in the balance of total receivables as at	Balance of provision for bad debts as at June 30,
-------------	---	--	---

	2023	June 30, 2023	2023
Entity No.1	837,217,317.00	42.18%	0.00
Entity No.2	359,376,906.68	18.10%	0.00
Entity No.3	138,972,177.79	7.00%	6,948,608.89
Entity No.4	90,137,537.56	4.54%	0.00
Entity No.5	84,112,013.71	4.24%	4,205,600.69
Total	1,509,815,952.74	76.06%	

(4) Accounts receivable derecognized due to the transfer of financial assets

None.

(5) Amount of assets or liabilities arising from transfer of accounts receivable and the relevant continuous involvement

None.

(6) See Note XII(VI) for the receivables from related parties in the balance as at June 30, 2023**5. Receivables financing**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Notes receivable	274,094,067.17	121,280,859.60
Total	274,094,067.17	121,280,859.60

Changes in receivables financing and fair values thereof in the current period

Applicable Not applicable

Item	Balance as at December 31, 2022	Increase in the current period	Derecognized in the current period	Balance as at June 30, 2023	Loss reserves accumulatively recognized in the other comprehensive income
Notes receivable	121,280,859.60	2,103,167,849.48	1,950,354,641.91	274,094,067.17	
Total	121,280,859.60	2,103,167,849.48	1,950,354,641.91	274,094,067.17	

If the provision for impairment of receivables financing is made according to the general model of expected credit losses, please disclose the relevant information on the provision for impairment by reference to the disclosure methods of other receivables:

Applicable Not applicable**6. Advances to suppliers****(1) Advances to suppliers presented by aging**

Monetary Unit: RMB

Aging	Balance as at June 30, 2023		Balance as at January 1, 2023	
	Amount	Proportion	Amount	Proportion
Within 1 year	2,647,533,435.70	98.52%	401,889,437.53	98.24%

1- 2 years	39,701,801.30	1.48%	7,219,043.46	1.76%
Total	2,687,235,237.00		409,108,480.99	

(2) Top 5 of advances to suppliers as at June 30, 2023, presented by advance receiver

Monetary Unit: RMB

Advance receiver	Balance as at June 30, 2023	Proportion in the total ending balance of advances to suppliers
Entity No.1	845,818,686.33	31.48
Entity No.2	538,177,507.68	20.03
Entity No.3	403,880,092.51	15.03
Entity No.4	387,868,679.63	14.43
Entity No.5	107,191,118.55	3.99
Total	2,282,936,084.70	84.96

7. Other receivables

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Other receivables	475,098,507.34	819,622,327.79
Total	475,098,507.34	819,622,327.79

(1) Other receivables**1) Classification of other receivables by nature**

Monetary Unit: RMB

Nature of payment	Book balance as at June 30, 2023	Book balance as at January 1, 2023
Transfer from government assets receivable	427,730,315.46	757,730,315.46
Advances and current accounts	29,344,722.15	28,977,732.76
Various deposit and security deposit	40,257,840.22	47,643,137.54
Imprest	1,058,135.41	121,800.74
Others		717,861.90
Total	498,391,013.24	835,190,848.40

2) Provision for bad debts

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	Expected credit loss in future 12 months	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2023	15,568,520.61			15,568,520.61
Balance as at January 1, 2023 in the current				

period				
Provision in the current period	7,703,166.79			7,703,166.79
Other changes	20,818.50			20,818.50
Balance as at June 30, 2023	23,292,505.90			23,292,505.90

Provision for losses/Changes in the current period/Significant amount/Changes in book balance

Applicable Not applicable

Disclosure by aging

Monetary Unit: RMB

Aging	Balance as at June 30, 2023
Within 1 year (including 1 year)	454,436,591.40
1 - 2 years	22,757,449.75
2- 3 years	7,555,019.01
Over 3 years	13,641,953.08
Total	498,391,013.24

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Category	Balance as at January 1, 2023	Change in the current period				Balance as at June 30, 2023
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of other receivables	15,568,520.61	7,703,166.79			20,818.50	23,292,505.90
Total	15,568,520.61	7,703,166.79			20,818.50	23,292,505.90

4) Other receivables actually charged off in the current period

None.

5) Top 5 of other receivables as at June 30, 2023 presented by debtor

Monetary Unit: RMB

Entity name	Nature of payment	Balance as at June 30, 2023	Aging	Proportion in the total ending balance of other receivables	Balance of provision for bad debts as at June 30, 2023
Entity No.1	Transfer from government assets receivable	427,730,315.46	Within 1 year	85.82%	
Entity	Money	23,462,631.00	Within 1 years and 1 to 2 years	4.71%	1,173,990.76

No.2	advanced				
Entity No.3	Deposit and security deposit	15,000,000.00	1 -2 years	3.01%	3,000,000.00
Entity No.4	Deposit and security deposit	14,999,100.00	1-2 years, 2 - 3 years or over 3 years	3.01%	12,666,450.00
Entity No.5	Deposit and security deposit	3,180,000.00	Within 1 year, 1 to 2 years and 2 to 3 years	0.64%	1,009,500.00
Total		484,372,046.46		97.19%	17,849,940.76

6) Receivables involving government grants

None.

7) Other receivables derecognized due to the transfer of financial assets

None.

8) Amount of assets or liabilities arising from transfer of other receivables and the relevant continuous involvement

None.

9) See Note XII (6) for other receivables from shareholders holding 5% or more (including 5%) of the Company's voting shares in the ending balance**10) See Note XII (6) for other receivables from related parties in the ending balance****8. Inventories**

Whether the Company is required to observe disclosure requirements in the real estate industry

No

(1) Classification of inventories

Monetary Unit: RMB

Item	Balance as at June 30, 2023			Balance as at January 1, 2023		
	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value	Book balance	Provision for inventory depreciation reserve or provision for impairment of contract performance costs	Book value
Raw materials	6,659,866,793.29	27,624,683.13	6,632,242,110.16	10,414,421,911.36	43,566,831.93	10,370,855,079.43
Goods in progress	1,381,865,512.76	865,295.13	1,381,000,217.63	2,616,426,516.97	55,260,099.37	2,561,166,417.60
Stock commodities	4,892,603,957.94	87,771,686.08	4,804,832,271.86	4,811,299,314.44	322,086,006.81	4,489,213,307.63

Goods dispatched				62,815,447.76		62,815,447.76
Materials in transit	81,898,478.90		81,898,478.90	49,036,333.89		49,036,333.89
Total	13,016,234.74 2.89	116,261,664 .34	12,899,973.07 8.55	17,953,999.52 4.42	420,912,938 .11	17,533,086,586 .31

(2) Provision for inventory depreciation and provision for impairment of contract performance costs

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period		Decrease in the current period		Balance as at June 30, 2023
		Provision	Others	Reversal or write-off	Others	
Raw materials	43,566,831.93	72,565,291.43		88,507,440.23		27,624,683.13
Goods in progress	55,260,099.37	21,133,541.90		75,528,346.14		865,295.13
Stock commodities	322,086,006.81	527,389,374.76		761,703,695.49		87,771,686.08
Total	420,912,938.11	621,088,208.09		925,739,481.86		116,261,664.34

(3) Specific bases for determining net realizable value and reasons for reversal or write-off of provision for inventory depreciation in the current period

Item	Specific basis of determining net realization value	Reason for reversal of provision for inventory depreciation in the current period	Reason for write-off of provision for inventory depreciation in the current period
Raw materials	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in the current period
Goods in process	The net realizable value is determined as the amount of the estimated selling price less the estimated costs of completion, estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in the current period
Stock commodities	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in the current period

Goods dispatched	The net realizable value is determined as the amount of the estimated selling price less the estimated sales expenses and relevant taxes and surcharges.	N/A	Inventories with provision for depreciation made on or before January 1, 2023 have been sold in the current period
------------------	--	-----	--

(4) Notes to ending balance of inventories containing amount of capitalization of borrowing costs

None.

(5) See Note VII (63) for details of inventories used for guarantee in the ending balance**9. Other current assets**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
VAT retained for future offsetting	284,174,793.64	1,448,913,851.49
Input tax to be certified	65,808,538.29	109,014,997.92
Prepaid income tax, etc.	14,137,292.24	31,074,987.42
Total	364,120,624.17	1,589,003,836.83

10. Long-term equity investments

Monetary Unit: RMB

Investee	Balance (book value) as at January 1, 2023	Increase/decrease in the current period								Balance (book value) as at June 30, 2023	Balance of provision for impairment as at June 30, 2023
		Additional investment	Reduced investment	Profit or loss on investments recognized under the equity method	Adjustment to other comprehensive income	Other equity changes	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
II. Associates											
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	54,531,099.35			276,982.16			567,989.41			54,240,092.10	
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	30,516,209.41			-14,673,959.52						15,842,249.89	
Tianjiao Technology Venture Capital Co., Ltd.	25,693,722.20			-203,107.65						25,490,614.55	
Sub-total	110,741,030.96			-14,600,085.01			567,989.41			95,572,956.54	
Total	110,741,030.96			-14,600,085.01			567,989.41			95,572,956.54	

11. Other equity instrument investments

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Non-trading equity instruments	580,780,040.00	580,780,040.00
Total	580,780,040.00	580,780,040.00

Itemized disclosure of investments in non-trading equity instruments in the current period

Monetary Unit: RMB

Name of item	Initial cost	Dividend income recognized in the reporting period	Accumulated change of fair value	Amount of other comprehensive income transferred to retained earnings	Reason for being designated as the item measured at fair value through the other comprehensive income	Reason for transferring other comprehensive income to retained earnings
Investment in equities of Goldstate Securities Co., Ltd.	492,500,000.00	976,431.36	88,280,040.00		The investment is held by the Company for long-term strategy	

12. Other non-current financial assetsApplicable Not applicable**13. Investment properties****(1) Investment properties measured at cost**Applicable Not applicable

Monetary Unit: RMB

Item	Buildings and constructions	Land use right	Total
I. Original book value			
1. Balance as at January 1, 2023	691,058,408.06	400,218,272.54	1,091,276,680.60
2. Increase in the current period			
(1) Outsourcing			
(2) Transfer-in of inventories/fixed assets/construction in progress			
(3) Increase due to business combination			

3. Decrease in the current period			
(1) Disposal			
(2) Other transfers			
4. Balance as at June 30, 2023	691,058,408.06	400,218,272.54	1,091,276,680.60
II. Accumulative depreciation and accumulative amortization			
1. Balance as at January 1, 2023	242,924,324.99	144,971,959.07	387,896,284.06
2. Increase in the current period	12,230,141.85	7,277,461.75	19,507,603.60
(1) Provision or amortization	12,230,141.85	7,277,461.75	19,507,603.60
3. Decrease in the current period			
(1) disposal			
(2) Other transfers			
4. Balance as at June 30, 2023	255,154,466.84	152,249,420.82	407,403,887.66
III. Provision for impairment			
1. Balance as at January 1, 2023			
2. Increase in the current period			
(1) Provision			
3. Decrease in the current period			
(1) disposal			
(2) Other transfers			
4. Balance as at June 30, 2023			
IV. Book value			
1. Book value as at June 30, 2023	435,903,941.22	247,968,851.72	683,872,792.94
2. Book value as at January 1, 2023	448,134,083.07	255,246,313.47	703,380,396.54

(2) Investment properties measured at fair value□Applicable Not applicable**(3) Investment properties with pending certificate of title**

Monetary Unit: RMB

Item	Book value	Reasons for pending certificate of title
A small number of business premises in Dongfang Market, Shengze Town	17,277,598.46	In the process of negotiation

Other description

14. Fixed assets

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Fixed assets	97,420,669,410.22	39,953,986,703.24
Total	97,420,669,410.22	39,953,986,703.24

(1) Breakdown of fixed assets

Monetary Unit: RMB

Item	Buildings and constructions	Machinery equipment	Transportation equipment	Office equipment and other equipment	Total
I. Original book value:					
1. Balance as at January 1, 2023	14,860,290,982.11	36,846,811,635.19	163,904,113.14	1,477,141,141.73	53,348,147,872.17
2. Increase in the current period	16,253,507,573.71	40,051,684,226.14	17,874,105.41	2,785,409,298.99	59,108,475,204.25
(1) Purchase		6,694,156.45	13,379,326.63	17,758,273.42	37,831,756.50
(2) Transfer-in of construction in progress	16,253,507,573.71	40,044,990,069.69	4,494,778.78	2,767,651,025.57	59,070,643,447.75
(3) Increase due to business combination					
3. Decrease in the current period	6,010,671.81	33,555,379.55	1,965,205.52	51,026,483.79	92,557,740.67

(1) Disposal or scrapping	6,010,671.81	33,555,379.55	1,965,205.52	51,026,483.79	92,557,740.67
4. Influence of fluctuations in foreign exchange rate				165,445.64	165,445.64
5. Balance as at June 30, 2023	31,107,787,884.0 ₁	76,864,940,481.7 ₈	179,813,013.0 ₃	4,211,689,402.5 ₇	112,364,230,781.3 ₉
II. Accumulated depreciation					
1. Balance as at January 1, 2023	2,354,523,144.77	9,901,172,422.38	57,961,967.50	739,535,885.12	13,053,193,419.77
2. Increase in the current period	278,392,847.49	1,173,064,711.99	14,231,997.84	131,900,978.25	1,597,590,535.57
(1) Provision	278,392,847.49	1,173,064,711.99	14,231,997.84	131,900,978.25	1,597,590,535.57
3. Decrease in the current period	1,723,412.24	26,169,062.12	1,264,320.94	19,157,220.15	48,314,015.45
(1) Disposal or scrapping	1,723,412.24	26,169,062.12	1,264,320.94	19,157,220.15	48,314,015.45
(2)Others					
4. Influence of fluctuations in foreign exchange rate				123,682.12	123,682.12
5. Balance as at June 30, 2023	2,631,192,580.02	11,048,068,072.2 ₅	70,929,644.40	852,403,325.34	14,602,593,622.01
III. Provision for impairment					
1. Balance as at January 1, 2023	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
2. Increase in the					

current period					
(1) Provision					
3. Decrease in the current period					
(1) Disposal or scrapping					
4. Balance as at June 30, 2023	29,974,546.99	310,862,119.51	97,160.87	33,921.79	340,967,749.16
IV. Book value					
1. Book value as at June 30, 2023	28,446,620,757.00	65,506,010,290.02	108,786,207.76	3,359,252,155.44	97,420,669,410.22
2. Book value as at January 1, 2023	12,475,793,290.35	26,634,777,093.30	105,844,984.77	737,571,334.82	39,953,986,703.24

(2) Breakdowns of temporarily idle fixed assets

Monetary Unit: RMB

Item	Original book value	Accumulated depreciation	Provision for impairment	Book value	Remark
Buildings and constructions	35,909,365.63	21,197,997.12		14,711,368.51	

(3) Fixed assets with pending certificates of title

Monetary Unit: RMB

Item	Book value	Reason for failure to complete the formalities for the certificate of title
Buildings and constructions, etc.	3,044,235,164.12	It is still in process.

(4) See Note VII (63) for the details of fixed assets used for guarantee in ending balance.

15. Construction in process

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Construction in progress	32,430,103,526.15	79,704,199,847.50
Project materials	500,684,111.20	417,409,291.92
Total	32,930,787,637.35	80,121,609,139.42

(1) Construction in progress

Monetary Unit: RMB

Item	Balance as at June 30, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Refining-chemical integration project with the annual output of 16 million tons	20,266,409,078.90		20,266,409,078.90	66,679,830,915.79		66,679,830,915.79
Shenghong Refining and Chemical 2# glycol + phenol/acetone project	1,212,775,541.88		1,212,775,541.88	4,039,002,462.67		4,039,002,462.67
Shengze Gas Turbine Cogeneration Project	723,950,436.45		723,950,436.45	700,700,442.80		700,700,442.80
Phase I recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	510,211,346.95		510,211,346.95	551,995,916.34		551,995,916.34
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	1,496,117,852.23		1,496,117,852.23	756,337,827.60		756,337,827.60
Ganghong Fiber Project with Annual Output of 200,000 Tons of Differential Functional Fibers (CP7)	262,234,080.90		262,234,080.90	1,047,012,842.25		1,047,012,842.25

Phase I super simulation functional fiber project with an annual production capacity of 500,000 tons	1,387,840,458.80		1,387,840,458.80	1,972,024,474.79		1,972,024,474.79
Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	175,716,530.92		175,716,530.92	153,409,594.22		153,409,594.22
Propane Industry Chain Project Phase II	1,283,347,356.55		1,283,347,356.55	646,920,430.84		646,920,430.84
Hongwei Chemical POSM and Polyol Project	714,483,868.74		714,483,868.74	445,679,058.84		445,679,058.84
Biodegradable materials project (Phase I)	119,376,218.75		119,376,218.75	62,598,934.80		62,598,934.80
Hongjing new material project	1,908,555,066.80		1,908,555,066.80	756,135,409.97		756,135,409.97
Others	2,369,085,688.28		2,369,085,688.28	1,892,551,536.59		1,892,551,536.59
Total	32,430,103,526.15		32,430,103,526.15	79,704,199,847.50		79,704,199,847.50

(2) Changes in important construction in progress in the current period

Monetary Unit: RMB

Name of item	Budget (RMB '0,000)	Balance as at January 1, 2023	Increase in the current period	Amount transferred to fixed assets in the current period	Other decreases in the current period	Balance as at June 30, 2023	Proportion of accumulative project investments in budget	Progress of construction	Accumulated capitalized amount of interest	Including: capitalized amount of interest in the current period	Capitalization rate of interest in the current period (%)	Source of funds
Refining-chemical integration project with the annual output of 16 million tons	6,766,396.00	66,679,830,915.79	6,268,167,880.56	52,681,589,717.45		20,266,409,078.90	113.86%	Pre-transfer of partially completed assets	4,983,973,185.94	979,081,104.10	4.51%	Self-owned funds and borrowings
Shenghong Refining and Chemical 2# glycol + phenol/acetone	557,299.00	4,039,002,462.67	524,573,871.60	3,350,800,792.39		1,212,775,541.88	101.05%	Construction in progress	101,246,487.40	63,897,970.13	4.07%	Self-owned funds and borrowings

e project												
Shengze Gas Turbine Cogeneration Project	820,000.00	700,700,442.80	23,249,993.65			723,950,436.45	91.02%	Test run	74,704,049.56	13,881,544.76	4.71%	Self-owned funds and borrowings
Phase I recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	309,865.89	551,995,916.34	7,988,300.94	49,772,870.33		510,211,346.95	108.17%	Pre-transfer of partially completed assets	16,726,104.25	286,912.26	4.50%	Self-owned funds and borrowings
Phase II recycled differentiated and functional polyester filament yarn and supporting stretching project with an annual production capacity of 250,000 tons	242,164.37	756,337,827.60	805,265,000.59	65,484,975.96		1,496,117,852.23	63.18%	Construction in progress	42,111,697.01	25,820,950.10	4.50%	Self-owned funds and borrowings
Ganghong Fiber Project with Annual Output of 200,000 Tons of	143,330.00	1,047,012,842.25	188,318,975.66	973,097,737.01		262,234,080.90	91.03%	Pre-transfer of partially completed assets	30,721,719.06	10,733,083.18	3.80%	Self-owned funds and borrowings

Differential Functional Fibers (CP7)												
Phase I super simulation functional fiber project with an annual production capacity of 500,000 tons	388,205.10	1,972,024,474.79	221,831,880.04	805,945,361.41	70,534.62	1,387,840,458.80	99.21%	Pre-transfer of partially completed assets	88,430,758.28	21,405,421.99	4.17%	Self-owned funds and borrowings
Phase II super simulation functional fiber project with an annual production capacity of 500,000 tons	353,794.00	153,409,594.22	22,315,109.85		8,173.15	175,716,530.92	6.41%	Construction in progress	0.00	0.00		Self-owned funds and borrowings
Propane Industry Chain Project Phase II	227,135.26	646,920,430.84	636,426,925.71			1,283,347,356.55	56.50%	Construction in progress	0.00	0.00		Self-owned fund
Hongwei Chemical POSM and Polyol Project	603,412.00	445,679,058.84	268,804,809.90			714,483,868.74	15.35%	Construction in progress	2,171,687.71	2,053,740.35	4.14%	Self-owned funds and borrowings
Biodegradable materials project (Phase I)	648,188.56	62,598,934.80	56,777,283.95			119,376,218.75	5.39%	Construction in progress	458.71	458.71	4.30%	Self-owned funds and borrowings
Hongjing new material project	1,558,082.41	756,135,409.97	1,152,419,656.83			1,908,555,066.80	12.25%	Construction in progress	19,689,699.10	19,493,132.96	2.69%	Self-owned funds and borrowings

Full Text of the semi-annual report for the six months ended June 30, 2023 of Jiangsu Eastern Shenghong Co., Ltd.

													s
Total	12,617,872.5 9	77,811,648,310. 91	10,176,139,689.2 8	57,926,691,454.55	78,707.7 7	30,061,017,837.87			5,359,775,847.0 2	1,136,654,318.5 4			

16. Right-of-use assets

Monetary Unit: RMB

Item	Buildings and constructions	Machinery equipment	Total
I. Original book value			
1. Balance as at January 1, 2023	1,661,451,703.50	193,812,909.36	1,855,264,612.86
2. Increase in the current period	62,249,941.35		62,249,941.35
- Newly-added leases	62,249,941.35		62,249,941.35
3. Decrease in the current period	59,988,281.10		59,988,281.10
- Disposal	59,988,281.10		59,988,281.10
4. Influence of fluctuations in foreign exchange rate	844,800.93		844,800.93
5. Balance as at June 30, 2023	1,664,558,164.68	193,812,909.36	1,858,371,074.04
II. Accumulated depreciation			
1. Balance as at January 1, 2023	165,072,437.23	77,330,414.64	242,402,851.87
2. Increase in the current period	80,101,841.24	19,332,603.66	99,434,444.90
(1) Provision	80,101,841.24	19,332,603.66	99,434,444.90
3. Decrease in the current period	35,905,625.79		35,905,625.79
(1) disposal	35,905,625.79		35,905,625.79
4. Influence of fluctuations in foreign exchange rate	394,992.29		394,992.29
5. Balance as at June 30, 2023	209,663,644.97	96,663,018.30	306,326,663.27
III. Provision for impairment			
1. Balance as at January 1, 2023			
2. Increase in the current period			
(1) Provision			
3. Decrease in the current period			

(1) disposal			
4. Balance as at June 30, 2023			
IV. Book value			
1. Book value as at June 30, 2023	1,454,894,519.71	97,149,891.06	1,552,044,410.77
2. Book value as at January 1, 2023	1,496,379,266.27	116,482,494.72	1,612,861,760.99

17. Intangible assets

(1) Breakdowns of intangible assets

Monetary Unit: RMB

Item	Land use right	Patent right	Software	Concessions (emission rights, coal replacement volume targets)	Others	Total
I. Original book value						
1. Balance as at January 1, 2023	4,369,196,422.35	59,480,000.00	83,885,762.17	152,838,124.50	1,589,796.76	4,666,990,105.78
2. Increase in the current period	364,826,753.73		10,884,311.04			375,711,064.77
(1) Purchase	364,826,753.73		10,158,647.31			374,985,401.04
(2) Internal research and development						
(3) Increase due to business combination						
- Transfer-in of construction in progress			725,663.73			725,663.73
3. Decrease in the current period						
(1) disposal						
4. Balance as at June 30, 2023	4,734,023,176.08	59,480,000.00	94,770,073.21	152,838,124.50	1,589,796.76	5,042,701,170.55
II. Accumulated amortization						
1. Balance as at January 1, 2023	430,681,622.66	24,743,187.17	28,844,654.50		357,704.28	484,627,168.61
2. Increase in the current period	47,463,197.70	1,510,296.21	5,329,460.68		79,489.84	54,382,444.43
(1) Provision	47,463,197.70	1,510,296.21	5,329,460.68		79,489.84	54,382,444.43
3. Decrease in the current period						
(1) disposal						
4. Balance as at June 30, 2023	478,144,820.36	26,253,483.38	34,174,115.18		437,194.12	539,009,613.04

III. Provision for impairment						
1. Balance as at January 1, 2023						
2. Increase in the current period						
(1) Provision						
3. Decrease in the current period						
(1) disposal						
4. Balance as at June 30, 2023						
IV. Book value						
1. Book value as at June 30, 2023	4,255,878,355.72	33,226,516.62	60,595,958.03	152,838,124.50	1,152,602.64	4,503,691,557.51
2. Book value as at January 1, 2023	3,938,514,799.69	34,736,812.83	55,041,107.67	152,838,124.50	1,232,092.48	4,182,362,937.17

At the end of this period, the intangible assets formed through internal research and development of the Company accounted for 0.00% of the balance of intangible assets.

(2) Land use right with pending certificates of title

Monetary Unit: RMB

Item	Book value	Reason for failure to complete the formalities for the certificate of title
East of Petrochemical Sixth Road and South of Zhanshan Road in Xuwei New District	11,169,481.90	It is still in process.

(3) See Note VII (63) for details of the intangible assets used for guarantee in ending balance

18. Goodwill

(1) Original book value of goodwill

Monetary Unit: RMB

Name of the investee or matters forming goodwill	Balance as at January 1, 2023	Increase in the current period		Decrease in the current period		Balance as at June 30, 2023
		Amount formed through business combination	Others	Disposal	Others	
Counter purchase	1,008,696,223.14					1,008,696,223.14
Total	1,008,696,223.14					1,008,696,223.14

(2) Provision for impairment of goodwill

Monetary Unit: RMB

Name of the	Balance as at January 1,	Increase in the	Decrease in the	Balance as at
-------------	--------------------------	-----------------	-----------------	---------------

investee or matters forming goodwill	2023	current period		current period		June 30, 2023
		Provision	Others	Disposal	Others	
Counter purchase	316,637,709.90					316,637,709.90
Total	316,637,709.90					316,637,709.90

19. Long-term deferred expenses

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Amortization in the current period	Other decreases	Balance as at June 30, 2023
Deferred expenses of refining and chemical projects	3,681,892.83		2,816,786.96	296,213.95	568,891.92
Others	704,916.98	2,399,640.59	938,438.14		2,166,119.43
Total	4,386,809.81	2,399,640.59	3,755,225.10	296,213.95	2,735,011.35

20. Deferred income tax assets and deferred income tax liabilities**(1) Deferred income tax assets before offset**

Monetary Unit: RMB

Item	Balance as at June 30, 2023		Balance as at January 1, 2023	
	Deductible temporary differences	Deferred income tax assets	Deductible temporary differences	Deferred income tax assets
Provisions for impairment of assets	345,553,434.82	57,892,554.78	657,815,423.63	128,067,713.99
Unrealized profits from internal transaction	55,157,026.98	11,999,354.25	118,690,666.55	27,977,357.98
Deductible losses	3,250,111,326.52	655,968,698.59	2,766,620,462.33	572,985,438.87
Provision for credit impairment	51,643,371.59	11,073,867.21	47,144,576.96	10,259,939.08
Deferred income	692,252,373.77	120,686,672.56	686,561,207.84	120,292,769.83
Others	285,700,698.91	62,408,074.73	312,918,616.39	51,592,019.63
Total	4,680,418,232.59	920,029,222.12	4,589,750,953.70	911,175,239.38

(2) Deferred income tax liabilities without offset

Monetary Unit: RMB

Item	Balance as at June 30, 2023		Balance as at January 1, 2023	
	Taxable temporary differences	Deferred income tax liabilities	Taxable temporary differences	Deferred income tax liabilities
Asset evaluation increment from	424,244,404.04	106,061,101.01	438,050,829.23	109,512,707.32

business combination not under common control				
Changes in fair value of other equity instrument investments	157,917,387.08	39,479,346.77	166,427,108.34	41,606,777.09
Accelerated depreciation of fixed assets	3,078,932,586.12	560,285,553.19	2,614,115,170.97	451,674,793.68
Convertible bond tax difference	748,742,353.76	187,185,588.44	861,032,570.34	215,258,142.59
Others	765,768,608.81	188,895,017.87	613,762,619.19	153,440,654.80
Total	5,175,605,339.81	1,081,906,607.28	4,693,388,298.07	971,493,075.48

(3) Deferred income tax assets or liabilities presented by net amount after offset

Monetary Unit: RMB

Item	Ending amount after mutual offset of deferred income tax assets and liabilities	Ending balance after offset of deferred income tax assets and liabilities	Beginning amount after mutual offset of deferred income tax assets and liabilities	Beginning balance after offset of deferred income tax assets and liabilities
Deferred income tax assets		920,029,222.12		911,175,239.38
Deferred income tax liabilities		1,081,906,607.28		971,493,075.48

(4) Breakdown of unrecognized deferred income tax assets

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Deductible temporary differences	2,624,771.03	1,693,135.24
Deductible losses	508,918,051.02	468,860,922.18
Total	511,542,822.05	470,554,057.42

(5) Deductible losses of unrecognized deferred income tax assets will become due in the following years

Monetary Unit: RMB

Year	Amount as at June 30, 2023	Amount as at January 1, 2023	Remark
Year 2023	398,687.98	398,687.98	
Year 2024	65,771,111.18	65,771,111.18	
Year 2025	109,167,851.15	109,168,661.20	
Year 2026	193,787,131.30	193,995,900.92	
Year 2027	108,689,973.03	99,526,560.90	
Year 2028	31,103,296.38		

Total	508,918,051.02	468,860,922.18
-------	----------------	----------------

21. Other non-current assets

Monetary Unit: RMB

Item	Balance as at June 30, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Payment in advance for purchase and construction of long-term assets	5,517,510,415.74		5,517,510,415.74	4,052,697,675.69		4,052,697,675.69
Total	5,517,510,415.74		5,517,510,415.74	4,052,697,675.69		4,052,697,675.69

22. Short-term borrowings**(1) Classification of short-term borrowings**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Mortgaged borrowings	221,000,000.00	190,000,000.00
Guaranteed borrowings	13,390,776,446.79	11,734,652,397.45
Credit borrowings	13,399,922,955.92	11,280,300,889.77
Mortgaged and guaranteed borrowings	3,139,751,535.64	2,919,140,254.67
Interest on short-term borrowings	41,744,865.94	31,266,272.53
Total	30,193,195,804.29	26,155,359,814.42

23. Derivative financial liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Derivative financial liabilities	10,487,642.89	
Total	10,487,642.89	

24. Notes payable

Monetary Unit: RMB

Category	Balance as at June 30, 2023	Balance as at January 1, 2023
Commercial acceptance bills	100,000,000.00	200,000,000.00
Bank acceptance bills	1,424,471,958.19	2,164,309,399.89

Total	1,524,471,958.19	2,364,309,399.89
-------	------------------	------------------

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

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Payables for goods	4,876,621,032.79	2,643,055,989.06
Payables for equipment and projects	7,619,133,094.71	10,525,982,483.69
Total	12,495,754,127.50	13,169,038,472.75

(2) Significant accounts payable with aging over one year

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Reason for no payment or carry-forward
Sinopec Tenth Construction Co., Ltd.	133,414,205.60	Project payment not yet settled
Total	133,414,205.60	

26. Advances from customers**(1) Presentation of advances from customers**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Advances from customers	24,852,169.71	31,031,697.74
Total	24,852,169.71	31,031,697.74

(2) Significant advances from customers with aging more than one year

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Reason for no payment or carry-forward
Rental received in advance for commercial and residential buildings	3,010,812.00	Long-term rentals received in advance
Total	3,010,812.00	

27. Contract liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Advances from customers	1,582,213,596.12	1,401,254,796.06
Total	1,582,213,596.12	1,401,254,796.06

28. Employee compensation payable**(1) Presentation of employee compensation payable**

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
I. Short-term compensation	539,717,020.50	1,882,819,068.48	2,101,621,362.97	320,914,726.01
II. Post-employment benefits - defined contribution plans	278,009.07	126,978,162.19	127,181,770.59	74,400.67
III. Dismissal benefits		7,165,500.58	7,165,500.58	
Total	539,995,029.57	2,016,962,731.25	2,235,968,634.14	320,989,126.68

(2) Presentation of short-term compensation

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
1. Salaries, bonuses, allowances and subsidies	537,468,532.46	1,618,338,247.06	1,838,766,019.28	317,040,760.24
2. Employee welfare fees	2,110,623.53	144,991,427.83	143,341,945.98	3,760,105.38
3. Social insurance premiums	1,129.17	62,944,425.09	62,944,506.95	1,047.31
Including: medical insurance premiums		48,952,850.71	48,952,850.71	
Work-related injury insurance premiums		6,937,485.87	6,937,485.87	
Maternity insurance premiums		6,626,033.89	6,626,033.89	
Others	1,129.17	428,054.62	428,136.48	1,047.31
4. Housing provident funds		54,086,266.24	54,086,266.24	
5. Labor union expenditures and employee education funds	136,735.34	2,458,702.26	2,482,624.52	112,813.08
Total	539,717,020.50	1,882,819,068.48	2,101,621,362.97	320,914,726.01

(3) Presentation of defined contribution plans

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
1. Basic endowment insurance premiums	278,009.07	123,148,151.00	123,351,759.40	74,400.67

2. Unemployment insurance premiums		3,830,011.19	3,830,011.19	
Total	278,009.07	126,978,162.19	127,181,770.59	74,400.67

29. Taxes and surcharges payable

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
VAT	479,929,894.22	48,041,175.48
Consumption tax	639,682,697.49	234,360,591.25
Enterprise income tax	66,733,489.62	32,221,344.70
Individual income tax	13,168,767.41	16,060,556.86
Urban maintenance and construction tax	50,526,792.27	19,140,245.93
Educational surcharge	36,523,377.36	14,456,046.21
House property tax	17,601,057.40	14,922,678.69
Land use tax	9,042,601.89	8,886,767.64
Stamp duty	27,883,598.96	29,916,273.48
Environmental protection tax	2,163,137.49	3,212,601.38
Total	1,343,255,414.11	421,218,281.62

30. Other payables

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Other payables	337,953,827.26	405,928,757.49
Total	337,953,827.26	405,928,757.49

(1) Other payables**1) Presentation of other payables by nature**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Payment for equity payable		2,993,519.91
Margin, deposit, risk fund	314,161,234.91	358,733,561.31
Accrued expenses	10,666,317.81	13,269,275.28
Collection, payment and transactions	8,808,020.15	30,895,772.14
Others	4,318,254.39	36,628.85
Total	337,953,827.26	405,928,757.49

2) Other significant payables aged over 1 year

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Reason for no payment or carry-
------	-----------------------------	---------------------------------

		forward
Sinopec Tenth Construction Co., Ltd.	4,687,300.00	Performance bond
Anshan Iron and Steel Construction Group Co., Ltd.	3,264,682.95	Performance bond
Total	7,951,982.95	

31. Non-current liabilities due within one year

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Long-term borrowings due within one year	8,292,553,966.40	8,170,114,992.68
Long-term payables due within one year	1,147,024,418.55	1,213,395,600.95
Lease liabilities due within one year	206,724,072.91	238,454,238.50
Interest on long-term borrowings with interest paid by installments and principal paid at maturity	92,229,942.17	105,773,213.24
Interest on bonds payable with interest paid by installments and principal paid at maturity	8,272,630.09	15,610,769.24
Total	9,746,805,030.12	9,743,348,814.61

32. Other current liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Output tax to be carried forward	199,299,540.38	177,882,150.07
Others		10,000.00
Total	199,299,540.38	177,892,150.07

33. Long-term borrowings

(1) Classification

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Mortgage borrowings	450,000,000.00	450,000,000.00
Guaranteed borrowings	8,552,951,859.44	7,710,728,322.68
Credit borrowings	300,000,000.00	400,000,000.00
Guaranteed and mortgaged borrowings	60,584,641,004.93	57,853,246,707.75
Of which: interest adjustment	-206,390,475.62	-179,227,382.77
Total	69,681,202,388.75	66,234,747,647.66

34. Bonds payable**(1) Bonds payable**

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Convertible corporate bonds	4,256,794,935.51	4,143,110,281.98
Total	4,256,794,935.51	4,143,110,281.98

(2) Increase/decrease of bonds payable (excluding preferred share, perpetual debt and other financial instruments divided into the financial liabilities)

Monetary Unit: RMB

Bond name	Par value	Date of issue	Term of bond	Amount issued	Balance as at January 1, 2023	Bonds issued in the current period	Interest accrued by par value	Amortization of premiums or discounts	Repayment in the current period	Debt-to-equity swap in the current period	Balance as at June 30, 2023
Shenghong Convertible Bond	100.00	March 22, 2021	6	5,000,000,000.00	4,143,110,281.98		12,652,651.25	113,998,453.53		313,800.00	4,256,794,935.51
Total				5,000,000,000.00	4,143,110,281.98		12,652,651.25	113,998,453.53		313,800.00	4,256,794,935.51

(3) Conversion conditions and date of convertible corporate bonds

As approved by the China Securities Regulatory Commission's Approval of the Public Offering of Convertible Bonds by Jiangsu Eastern Shenghong Co., Ltd. (ZJXX [2021] No.512), the Company issued on March 22, 2021 50 million convertible bonds, each with a face value of RMB100; the total issue amount was RMB5,000 million. The Chinese abbreviation of the convertible bond is "Shenghong Convertible Bond" and the bond code is "127030". The coupon rates of the convertible bonds are 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year, with interest paid once a year and the principal and last year's interest returned at maturity. The term of the convertible bonds is six years from the date of issue, i.e., from March 22, 2021 to March 21, 2027 and the conversion period is from the first trading day (September 27, 2021) six months after the end of the convertible bonds issue (March 26, 2021) to the maturity date of the convertible bonds (March 21, 2027), and the initial conversion price of the bond is RMB14.20/share.

Due to the implementation of the Company's 2020 annual equity distribution, the conversion price of "Shenghong Convertible Bond" was adjusted from RMB14.20/share to RMB14.10/share, with the adjusted conversion price effective from June 18, 2021 (ex-rights and ex-dividend date).

According to the CSRC's Reply to Approve the Issue of Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Limited to Purchase Assets and Raise Matching Funds (ZJXX [2021] No.4179), the Company issued RMB ordinary shares to Shenghong Petrochemical Group Co., Ltd., and Lianyungang Bohong Industry Co., Ltd. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

According to the resolution of the Company's 2021 annual general meeting, the Company would implement the 2021 annual dividend distribution plan in May 2022. After the equity allocation, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB13.53/share to RMB13.38/share, and the effective date of the conversion price adjustment was May 27, 2022.

With the approval of the China Securities Regulatory Commission in the Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (ZJXX [2021] No.4179), the Company issued 266,714,109 RMB ordinary shares to raise supporting funds. The new shares were listed on the Shenzhen Stock Exchange on July 20, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange (ZJXK [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The new shares were listed on the Shenzhen Stock Exchange on December 28, 2022, and the conversion price of "Shenghong Convertible Bond" was adjusted from RMB13.46/share to RMB13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

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

During the reporting period, a total of RMB313,800.00 of "Shenghong Convertible Bond" were converted into 23,395 shares of the Company's stock, with a cash payment of RMB99.50 for the shortfall of one share, and RMB174,851.14 of capital surplus was recognized for the conversion and RMB76,161.66 of other equity instruments were carried forward. The amortized cost of the liability portion of RMB113,946,267.31 was adjusted by the effective interest rate method, and the interest transferred from the conversion was adjusted by RMB52,186.22, totaling RMB113,998,453.53 in interest adjustment.

35. Lease liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Payables for leases	1,567,961,981.22	1,636,484,216.59
Of which: lease liability due within one year	-206,724,072.91	-238,454,238.50
Total	1,361,237,908.31	1,398,029,978.09

36. Long-term payables

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Long-term payables	1,175,637,611.90	1,383,990,471.34
Total	1,175,637,611.90	1,383,990,471.34

(1) Long-term payables, presented by nature

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Accounts payable for finance lease	2,464,888,386.46	2,787,954,175.95
Less: unrecognized financing expenses	142,226,356.01	190,568,103.66
Less: the part due within one year	1,147,024,418.55	1,213,395,600.95
Total	1,175,637,611.90	1,383,990,471.34

37. Deferred income

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023	Forming reason
Government	2,248,454,419.59	32,193,253.00	35,625,920.19	2,245,021,752.40	Asset-related

grants					government grants received
Total	2,248,454,419.59	32,193,253.00	35,625,920.19	2,245,021,752.40	-

Items involves with government grants:

Monetary Unit: RMB

Liabilities	Balance as at January 1, 2023	New grants in the current period	Amount included in non-operating revenues in the current period	Amounts included in other income in the current period	Amount of offsetting costs and expenses for the period	Other changes	Balance as at June 30, 2023	Asset/income-related
Subsidies for land development expenses	1,237,863,919.61			6,653,026.40			1,231,210,893.21	Asset-related
Subsidy for alcohol-based polyproduction project	393,097,676.18	20,000,000.00		8,355,507.12			404,742,169.06	Asset-related
Fund for science and technology development in PTA project with the annual output of 1.5 million tons	165,676,513.83			2,115,508.02			163,561,005.81	Asset-related
Industry guide funds	117,217,385.13	6,011,253.00		1,300,243.32			121,928,394.81	Asset-related
Subsidies for construction of 110KV and one 220KV power line	47,016,608.59			2,988,187.36			44,028,421.23	Asset-related
Government grants from the central government for industrial transformation and upgrading in 2017	40,876,484.83			1,251,320.94			39,625,163.89	Asset-related
Special subsidies for technical transformation	33,078,101.20			996,285.06			32,081,816.14	Asset-related
400,000 tons of CDP	25,598,245.57			888,596.50			24,709,649.07	Asset-related
Subsidies from	20,666,666.70			800,000.00			19,866,666.70	Asset-related

the central government for the construction of emergency material guarantee system								
Subsidies for investment	16,564,417.17			736,196.32			15,828,220.85	Asset-related
Infrastructure supporting fees for investment projects	15,145,854.75			166,594.86			14,979,259.89	Asset-related
Third batch of special fund for the industrial and information-based transformation and upgrade at the provincial level in 2021	14,224,137.93			387,931.03			13,836,206.90	Asset-related
Special funds for carbon-neutral scientific and technological innovation in 2022	12,000,000.00						12,000,000.00	Asset-related
Loan subsidies and equipment grants for technological transformation	11,660,000.00			32,388.89			11,627,611.11	Asset-related
Funds for Industrial Quality Development in Wujiang District in 2020 - Intelligent Transformation Category	7,367,231.64			271,186.44			7,096,045.20	Asset-related
Special subsidy for recycling transformation	6,936,221.87			246,308.22			6,689,913.65	Asset-related
Subsidies for technical transformation of industrial enterprises	6,748,539.55			212,596.38			6,535,943.17	Asset-related
Subsidy for the	6,655,500.00			493,000.00			6,162,500.00	Asset-related

integration of informatization and industrialization								
Intelligent equipment investment - differentiated functional chemical fiber project with annual output of 200,000 tons	5,628,318.62			159,292.02			5,469,026.60	Asset-related
Fund for industrial high-quality development in Wujiang District in 2020 (Second batch)	4,726,239.30			128,897.44			4,597,341.86	Asset-related
Support fund for industrial high-quality development in Wujiang District in 2018	4,352,347.35			219,687.02			4,132,660.33	Asset-related
Special subsidies for the industrial and information-based industry transformation and upgrade	4,169,037.64			106,443.54			4,062,594.10	Asset-related
Construction of the project with the output of 200,000 tons of CDP	4,130,753.45			688,458.90			3,442,294.55	Asset-related
Three funds for science and technology	4,000,000.00			1,200,000.00			2,800,000.00	Asset-related
First batch of special fund for the industrial and information-based transformation and upgrade at the provincial level in 2021	3,989,489.05			196,204.38			3,793,284.67	Asset-related
Support fund	3,567,082.69			179,267.32			3,387,815.37	Asset-related

for industrial transformation and upgrading in Wujiang District in 2017								
Special fund for building the advanced municipal manufacturing base in Suzhou in 2018	2,771,004.91			139,131.52			2,631,873.39	Asset-related
Special subsidy of the MIIT for industrial transformation and upgrading and strengthening foundation project	2,450,000.00			75,000.00			2,375,000.00	Asset-related
Award for artificial intelligence technology transformation of the replacement of man by machines in 2015	2,274,449.57			152,788.50			2,121,661.07	Asset-related
Allocated government grants for industrial high-quality development in Wujiang District		2,322,000.00		219,300.00			2,102,700.00	Asset-related
Innovation capacity building project of the technology center	2,250,000.04			166,666.66			2,083,333.38	Asset-related
Government subsidies for the spinning project of Phase I		2,000,000.00		9,009.01			1,990,990.99	Asset-related
Second batch of the special fund for the transformation and upgrade of provincial	1,978,533.19			118,356.20			1,860,176.99	Asset-related

industry and information industry in 2019 (functional polyester fiber smart factory)								
Special funds for ecological environment protection		1,860,000.00		40,969.15			1,819,030.85	Asset-related
Special fund for industrial and information transformation and upgrading in 2018	1,503,113.66			73,088.12			1,430,025.54	Asset-related
Award and subsidy funds for intelligent technology transformation in industrial enterprises in 2018	1,482,227.62			67,665.90			1,414,561.72	Asset-related
Construction of the project with the output of 80,000 tons of ultra-fine denier polyester low elastic yarn	1,445,769.21			240,961.54			1,204,807.67	Asset-related
Green low-carbon development	1,394,736.84			52,631.58			1,342,105.26	Asset-related
Award for artificial intelligence technology transformation of the replacement of man by machines in 2016	1,236,835.27			83,087.70			1,153,747.57	Asset-related
Suzhou municipal special and upgraded fund for industrial economy (major and special project in advanced manufacturing	1,203,492.57			77,081.36			1,126,411.21	Asset-related

)							
Others	15,507,484.06			3,337,055.47		12,170,428.59	Asset-related
Total	2,248,454,419.59	32,193,253.00		35,625,920.19		2,245,021,752.40	

38. Other non-current liabilities

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Long-term house rent	21,673,389.17	24,984,480.48
Total	21,673,389.17	24,984,480.48

39. Share capital

Monetary Unit: RMB

	Balance as at January 1, 2023	Changes during the current period ("+", "-")					Balance as at June 30, 2023
		New shares issued	Share donation	Conversion of capital reserves into share capital	Others	Sub-total	
Total shares	9,599,588,940.16				23,395.00	23,395.00	9,599,612,335.16

Reasons for changes in share capital in the current period:

For conversion of Shenghong Convertible Bond with 46,602 shares, please refer to Note VII (34) Bonds Payable.

40. Other equity instruments

(1) Preferred shares, perpetual debt and other financial instruments issued at the end of the current period

As approved by the *Official Reply of the China Securities Regulatory Commission on Approving Jiangsu Eastern Shenghong Co., Ltd. to Publicly Issue Convertible Corporate Bonds* (ZJXK [2021] No.512), the Company publicly issued 50.00 million pieces of convertible corporate bonds with the nominal value of RMB100 on March 22, 2021. These convertible corporate bonds amount to RMB5,000.00 million, and are called "Shenghong Convertible Bond" for short, with the bond code of "127030". The nominal interest rates of these convertible corporate bonds issued this time are: 0.20% in the first year, 0.40% in the second year, 0.60% in the third year, 1.50% in the fourth year, 1.80% in the fifth year, and 2.00% in the sixth year. Relevant interest is paid once a year, and the principal and the interest in the last year should be returned when these bonds are due. The term of these bonds will last for six years from the date of issue, i.e. From March 22, 2021 to March 21, 2027. The term for conversion is from the first trading day (September 27, 2021) six months after the ending date (March 26, 2021) for issuing these bonds to the mature date (March 21, 2027) of these bonds, and the initial price for the conversion of these bonds into shares is RMB14.20/share.

Due to the equity distribution implemented by the Company in 2020, the conversion price of "Shenghong Convertible Bond" was adjusted to RMB14.10/share from RMB14.20/share, and the new price took effect from June 18, 2021 (date of record).

According to the CSRC's Reply to Approve the Issue of Shares by Jiangsu Eastern Shenghong Co., Ltd. to Shenghong Petrochemical Group Limited to Purchase Assets and Raise Matching Funds (ZJXK [2021] No.4179), the Company issued RMB ordinary shares to Shenghong Petrochemical Group Co., Ltd., and Lianyungang Bohong Industry Co., Ltd. After the listing of the new shares, the conversion price of "Shenghong Conversion Bond" was adjusted from RMB14.10/share to RMB13.53/share, and the effective date of the conversion price adjustment was January 27, 2022.

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

With the approval of the China Securities Regulatory Commission in the Reply on Approving Jiangsu Eastern Shenghong Co., Ltd. to Issue Shares to Shenghong Petrochemical Group Co., Ltd. to Purchase Assets and Raise Supporting Funds (ZJXK [2021] No.4179), the Company issued 266,714,109 RMB ordinary shares to raise supporting funds. The additional shares were listed on the Shenzhen Stock Exchange on July 20, 2022 and the conversion price of Shenghong Convertible Bond was adjusted from RMB13.38/share to RMB13.46/share, and the effective date of the conversion price adjustment was July 20, 2022.

Pursuant to CSRC's Reply to the Approval of Jiangsu Eastern Shenghong Co., Ltd.'s Initial Public Offering of Global Depository Receipts and Listing on the SIX Swiss Exchange (ZJXK [2022] No.3151), the Company issued 39,794,000 GDRs, of which each GDR represents 10 A shares of the Company and the total amount of new underlying securities represented by the GDRs issued is 397,940,000 A shares. The additional shares were listed on the Shenzhen Stock Exchange on December 28, 2022 and the conversion price of Shenghong Convertible Bond was adjusted from RMB13.46/share to RMB13.41/share, and the effective date of the conversion price adjustment was December 28, 2022.

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

(2) Changes in preferred shares, perpetual debt and other financial instruments issued at the end of the current period

Monetary Unit: RMB

Outstanding financial instruments	As at January 1, 2023		Increase in the current period		Decrease in the current period		As at June 30, 2023	
	Quantity	Book value	Quantity	Book value	Quantity	Book value	Quantity	Book value
Shenghong Convertible Bond	49,980,083.00	906,691,995.86		143,319.23	3,138.00	76,161.66	49,976,945.00	906,759,153.43
Total	49,980,083.00	906,691,995.86		143,319.23	3,138.00	76,161.66	49,976,945.00	906,759,153.43

Changes in other equity instruments during the current period, explanation of the reasons for such changes, and the basis for the related accounting treatment:

Other equity instruments decreased by RMB76,161.66 during the current period, as described in Note 7.34 Bonds payable.

Other equity instruments increased by RMB143,319.23 due to the recognition of the deferred impact of the convertible bond tax difference.

41. Capital reserves

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
Capital (share capital) premium	18,197,872,074.42	174,851.14		18,198,046,925.56
Other capital reserves	11,921,095.89			11,921,095.89

Total	18,209,793,170.31	174,851.14		18,209,968,021.45
-------	-------------------	------------	--	-------------------

Other notes, including notes to increase and decrease and reason for the changes in the current period:

The capital premium (equity premium) of the Company increased by RMB174,851.14 during the current period due to the increase in capital surplus as a result of the conversion of the Company's Shenghong Convertible Bond into shares during the current period, as described in Note VII (34) Bonds payable;

42. Other comprehensive income

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Amount in this period						Balance as at June 30, 2023
		Amount before income tax in the current period	Less: amount previously included in other comprehensive income and currently transferred to the profit or loss	Less: amount previously included in other comprehensive income and currently transferred to the retained earnings	Less: income tax expenses	Amount after tax attributable to the Company	Amount after tax attributable to minority shareholders	
I. Other comprehensive income that will not be reclassified to profit and loss	66,210,030.00							66,210,030.00
Changes in fair value of investments in other equity instruments	66,210,030.00							66,210,030.00
II. Other comprehensive income that will be reclassified to profit or loss	8,329,460.29	20,986,439.41				20,986,439.41		29,315,899.70
Translation differences of foreign currency financial statements	8,329,460.29	20,986,439.41				20,986,439.41		29,315,899.70
Total of other comprehensive income	74,539,490.29	20,986,439.41				20,986,439.41		95,525,929.70

43. Special reserves

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
Work safety expenses	7,838,677.20	158,815,528.73	99,501,615.11	67,152,590.82
Total	7,838,677.20	158,815,528.73	99,501,615.11	67,152,590.82

The Company is required to comply with the disclosure requirements for the chemical industry-related business in the *Self-Regulatory Guidelines for Listed Companies on Shenzhen Stock Exchange No.3 - Disclosure of Industry Information*

44. Surplus reserve

Monetary Unit: RMB

Item	Balance as at January 1, 2023	Increase in the current period	Decrease in the current period	Balance as at June 30, 2023
Statutory surplus reserves	603,991,295.17			603,991,295.17
Total	603,991,295.17			603,991,295.17

45. Retained earnings

Monetary Unit: RMB

Item	Current period	Prior period
Retained earnings at the end of the prior period before the adjustment	6,298,390,031.62	6,615,477,283.13
Adjustment to total retained earnings as at the beginning of the period (+ for increase and - for decrease)		31,359,204.23
Retained earnings at the beginning of the period after adjustment	6,298,390,031.62	6,646,836,487.36
Add: net profit attributable to owners of the Company in the current period	1,680,483,560.98	548,162,571.15
Less: withdrawal of statutory surplus reserves		2,421,531.58
Common stock dividends payable	661,121,240.20	891,976,368.60
Add: business combination under common control		-2,211,126.71
Retained earnings at the end of the period	7,317,752,352.40	6,298,390,031.62

46. Operating revenue and operating costs

Monetary Unit: RMB

Item	Amount in the current period		Amount in the prior period	
	Revenue	Cost	Revenue	Cost
Primary business	59,045,056,276.23	50,304,761,314.09	26,769,171,122.19	23,268,401,384.52
Other business	6,854,836,784.44	6,690,867,562.63	3,472,931,196.92	3,372,053,931.54
Total	65,899,893,060.67	56,995,628,876.72	30,242,102,319.11	26,640,455,316.06

Whether the lower of audited net profit before and after deduction of non-recurring gain or loss is negative

 Yes No

Information related to performance obligations:

None.

Information related to transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted but not yet performed or not yet completed at the end of the reporting period was RMB1,582,213,596.12, of which

RMB1,582,213,596.12 is expected to be recognized as revenue in 2023.

47. Taxes and surcharges

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Consumption tax	3,738,475,638.24	
Urban maintenance and construction tax	278,682,745.15	12,003,918.53
Educational surtax	200,143,049.78	9,104,462.32
Property taxes	35,701,453.77	32,227,167.85
Land use tax	17,708,969.53	15,721,034.98
Vehicle usage tax	21,614.64	19,495.12
Stamp duty	54,670,831.17	23,904,092.79
Environmental protection tax	4,063,672.38	3,642,074.60
Others	133,732.54	192,223.38
Total	4,329,601,707.20	96,814,469.57

48. Selling and distribution expenses

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Employee benefits	45,368,573.38	36,744,188.79
Warehousing expenses	120,534,186.24	34,480,184.53
Others	31,393,790.62	19,959,959.90
Total	197,296,550.24	91,184,333.22

49. General and administrative expenses

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Employee compensation	235,809,124.45	177,149,314.75
Depreciation and amortization	43,690,464.37	64,127,688.16
Consulting and service charges	29,216,760.75	19,499,783.85
Utilities and property management fees	5,450,259.07	7,560,916.20
Office expenses	6,370,229.10	6,536,087.14
Insurance premiums	6,250,158.43	3,145,635.07
Others	36,296,443.66	36,167,631.28
Total	363,083,439.83	314,187,056.45

50. Research and development expenses

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
------	------------------------------	----------------------------

Technology development cost	252,753,431.01	243,741,835.54
Total	252,753,431.01	243,741,835.54

51. Financial expenses

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Interest expenses	1,326,468,560.72	924,743,515.29
Less: interest income	92,801,503.64	82,817,737.24
Gains or losses on foreign exchange	448,673.03	62,106,976.89
Handling charges and others	42,002,879.22	34,478,036.30
Total	1,276,118,609.33	938,510,791.24

52. Other income

Monetary Unit: RMB

Source of other income	Amount in the current period	Amount in the prior period
Government grants	66,576,084.46	59,901,053.42
Refund of handling charges	3,458,746.47	1,544,388.29
Including: government grants included in other income		
1. Government grants directly recognized in the current period	30,950,164.27	28,427,967.35
Municipal award and subsidy funds for advanced technology research institutes of large independent brand enterprises and leading enterprises in Suzhou	20,563,000.00	
Additional deduction of input tax	2,437,201.68	
Incentives for import and export trade	1,678,420.00	
Subsidies for provincial-level water-saving carriers in 2021	1,269,620.00	
Subsidies for post expansion	1,063,939.33	
Business development funds of the Economic Development Bureau for the National East-Central-West Regional Cooperation Demonstration Zone (Xuwei New Area of Lianyungang)	1,004,900.00	
Training subsidy	694,500.00	1,082,200.00
Others	2,238,583.26	3,842,234.35
High-quality development fund of Wujiang District in 2020		2,585,700.00
Incentive and subsidy funds for intelligent transformation and digital transformation at the		2,920,000.00

provincial level in 2021		
Economic incentives in 2021		2,000,000.00
Rewards for refinancing of listed companies		7,000,000.00
Rewards for municipal smart factories		1,000,000.00
Subsidies for job stabilization		6,927,473.00
Subsidies for talents		1,070,360.00
2. Government grants transferred from deferred income	35,625,920.19	31,473,086.07
Total	70,034,830.93	61,445,441.71

53. Investment income

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Long-term equity investment income calculated under the equity method	-14,600,085.01	-1,780,321.97
Investment income from holding of financial assets held for trading	3,013,859.62	2,855,653.29
Investment income from disposal of financial assets held for trading	-15,295,713.74	-9,508,849.01
Dividends income from other equity instruments invested during the holding period	976,431.36	3,817,017.83
Total	-25,905,507.77	-4,616,499.86

54. Gains from changes in fair value

Monetary Unit: RMB

Sources of income from changes in fair value	Amount in the current period	Amount in the prior period
Financial assets held for trading	-8,398,130.24	-522,395.04
Financial liabilities held for trading	-10,604,729.92	
Total	-19,002,860.16	-522,395.04

55. Losses from credit impairment

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Losses from bad debts of other receivables	-7,703,166.79	-3,463,334.07
Losses from bad debts of accounts receivable	2,960,462.57	-34,932,116.36
Total	-4,742,704.22	-38,395,450.43

56. Losses from impairment of assets

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
II. Loss from inventory depreciation and losses from impairment of contract performance cost	-621,088,208.09	-78,817,755.52
Total	-621,088,208.09	-78,817,755.52

57. Income from disposal of assets

Monetary Unit: RMB

Sources of proceeds from the disposal of assets	Amount in the current period	Amount in the prior period
Gains from disposal of non-current assets	58,651,199.72	-7,185,304.56
Total	58,651,199.72	-7,185,304.56

58. Non-operating revenue

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period	Amount included in non-recurring profit or loss in the current period
Accepted donations		6,480.00	
Revenue from indemnity and fines	58,621,288.80	14,636,826.16	58,621,288.80
Payment not required to be paid	305,941.17	212,299.40	305,941.17
Others	1,592,252.37	1,798,998.27	1,592,252.37
Total	60,519,482.34	16,654,603.83	60,519,482.34

59. Non-operating expenses

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period	Amount included in non-recurring profit or loss in the current period
Donations made	1,059,433.00	15,996,000.00	1,059,433.00
Compensation, fines, late payment expenses	5,607,631.92	49,026.25	5,607,631.92
Losses from the damage and scrapping of non-current assets	1,706,958.69	255,528.15	1,706,958.69
Others	1,630.48	118,117.35	1,630.48
Total	8,375,654.09	16,418,671.75	8,375,654.09

60. Income tax expenses**(1) Table of income tax expenses**

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Current income tax expenses	214,415,381.09	165,316,669.29
Deferred income tax expenses	101,559,549.03	57,954,533.37
Total	315,974,930.12	223,271,202.66

(2) Adjustment process of accounting profit and income tax expenses

Monetary Unit: RMB

Item	Amount in the current period
Total profits	1,995,501,025.00
Income tax expenses calculated at statutory/applicable tax rate	498,875,256.24
Effect of different tax rates applicable to subsidiaries	-48,220,256.41
Effect of adjustments to the income tax for the prior years	-4,626,786.05
Effect of non-taxable income	-2,334,719.78
Effect of non-deductible costs, expenses and losses	3,862,068.10
Effect of deductible losses from using the deferred income tax assets unrecognized in prior periods	-4,314,906.89
Effect of deductible temporary differences or losses from deferred income tax assets unrecognized in the current period	12,893,809.41
Impact of deduction of R&D fee	-44,800,921.13
Others	-95,358,613.37
Income tax expenses	315,974,930.12

61. Items in the statement of cash flows**(1) Cash received from other operating activities**

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Government grants	64,239,019.73	63,332,419.89
Interest income	92,330,216.03	90,685,259.53
Current account	222,706,595.25	156,060,995.40
Non-operating revenue and others	43,657,050.72	2,604,338.14
Recovery of restricted funds	2,044,570,026.37	4,069,207,792.05
Employee shareholding payments received	583,110,877.18	1,028,823,316.04
Total	3,050,613,785.28	5,410,714,121.05

(2) Cash paid for other operating activities

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Current account	276,469,944.64	121,190,856.34
Expenditure on selling and distribution expenses and general and administrative expenses	242,650,538.36	99,750,858.01
Financial expenses	78,703,713.17	24,453,839.16
Non-operating expenses and others	6,108,516.19	16,060,734.59
Expenditure on restricted funds	2,680,762,149.98	3,815,993,948.56
Payments for employee stock ownership	586,674,241.88	1,028,660,315.00
Total	3,871,369,104.22	5,106,110,551.66

(3) Cash received from other investing activities

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Cash received from business combination		50.00
Recovery of restricted funds (investment)	1,039,122,999.21	2,196,142,324.68
Others	7,745,803.74	
Total	1,046,868,802.95	2,196,142,374.68

(4) Cash paid for other investing activities

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Expenditure on restricted funds (investment)	397,763,247.21	3,538,028,939.70
Total	397,763,247.21	3,538,028,939.70

(5) Cash received from other financing activities

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Capital of related parties		1,800,000,000.00
Financial sale-leaseback	550,000,000.00	1,085,000,000.00
Recovery of restricted loan deposits		119,900,000.00
Total	550,000,000.00	3,004,900,000.00

(6) Cash paid for other financing activities

Monetary Unit: RMB

Item	Amount in the current period	Amount in the prior period
Capital of related parties		3,500,000,000.00
Financial sale-leaseback	907,763,035.71	265,303,029.56
Leases	124,096,477.56	43,965,241.88
Purchase of minority interest of subsidiaries		2,116,819,093.21
Intermediary fees on non-public offering of stocks	13,828,362.50	15,005,572.00
Others	1,034,700.00	64,424,178.00
Total	1,046,722,575.77	6,005,517,114.65

62. Supplementary information on the statement of cash flows

(1) Supplementary information on the statement of cash flows

Monetary Unit: RMB

Supplementary information	Amount in this period	Amount in the previous period
1. Net profit adjusted to cash flows from operating activities:		
Net profit	1,679,526,094.88	1,626,081,282.75
Plus: provision for impairment of assets	625,830,912.31	117,213,205.95
Depreciation of fixed assets, depletion of oil and gas assets, and depreciation of productive biological assets	1,621,594,365.02	1,123,881,856.73
Depreciation of right-of-use assets		
Amortization of intangible assets	37,210,506.88	27,178,424.72
Amortization of long-term deferred expenses	1,393,827.77	3,619,068.48
Losses from disposal of fixed assets, intangible assets and other long-term assets ("-" for gains)	-58,651,199.72	7,185,304.56
Losses from scrapping of fixed assets ("-" for gains)	1,327,756.94	255,289.12
Losses from changes in fair value ("-" for gains)	19,002,860.16	522,395.04
Financial expenses ("-" for gains)	1,397,840,839.05	1,006,647,406.56
Investment losses ("-" for gains)	25,248,935.63	4,616,499.86
Decreases in deferred income tax assets ("-" for increases)	-8,853,982.76	-58,725,532.10
Increases in deferred income tax liabilities ("-" for decreases)	110,413,531.83	116,680,065.47
Decreases in inventories ("-" for increases)	4,061,522,099.62	-752,688,656.55
Decreases in operating receivables ("-" for increases)	-4,047,265,616.11	2,802,519,286.71
Increases in operating payables ("-" for decreases)	2,060,028,690.49	92,937,391.99
Others	59,313,913.62	-11,288,829.97
Net cash flows from operating activities	7,585,483,535.61	6,106,634,459.32

2. Significant investing and financing activities not involving cash receipts and payments:		
Conversion of debt into capital		
Convertible corporate bonds maturing within one year		
Fixed assets acquired under finance leases		
3. Net changes in cash and cash equivalents:		
Ending balance of cash	8,434,582,158.35	17,802,297,645.42
Less: beginning balance of cash	10,003,518,583.15	9,678,121,585.63
Plus: ending balance of cash equivalents		
Less: beginning balance of cash equivalents		
Net increase in cash and cash equivalents	-1,568,936,424.80	8,124,176,059.79

(2) Breakdown of cash and cash equivalents

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
I. Cash	8,434,582,158.35	10,003,518,583.15
Including: cash on hand	19,917.98	17,922.98
Unrestricted bank deposit	8,316,516,383.33	9,982,599,510.78
Other unrestricted monetary funds	118,045,857.04	20,901,149.39
III. Ending balance of cash and cash equivalents	8,434,582,158.35	10,003,518,583.15

63. Assets with restrictions on the ownership or use right

Monetary Unit: RMB

Item	Book value as at June 30, 2023	Reason for restriction
Monetary funds	2,284,956,377.25	See Note VII(I) for the reason for restriction
Inventories	480,000,000.00	Working capital loan
Fixed assets	15,754,888,913.63	Working capital loan, project loan, finance lease, bank acceptance bill, supply chain financing, L/C, and prepayment financing
Intangible assets	2,444,581,440.74	Working capital loan, project loan, supply chain financing, bank acceptance bill and L/C
Construction in progress	477,997,814.58	Project loan, and finance lease
Total	21,442,424,546.20	

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

Monetary Unit: RMB

Item	Balance in foreign currency as at June 30,	Exchange rate for conversion	Balance in RMB converted as at June 30,
------	--	------------------------------	---

	2023		2023
Monetary funds			
Including: USD	132,732,296.33	7.2258	959,097,026.81
EUR	50,375.30	7.8771	396,811.28
HKD	390.30	0.9220	359.85
SGD	441,660.93	5.3442	2,360,324.33
JPY	176,732,870.00	0.0501	8,854,316.79
Accounts receivable			
Including: USD	185,090,659.88	7.2258	1,337,428,090.17
EUR			
HKD			
Long-term borrowings			
Including: USD	76,000,000.00	7.2258	549,160,799.99
EUR	16,637,069.41	7.8771	131,051,859.45
HKD			
Other receivables			
Including: USD	14,700,593.64	7.2258	106,223,549.52
SGD	234,901.96	5.3442	1,255,363.07
Accounts payable			
Including: USD	250,131,688.22	7.2258	1,807,401,552.75
EUR	7,350,830.83	7.8771	57,903,229.55
JPY	1,915,000.00	0.0501	95,930.01
CHF	173,000.00	8.0614	1,394,622.20
Non-current liabilities maturing within one year			
Including: USD	37,319,484.24	7.2258	269,663,129.22
EUR	2,372,375.05	7.8771	18,687,435.51
Other payables			
Including: USD	60,811,344.70	7.2258	439,410,614.54
SGD	79.79	5.3442	426.40

(2) Explanation to overseas operating entities, for important overseas operating entities, their principal overseas place of business, functional currency and basis for selection as well as the reason for change in functional currency (if any) should be disclosed

Applicable Not applicable

65. Government grants**(1) Basic information on government grants**

Monetary Unit: RMB

Category	Amount	Item	Amount included in the current profit or loss
Asset-related government grants	32,193,253.00	Deferred income	35,625,920.19
Income-related government grants	30,950,164.27	Other income	30,950,164.27

(2) Return of government grants

Applicable Not applicable

VIII. Changes in the scope of consolidation

There was no change in the scope of consolidation during the reporting period.

IX. Equity in other entities**1. Equity in subsidiaries****(1) Structure of the enterprise group**

Subsidiaries	Main business place	Registered place	Business nature	Shareholding ratio		Way of acquisition
				Direct	Indirect	
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	Suzhou	Suzhou	Energy sales and management	100.00%		Established by investment
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	Suzhou	Suzhou	Electricity and heat supply	100.00%		Established by investment
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	Suzhou	Suzhou	Petrochemical industry investment	100.00%		Established by investment
Suzhou Shenghong Data Cloud Technology Co., Ltd.	Suzhou	Suzhou	Software and information technology service	100.00%		Established by investment
Suzhou Shengze Real Estate Leasing Co., Ltd.	Suzhou	Suzhou	Real estate lease	100.00%		Established by investment
Suzhou Shengze Warehousing Management Co., Ltd.	Suzhou	Suzhou	Warehousing services	100.00%		Established by investment
Jiangsu Shenghong Energy & Chemical New Materials	Suzhou	Suzhou	New material technology research and	100.00%		Established by

Co., Ltd.			development			investment
Shenghong (Shanghai) New Material Technology Co., Ltd.	Shanghai	Shanghai	New material technology research and development	100.00%		Established by investment
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	Suzhou	Suzhou	New material technology research and development	100.00%		Established by investment
Shenghong (Jiangsu) Advanced Materials Research Institute Co., Ltd.	Lianyungang	Lianyungang	New material technology research and development	100.00%		Established by investment
Shenghong New Energy (Suzhou) Co., Ltd.	Suzhou	Suzhou	Emerging energy technology research and development	100.00%		Established by investment
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	Shanghai	Shanghai	Technology development in the field of new chemical materials	100.00%		Business combination under common control

2. Equity in joint venture arrangements or associates

(1) Major joint ventures or associates

Name of joint venture or associate	Main business place	Registered place	Business nature	Shareholding ratio		Accounting treatment method for investments in joint ventures or associates
				Direct	Indirect	
Tianjiao Technology Venture Capital Co., Ltd.	Suzhou	Suzhou	Venture capital	33.33%		Accounting by the equity method
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Suzhou	Suzhou	Research and experimental development		48.00%	Accounting by the equity method
Suzhou Wujiang CNPC Kunlun Gas Co., Ltd.	Suzhou	Suzhou	Gas operation		49.00%	Accounting by the equity method

X. Risks related to financial instruments

The Company faces various financial risks in the course of its business operation, including credit risks, market risks and liquidity risks. The Board of Directors of the Company takes full responsibilities for determining the risk management objects and policies and bearing the ultimate liabilities for the same, however, the Board of Directors has authorized the management of the Company to design and implement the procedure capable of ensuring the effective implementation of the risk management objects and policies. The Board of Directors reviews the

effectiveness of the enforced procedures and the rationality of risk management objectives and policies by means of the quarter reports submitted by the finance department of the Company. The internal auditors of the Company also will audit the risk management policies and procedures, and report relevant facts to the audit committee.

The overall object of risk management of the Company is to prepare the risk management policies ensuring the risk under control as far as possible without affecting the Company's competitiveness and resilience.

(I) Credit risk

Credit risk refers to a risk that one party to the financial instruments suffers financial losses due to the failure of the other party in performing the obligations. The Company mainly faces customer credit risks caused by credit sales. The Company will make assessment on the credit risk of new customers before signing new contracts with them, including the external credit rating and the bank credit certification (if such information can be acquired) in some cases. The Company has set for each customer the credit sale limitation, which is maximum and free of any additional approval.

The Company carries out the quarterly monitoring on credit rating information of existing customers the monthly review on the aging analysis of accounts receivable to make sure that the overall credit risk of the Company is under control. The Company group customers by their credit characteristics while monitoring the customer credit risk. Upon the risk assessment, customers at the "high-risk" level are included in the list of restricted customers, and can obtain the credit sales from the Company in the future only when the additional approval is given; otherwise, they must pay relevant payments in advance as required.

(II) Liquidity risk

The liquidity risk refers to the risk of capital shortage of an enterprise taking place in the course of cash payment or settlement via other financial assets. The policy of the Company is to ensure that there is sufficient cash for the payment of the matured debts. Liquidity risk is under the centralized control of the financial department of the Company. The financial department monitors cash balance and readily realizable and marketable securities and makes rolling forecast on cash flows of the next 12 months to ensure that the Company has sufficient funds to repay debts in all cases of reasonable prediction.

(III) Market risk

Market risks of financial instruments refer to the risks of fluctuation in the fair values or future cash flows of financial instruments due to changes in market prices, and include exchange rate risks, interest rate risks, and other price risks.

1. Interest rate risk

Interest rate risk refers to the risk that fair values or future cash flows of financial instruments may fluctuate due to the change in market interest rate.

Interest rate risk refers to the risk that fair value or future cash flows of financial instruments may fluctuate due to variations in market interest rate. The Company's interest rate risk mainly derives from long-term or short-term borrowings and bonds payable with fixed interest rate from banks. The Company makes loans according to the amount and time demand of funds and after comprehensive analysis of interest rate and time of borrowing from various banks. The Company has established good bank-enterprise relationship with banks and has sufficient bank credit lines. The Company has consistently maintained a good credit record, and the interest rates of the borrowing contracts signed with banks basically float at a certain percentage of the benchmark interest rates announced by the central bank for the same period and at the same level.

2. Exchange rate risk

Exchange rate risk refers to the risk that fair value or future cash flows of financial instruments fluctuate due to changes in foreign exchange rate. The Company matches the foreign currency revenue with the foreign currency expenses as far as possible to reduce the exchange rate risk.

3. Other price risks

As for the equity investments held by the Group in other listed companies, the management believes that the market price risks, to which these investing activities are exposed, are acceptable.

The equity investments held by the Group in the listed companies are listed as below:

Item	Balance as at June 30, 2023	Balance as at December 31, 2022
Financial assets held for trading	74,637,347.06	83,147,068.34
Total	74,637,347.06	83,147,068.34

XI. Disclosure of fair value

1. Fair value of assets and liabilities measured at fair value as at June 30, 2023

Monetary Unit: RMB

Item	Fair value as at June 30, 2023			
	Measurement of fair value at level 1	Measurement of fair value at level 2	Measurement of fair value at level 3	Total
I. Continuous measurement of fair value	--	--	--	--
(I) Financial assets held for trading	74,637,347.06			74,637,347.06
(2) Investment in equity instruments	74,637,347.06			74,637,347.06
◆ Receivables financing			274,094,067.17	274,094,067.17
◆ Investment in other equity instruments			580,780,040.00	580,780,040.00
Total assets with continuous measurement at fair value	74,637,347.06		854,874,107.17	929,511,454.23
II. Non-continuous measurement of fair value	--	--	--	--

2. Basis of determination for market prices of continuous and non-continuous measurements of fair values at level 1

Investments in equity instruments classified as those measured at fair value through the current profit or loss amounted to RMB 74,637,347.06, and were recognized at the closing price on June 30, 2023 in open market transactions.

3. Qualitative and quantitative information on the valuation techniques and important parameters adopted for continuous and non-continuous measurements of fair values at level 3

Item	Fair value as at June 30, 2023	Valuation techniques
Receivables financing	274,094,067.17	[Remark]
Other equity instrument investments	580,780,040.00	Market approach

[Remark] The receivables financing represents notes receivable of RMB 274,094,067.17 that are discounted or expected to be transferred by endorsement. The maturity of the notes is usually shorter than 6 months, and the difference between the fair value and the face value is insignificant, and the face amount is used as the fair value measurement.

XII. Related parties and related transactions

1. Parent company of the Company

Parent company	Registered place	Business nature	Registered capital	Shareholding ratio of the	Voting right ratio of the

				parent company in the Company	parent company in the Company
Jiangsu Shenghong Technology Co., Ltd.	Suzhou	Investment-based	RMB 2,992,741,100	43.13%	43.13%

Information on the parent company of the Company

Remark: the shareholding ratio includes the parent company's share of GDRs issued by the Company.

The ultimate controllers of the Company are the couple Miao Hangen and Zhu Hongmei.

2. Subsidiaries of the Company

See "Note IX Equity in other entities" for subsidiaries of the Company.

3. Joint ventures and associates of the Company

See the Note "IX Equity in other entities" for details of major joint ventures and associates of the Company.

4. Other related parties

Other related party	Relationship between other related party and the Company
Jiangsu Shenghong New Material Group Co., Ltd.	Parent company of the Company's parent company
Jiangsu Shenghong Technology Co., Ltd.	Parent company of the Company
Jiangsu Oriental Inta Security System Co., Ltd.	Other related relationship
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Other related relationship
Lianyungang Hongyang Thermal Power Co., Ltd.	Other related relationship
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Controlled by the same actual controller
Lianyungang Xinrongtai Terminal Co., Ltd.	Controlled by the same actual controller
Shenghong (Suzhou) Group Co., Ltd.	Controlled by the actual controller
Sheng Hong Group Co., Ltd.	Controlled by the same actual controller
Shenghong Holding Group Co., Ltd.	Controlled by the same actual controller
Shenghong Petrochemical Group Co., Ltd.	Controlled by the same actual controller
Lianyungang Hongyang Port Storage and Transportation Co., Ltd.	Controlled by the same actual controller
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Other related relationship
Suzhou Suzhen Thermal Power Co., Ltd.	Other related relationship
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Controlled by the same actual controller
Wujiang Rongwei Jet Weaving Factory	Other related relationship
Yu Xiaofang	Other related relationship
Jiangsu Shengze Oriental Development Co., Ltd.	Other related relationship
Tang Jinkui	Other related relationship
Lianyungang Guanghong Industrial Co., Ltd.	Controlled by the same actual controller

5. Related transactions**(1) Related transaction on purchase or sales of goods and rendering or receipt of services**

Purchase of goods/receipt of services

Monetary Unit: RMB

Related party	Content of related transaction	Amount in this period	Transaction limit approved	Whether the transaction limit is exceeded	Amount in the previous period
Lianyungang Hongyang Thermal Power Co., Ltd.	Demineralized water, low-pressure steam, steam	3,063,827,909.76	6,494,000,000.00	No	786,654,211.01
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Warehousing expenses	149,464,057.60	493,200,000.00	No	124,178,565.28
Sheng Hong Group Co., Ltd.	Purchase of goods and electricity	42,511,296.44	100,100,000.00	No	33,018,059.29
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Purchase of goods	40,896,635.66			
Lianyungang Xinrongtai Terminal Co., Ltd.	Wharf expenses	24,781,880.78	83,800,000.00	No	30,312,381.01
Lianyungang Hongyang Port Storage and Transportation Co., Ltd.	Wharf expenses	5,685,884.53	26,525,000.00	No	
Suzhou Suzhen Thermal Power Co., Ltd.	Steam, production water, and sludge treatment, etc.	4,943,623.50	16,410,000.00	No	818,624.66
Lianyungang Guanghong Industrial Co., Ltd.	Water, electricity and property management fees	1,028,095.33	1,028,095.33	No	
Jiangsu Oriental Inta Security System Co., Ltd.	Security service	173,626.15	200,000.00	No	146,833.67
Wujiang Shenghong Wanli Hotel of Suzhou Shenghong Hotel Co., Ltd.	Expenses on meeting affairs	45,930.50	1,620,000.00	No	16,821.50

Table of sales of goods/rendering of services

Monetary Unit: RMB

Related party	Content of related transaction	Amount in this period	Amount in the previous period
Lianyungang Hongyang Thermal Power Co., Ltd.	Commodity	82,167,717.00	
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Domestic water, electricity, sewage treatment	26,470,133.50	28,576,559.11
Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	Sales of chemical fiber raw materials	23,192,720.35	
Sheng Hong Group Co., Ltd.	Sales of steam and water	19,933,592.72	24,015,019.55
Wujiang Feixiang Printing and Dyeing Co., Ltd.	Sales of steam and water	3,058,788.86	3,133,193.53
Wujiang Oriental Market Supply Chain Service Co., Ltd.	Sales of steam and water	375,031.31	256,063.31
Lianyungang Xinrongtai Terminal Co., Ltd.	Domestic water, electricity, sewage treatment	307,438.90	55,948.53
Jiangsu Shengze Oriental Development Co., Ltd.	Sales of steam and water	305,976.59	219,072.44
Shenghong Petrochemical Group Co., Ltd.	Domestic water, electricity, sewage treatment	12,907.20	369,293.18
Lianyungang Guanghong Industrial Co., Ltd.	Domestic water, electricity, sewage treatment	1,435.75	
Wujiang Rongwei Jet Weaving Factory	Commodity	314,601.07	1,143,736.77

(2) Management on commission/ contract and commissioned management/ sub-contract

Table of information on the management on commission and contracting by the Company:

None.

Table of information on entrusted management and sub-contract by the Company:

None.

(3) Related-party leases

The Company acted as the lessor:

Monetary Unit: RMB

Name of lessee	Type of leased assets	Lease revenue recognized in this period	Lease revenue recognized in previous period
Sheng Hong Group Co., Ltd.	Lease of transformer and its supporting appurtenances	5,221,652.12	5,096,913.64
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Lease of buildings and equipment	16,674.47	192,342.14
Lianyungang Xinrongtai Terminal Co., Ltd.	Lease of buildings and equipment	14,007.81	65,596.52
Shenghong Petrochemical	House rent	43,137.14	730,686.21

Group Co., Ltd.			
Lianyungang Guanghong Industrial Co., Ltd.	House rent	4,313.71	30,233.24
Yu Xiaofang	House rent	72,933.34	72,933.34
Total		5,372,718.59	6,188,705.09

The Company acted as the lessee:

Monetary Unit: RMB

Name of lessor	Type of leased assets	Rental expenses for short-term leases and leases of low-value assets subject to simplified treatment (if applicable)		Variable lease payment not included in the lease liabilities for measurement		Cash paid for rent		Interest expenses on lease liabilities		Right-of-use assets increased	
		Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period	Amount in this period	Amount in the previous period
Lianyungang Guanghong Industrial Co., Ltd.	House rent					57,513,207.13		6,445,200.69		8,377,623.67	
Lianyungang Rongtai Chemical Warehousing Co., Ltd.	Lease of storage tanks					22,500,000.00	22,500,015.00	2,159,516.17	2,878,512.92		
Zhu Hongmei	House rent		54,000.00								
Total			54,000.00			80,013,207.13	22,500,015.00	8,604,716.86	2,878,512.92	8,377,623.67	

(4) Related-party guarantees

The Company as the guarantor:

Monetary Unit: RMB

Guarantor	Guaranteed amount	Guarantee starting date	Guarantee due date	Whether or not the guarantee performance has been completed
Jiangsu Shenghong New Material Group Co., Ltd.	16,782.00	July 5, 2022	July 4, 2026	No
Jiangsu Shenghong New Material Group Co., Ltd.	16,000.00	June 1, 2023	May 31, 2027	No
Shenghong (Suzhou) Group Co., Ltd.	20,000.00	October 14, 2022	October 13, 2026	No
Shenghong (Suzhou) Group Co., Ltd.	2,973.00	September 9, 2022	September 8, 2026	No
Shenghong (Suzhou) Group Co., Ltd.	20,000.00	January 1, 2023	December 29, 2026	No
Miao Hangen, Zhu Hongmei	113,484.16	June 10, 2022	May 31, 2027	No
Miao Hangen, Zhu Hongmei	11,140.99	June 7, 2023	December 22,	No

			2026	
Miao Hangen, Zhu Hongmei	15,850.00	June 7, 2023	December 11, 2026	No
Jiangsu Shenghong Technology Co., Ltd.	28,500.00	January 30, 2018	December 25, 2028	No
Miao Hangen, Zhu Hongmei	28,500.00	January 30, 2018	December 25, 2028	No
Shenghong Holding Group Co., Ltd.	60,000.00	December 15, 2020	June 8, 2032	No
Shenghong Holding Group Co., Ltd.	128.95	January 29, 2022		No
Shenghong Holding Group Co., Ltd.	19,498.32	October 28, 2021		No
Shenghong Holding Group Co., Ltd.	4,160.40	March 25, 2022		No
Shenghong (Suzhou) Group Co., Ltd., Miao Hangen, Zhu Hongmei	59,500.00	June 28, 2019	June 27, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen, and Zhu Hongmei	206,815.10	April 25, 2014	April 24, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen, and Zhu Hongmei	81,651.54	June 10, 2014	April 24, 2028	No
Jiangsu Shenghong Technology Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen, and Zhu Hongmei	17,600.00	June 30, 2016	April 24, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd., Shenghong Holding Group Co., Ltd., Sheng Hong Group Co., Ltd., Suzhou Huaxia Group Co., Ltd., Miao Hangen and Zhu Hongmei	98,821.51	June 27, 2018	June 27, 2029	No
Jiangsu Shenghong New Material Group Co., Ltd.	25,000.00	August 16, 2021	August 16, 2026	No
Shenghong (Suzhou) Group Co., Ltd., Miao Hangen, Zhu Hongmei	44,157.68	August 9, 2022	August 8, 2026	No
Shenghong Holding Group Co., Ltd.	32,729.18	January 1, 2021	December 31, 2025	No
Shenghong Holding Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Hangen, and Zhu Hongmei	470,400.00	May 13, 2021	April 18, 2034	No
Additional guarantee provided by Miao Hangen and Zhu Hongmei		April 25, 2023	April 24, 2027	No
Shenghong Holding Group Co., Ltd.	2,822.63	May 13, 2022		No
Shenghong Holding Group Co., Ltd.	5,645.25	October 28, 2022		No
Shenghong Holding Group Co., Ltd.	9,098.05	March 14, 2023		No
Shenghong Holding Group Co., Ltd.	5,645.25	March 14, 2023		No
Shenghong Holding Group Co., Ltd.	7,545.47	March 30, 2023		No

Shenghong Holding Group Co., Ltd.	13,418.69	May 30, 2023		No
Shenghong Holding Group Co., Ltd.	4,647.49	August 12, 2022		No
Shenghong Holding Group Co., Ltd.	958.38	August 11, 2022		No
Shenghong Holding Group Co., Ltd.	2,358.40	October 26, 2022		No
Shenghong Holding Group Co., Ltd.	4,647.49	March 16, 2023		No
Shenghong Holding Group Co., Ltd.	6,270.17	April 13, 2023		No
Shenghong Holding Group Co., Ltd.	1,256.42	April 18, 2023		No
Shenghong Holding Group Co., Ltd.	964.94	May 26, 2023		No
Sheng Hong Group Co., Ltd., Shenghong (Suzhou) Group Co., Ltd., Shenghong Petrochemical Group Co., Ltd., Miao Hangen, Zhu Hongmei, Tang Jinkui and Zhu Yuqin	4,070,000.00	November 13, 2020	November 12, 2038	No
Jiangsu Shenghong New Materials Group Co., Ltd. and Miao Hangen and his wife	26.73	December 31, 2019	December 20, 2026	No
Miao Hangen and his wife, 136.8 million real estate mortgages	241,811.11	September 20, 2019	September 20, 2032	No
Shenghong Holding Group Co., Ltd.	11,505.00	January 19, 2020	March 05, 2027	No
Shenghong Holding Group Co., Ltd.	66,666.67	July 14, 2022	November 16, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	30,000.00	November 28, 2022	November 27, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	20,000.00	December 14, 2022	November 13, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	10,000.00	January 5, 2023	November 4, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	25,000.00	January 11, 2023	January 10, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	35,000.00	February 1, 2023	January 1, 2028	No
Jiangsu Shenghong New Material Group Co., Ltd.	50,000.00	January 1, 2022	September 8, 2026	No
Shenghong (Suzhou) Group Co., Ltd.	14,999.60	November 21, 2022	November 20, 2026	No
Shenghong (Suzhou) Group Co., Ltd., and Miao Hangen and his wife	51,148.00	May 10, 2022	January 5, 2027	No
Jiangsu Shenghong New Material Group Co., Ltd.	10,069.54	January 20, 2023	January 26, 2028	No
Jiangsu Shenghong Technology Co., Ltd.	16,895.55	November 16, 2022	November 16, 2028	No
Guaranteed by Shenghong (Suzhou) Group Co., Ltd., Jiangsu Shenghong Technology Co., Ltd., and Miao Hangen and his wife	205,500.00	November 30, 2021	November 29, 2027	No
Shenghong (Suzhou) Group Co., Ltd.	60,000.00	November 29,	November 29,	No

		2021	2022	
--	--	------	------	--

(5) Loans from and to related parties

None.

(6) Asset transfer and debt restructuring of related parties

None.

(7) Remuneration of key officers

Monetary unit: RMB '0,000

Item	Current period	Prior Period
Remuneration of key officers	774.98	710.03

(8) Other related party transactions

None.

6. Receivables from and payables to related parties**(1) Receivables**

Monetary Unit: RMB

Item name	Related party	Balance as at June 30, 2023		Balance as at January 1, 2023	
		Book balance	Provision for bad debts	Book balance	Provision for bad debts
Accounts receivable					
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	90,137,537.56			
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	28,071,365.26		10,646,033.05	
	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	8,152,591.13		6,222,987.67	
	Shenghong Group Co., Ltd.	3,408,698.35		6,555,952.84	
	Wujiang Feixiang Printing and Dyeing Co., Ltd.	593,301.85		1,054,367.82	
	Shenghong Petrochemical Group Co., Ltd.	16,101.92		7,739.78	
	Lianyungang Xinrongtai Terminal Co., Ltd.	6,734.18		8,957.03	
	Lianyungang Guanghong Industrial Co., Ltd.	1,776.20		773.98	
	Jiangsu Shengze Oriental Development Co., Ltd.			58,777.69	
	Sub-total	130,388,106.45		24,555,589.86	
Advances to					

suppliers					
	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	176,849.91			
	Sub-total	176,849.91			
Other receivables					
	Shenghong Petrochemical Group Co., Ltd.			4,083.50	
	Sub-total			4,083.50	

(2) Payables

Monetary Unit: RMB

Item name	Related party	Book Balance as at June 30, 2023	Book Balance as at January 1, 2023
Accounts payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.	1,750,969,364.63	648,001,329.30
	Lianyungang Rongtai Chemical Warehousing Co., Ltd.	32,674,205.03	24,117,578.90
	Lianyungang Guanghong Industrial Co., Ltd.	8,186,693.80	1,200,653.59
	Lianyungang Xinrongtai Terminal Co., Ltd.	5,368,945.64	8,230,363.81
	Suzhou Suzhen Thermal Power Co., Ltd.	2,166,752.88	82,218.00
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	360,720.00	463,320.00
	Sub-total	1,799,726,681.98	682,095,463.60
Notes payable			
	Lianyungang Hongyang Thermoelectricity Co., Ltd.		200,374,561.45
	Sub-total		200,374,561.45
Other payables			
	Lianyungang Guanghong Industrial Co., Ltd.	67,934.19	
	Yu Xiaofang	15,500.00	15,500.00
	Shenghong Petrochemical Group Co., Ltd.		3,000,854.49
	Sub-total	83,434.19	3,016,354.49
Advances from customers			
	Yu Xiaofang	61,650.84	134,584.18
	Sub-total	61,650.84	134,584.18

Contract liabilities and other current liabilities			
	Jiangsu New Vision Advanced Functional Fiber Innovation Center Co., Ltd.	499,031.10	
	Wujiang Oriental Market Supply Chain Service Co., Ltd.	100,000.00	36,587.95
	Jiangsu Shengze Oriental Development Co., Ltd.	50,000.00	
	Wujiang Rongwei Jet Weaving Factory	4,572.15	
	Sub-total	653,603.25	36,587.95

XIII. Share-based payments

None.

XIV. Commitments and contingencies

1. Significant commitments

Significant commitments on the balance sheet date

Maximum guarantee and syndicated loan guarantee:

Miao Han'gen, Zhu Hongmei, their controlled enterprises and other related parties provided the maximum joint liability guarantee of RMB 664 million for Jiangsu Eastern Shenghong Co., Ltd., the maximum joint liability guarantee of RMB 3,000 million for Jiangsu Guowang High-tech Fibre Co., Ltd., the maximum joint liability guarantee of RMB 192 million for Jiangsu Zhonglu Technology Development Co., Ltd., the maximum joint liability guarantee of RMB 430 million for Jiangsu Ganghong Fiber Co., Ltd., the maximum joint liability guarantee of RMB 1,190 million for Jiangsu Shenghong Petrochemical Industry Group Co., Ltd., the maximum joint liability guarantee of RMB 4,358,065,000 and the guarantee for consortium loans amounting to RMB 2,700 million for Jiangsu Honggang Petrochemical Co., Ltd., the guarantee for consortium loans amounting to RMB 41,500 million for Shenghong Refining & Chemical (Lianyungang) Co., Ltd. and the maximum joint liability guarantee of RMB 2,420 million and the guarantee for consortium loans amounting to RMB 16,066,005,000 for Jiangsu Sierbang Petrochemical Co., Ltd.

2. Contingencies

(1) Significant contingencies existing on balance-sheet date

1. Contingent liabilities arising from pending litigations or arbitrations and their financial impacts thereof.

As of the end of the period, the Company has no contingent liabilities arising from significant pending litigations or arbitrations.

2. Contingent liabilities arising from debt guarantee provided for other units and financial impact thereof

As of the end of the period, details of mutual guarantee provided between the Company and subsidiaries and between subsidiaries are as follows:

Monetary unit: RMB '0,000

Guarantor	Guaranteed party	Amount of guarantee used	Commencement date of guarantee	Maturity date of guarantee	Whether the performance of the guarantee

					has been completed
Company and subsidiaries:					
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	31,500.00	2021/1/20	2026/12/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	71,847.70	2023/1/5	2027/7/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	13,020.99	2021/8/26	2025/8/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	30,000.00	2022/1/10	2026/10/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	20,000.00	2022/1/20	2026/10/26	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	92,063.16	2022/12/2	2027/5/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	40,000.00	2022/12/26	2027/1/2	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	30,000.00	2022/1/26	2027/1/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	9,900.00	2022/10/29	2027/4/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	30,000.00	2022/3/6	2027/4/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	40,000.00	2022/5/12	2029/5/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	9,398.48	2022/10/27	2027/1/2	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	24,000.00	2022/10/17	2026/10/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Guowang High-tech Fibre Co., Ltd.	60,000.00	2022/11/29	2027/11/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	12,500.00	2021/8/6	2027/8/11	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	255,000.00	2021/8/23	2031/3/1	No
Jiangsu Eastern Shenghong Co., Ltd.	Guowang Hi-Tech (Suqian) Co., Ltd.	13,401.84	2022/12/7	Two years from the maturity date of main debt performance	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	71,000.00	2021/12/21	2031/12/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	70,826.14	2022/1/20	2032/1/20	No

Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	90,155.74	2022/3/24	2033/3/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	38,493.09	2022/6/1	2028/5/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	871.52	2022/8/25	Two years from the maturity date of main debt performance	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	5,441.05	2022/4/20	2026/12/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	19,619.69	2022/12/27	2026/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	20,000.00	2022/3/17	2026/12/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	30,531.82	2022/2/24	2026/2/16	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	2,000.00	2022/4/22	2026/4/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		2022/11/21	2026/11/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		2023/3/7	2027/2/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		2023/4/25	2027/4/24	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.		2023/6/26	2027/6/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	35,000.00	2023/6/28	2028/6/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	10,000.00	2023/6/25	2031/6/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	27,500.00	2023/1/29	2029/1/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Sierbang Petrochemical Co., Ltd.	22,916.67	2023/1/29	2029/1/15	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongjing New Materials Co., Ltd.	196,000.00	2023/3/24	2041/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Hongwei Chemical Co., Ltd.	33,876.52	2023/2/6	2037/3/23	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.		2023/2/21	2025/2/21	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.		2023/6/12		No

Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	110,000.00	2022/11/15	2023/12/14	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	20,000.00	2023/6/28	2023/12/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	8,000.00	2023/5/24	2023/12/30	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	-	2022/11/10	2023/12/31	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	4,070,000.00	2020/11/13	2038/11/12	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	344,000.00	2022/6/30	2036/6/29	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	61,000.00	2022/2/26	2026/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	150,000.00	2022/7/26	2027/7/28	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	148,111.38	2022/12/16	2027/3/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	99,957.34	2022/5/7	2026/11/7	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	108,000.00	2022/5/20	2026/12/27	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	32,000.00	2022/11/16	2026/11/17	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	200,000.00	2022/4/29	2027/4/10	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	69,966.27	2022/7/13	2027/6/19	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	100,000.00	2023/1/4	2027/4/13	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	50,000.00	2022/8/22	2027/3/8	No

Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	50,000.00	2022/8/22	2027/3/8	No
Jiangsu Eastern Shenghong Co., Ltd.	Shenghong (Lianyungang) Refining & Chemical Co., Ltd.	30,000.00	2023/4/7	2026/10/6	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Honggang Petrochemical Co., Ltd.	241,811.11	2019/9/20	2032/9/20	No
Jiangsu Eastern Shenghong Co., Ltd.	Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	54,400.00	2019/9/10	2037/9/10	No
Between subsidiaries:					
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	5,000.00	2022/1/5	2026/7/13	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	15,416.00	2022/12/8	2026/11/17	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	20,000.00	2022/12/29	2026/12/28	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Zhonglu Technology Development Co., Ltd.	10,000.00	2022/6/28	2026/11/1	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	26,508.05	2022/12/27	2027/6/5	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	8,000.00	2022/1/10	2026/12/21	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	18,220.97	2023/1/5	2027/6/22	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	29,560.00	2023/2/27	2027/8/27	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Shenghong Fiber Co., Ltd.	10,000.00	2022/10/29	2026/12/20	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	2,000.00	2022/1/19	2026/7/18	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	1,497.09	2022/11/22	2026/10/20	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Suzhou Suzhen Biological Engineering Co., Ltd.	5,000.00	2022/10/29	2027/3/15	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	25,100.00	2018/1/30	2028/12/25	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	60,000.00	2022/12/27	2027/7/12	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	28,533.67	2019/1/7	2027/1/8	No

Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	58,213.00	2021/6/28	2031/7/6	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	20,000.00	2023/2/28	2027/3/13	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	5,000.00	2022/10/29	2027/4/5	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Ganghong Fiber Co., Ltd.	39,000.00	2022/6/28	2026/10/25	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Reborn Eco-tech Co., Ltd.	5,204.30	2023/6/8	2024/6/8	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	30,000.00	2022/6/17	2026/12/14	No
Shenghong Refining & Chemical (Lianyungang) Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	27,727.56	2023/4/15	2025/4/15	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	18,000.00	2023/5/30	2023/11/24	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Shenghong Petrochemical (Singapore) International Co., Ltd.	52,000.00	2023/2/28	2023/8/28	No
Subsidiaries and the Company:					
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	158,200.00	2022/1/1	2029/12/28	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	20,790.00	2022/2/28	2029/12/28	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	19,900.00	2022/3/29	2029/12/28	No
Jiangsu Guowang High-tech Fibre Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	79,900.00	2022/4/15	2029/12/28	No
Jiangsu Sierbang Petrochemical Co., Ltd.	Jiangsu Eastern Shenghong Co., Ltd.	205,500.00	2022/2/25	2027/11/29	No
	Sub-total	8,408,381.15			

(2) Notes should be given even though there were no contingencies required to be disclosed by the Company

The Company has no significant contingencies required to be disclosed.

XV. Post balance sheet events

None.

XVI. Other significant events**1. Segment information****(1) Determination basis and accounting policies for reportable segments**

The Company determines the operating segment based on the internal organizational structure, management requirements and internal reporting system and the report segment based on the operating segment.

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

Reporting segments of the Company include: (1) fiber segment (2) electricity and heat segment (3) petrochemical segment (4) headquarters and others

Segment reporting information is disclosed in accordance with the accounting policies and measurement standards adopted by each segment when reporting to the management. This measurement basis is consistent with the accounting and measurement basis used in preparing the financial statements.

(2) Financial information of reportable segments

Monetary Unit: RMB

Item	Fiber segment	Electricity and heat segment	Petrochemical segment	Headquarters and others	Sub-total	Inter-segment offset	Total
Operating revenue	10,811,621,719.77	443,261,912.07	52,906,889,974.03	3,346,479,107.33	67,508,252,713.20	1,608,359,652.53	65,899,893,060.67
Operating costs	10,199,021,671.91	339,620,742.48	44,734,489,968.10	3,317,750,647.65	58,590,883,030.14	1,595,254,153.42	56,995,628,876.72
Total assets	31,700,107,191.69	1,297,222,159.68	140,853,506,404.78	62,084,112,193.85	235,934,947,950.00	61,535,698,671.07	174,399,249,278.93
Total liabilities	20,730,710,640.34	1,206,288,156.16	102,989,091,560.01	21,964,054,451.74	146,890,144,808.25	9,287,391,977.68	137,602,752,830.57

2. Other important transactions and events affecting the decision-making of investors

None.

XVII. Notes to the main items of the parent company's financial statements**1. Accounts receivable****(1) Disclosure of accounts receivable by category**

Monetary Unit: RMB

Type	Balance as at June 30, 2023					Balance as at January 1, 2023				
	Book balance		Provision for bad debts		Book value	Book balance		Provision for bad debts		Book value
	Amount	Proportion	Amount	Proportion of provision		Amount	Proportion	Amount	Proportion of provision	
Accounts receivable with provision for bad debts based on portfolio:	310,401,140.92	100.00%	2,485,040.16	0.80%	307,916,100.76	107,802,149.45	100.00%	3,093,801.62	2.87%	104,708,347.83
Total	310,401,140.92	100.00%	2,485,040.16	0.80%	307,916,100.76	107,802,149.45	1.00%	3,093,801.62	2.87%	104,708,347.83

Provision for bad debts made by portfolio:

Monetary Unit: RMB

Name	Balance as at June 30, 2023		
	Book balance	Provision for bad debts	Proportion of provision
Portfolio of related parties	271,239,078.49		
Accounts receivable with the provision for bad debts made by the aging analysis method	39,162,062.43	2,485,040.16	6.35%
Total	310,401,140.92	2,485,040.16	

If the provision for bad debts of accounts receivable is made according to the general model of expected credit losses, please disclose the relevant information on the provision for bad debts by reference to the disclosure methods of other receivables:

Applicable Not Applicable

Disclosure by aging

Monetary Unit: RMB

Aging	Balance as at June 30, 2023
Within 1 year (including 1 year)	309,846,264.67
1-2 years	244.25
Over 3 years	554,632.00
Total	310,401,140.92

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2023	Increase or decrease in current period				Balance as at June 30, 2023
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of accounts receivable	3,093,801.62	-608,761.46				2,485,040.16
Total	3,093,801.62	-608,761.46				2,485,040.16

(3) Accounts receivable actually charged off in the current period

None.

(4) Top 5 of accounts receivable as at June 30, 2023, presented by debtor

Monetary Unit: RMB

Enterprise name	Balance of accounts receivable as at June 30, 2023	Proportion in the total ending balance of accounts receivable	Balance of provision for bad debts as at June 30, 2023
-----------------	--	---	--

Entity No.1	224,619,003.03	72.36%	
Entity No.2	27,843,765.26	8.97%	
Entity No.3	14,774,310.00	4.76%	
Entity No.4	7,059,027.37	2.27%	352,951.37
Entity No.5	5,595,506.87	1.80%	279,775.34
Total	279,891,612.53	90.16%	

(5) Accounts receivable derecognized due to the transfer of financial assets

None.

(6) Amounts of assets or liabilities arising from transfer of accounts receivable and the relevant continuous involvement.

None.

2. Other receivables

Monetary Unit: RMB

Item	Balance as at June 30, 2023	Balance as at January 1, 2023
Other receivables	1,196,478,850.04	892,626,224.88
Total	1,196,478,850.04	892,626,224.88

(1) Other receivables**1) Category of other receivables by nature**

Monetary Unit: RMB

Nature of payment	Book Balance as at June 30, 2023	Book Balance as at January 1, 2023
Advances and current accounts	1,196,407,179.66	892,648,941.46
Various deposit and security deposit	100,000.00	
Imprest	20,218.33	30,929.29
Total	1,196,527,397.99	892,679,870.75

2) Provision for bad debts

Monetary Unit: RMB

Provision for bad debts	Stage I	Stage II	Stage III	Total
	12-month expected credit loss	Lifetime expected credit loss (without credit impairment)	Lifetime expected credit loss (with credit impairment)	
Balance as at January 1, 2023	53,645.87			53,645.87
In the current period, balance as at January 1, 2023				
Reversal in current period	-5,097.92			-5,097.92
Balance as at June 30, 2023	48,547.95			48,547.95

Provision for losses/ Changes in current period/Changes in book balance of significant amount

Applicable Not Applicable

Disclosure by aging

Monetary Unit: RMB

Aging	Balance as at June 30, 2023
Within 1 year (including 1 year)	1,121,786,193.30
1 - 2 years	74,710,218.33
Over 3 years (including 3 year)	30,986.36
Total	1,196,527,397.99
Less: provision for bad debts	48,547.95
Total	1,196,478,850.04

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

Provision for bad debts in the current period:

Monetary Unit: RMB

Type	Balance as at January 1, 2023	Increase or decrease in current period				Balance as at June 30, 2023
		Provision	Recovery or reversal	Charge-off	Others	
Provision for bad debts of other receivables	53,645.87	-5,097.92				48,547.95
Total	53,645.87	-5,097.92				48,547.95

4) Other receivables actually written off in current period

None.

5) Information about top 5 other receivables as at June 30, 2023, presented by debtors

Monetary Unit: RMB

Enterprise name	Nature of payment	Balance as at June 30, 2023	Aging	Proportion in the total amount of the ending balance of other receivables (%)	Balance of provision for bad debts as at June 30, 2023
Entity No.1	Current amounts	478,173,447.22	Within 1 year	39.96%	
Entity No.2	Current amounts	200,000,000.00	Within 1 year	16.72%	
Entity No.3	Current amounts	158,910,000.00	Within 1 year, 1-2 years	13.28%	
Entity No.4	Current amounts	115,352,387.66	Within 1 year	9.64%	
Entity No.5	Current amounts	105,600,000.00	Within 1 year, 1-2 years	8.83%	
Total		1,058,035,834.88		88.43%	

6) Receivables involving government grants

None.

7) Other receivables derecognized due to the transfer of financial assets

None.

8) Amount of assets or liabilities arising from transfer of other receivables and the relevant continuous involvement

None.

3. Long-term equity investments

Monetary Unit: RMB

Item	Balance as at June 30, 2023			Balance as at January 1, 2023		
	Book balance	Provision for impairment	Book value	Book balance	Provision for impairment	Book value
Investments in subsidiaries	53,732,868,172.53		53,732,868,172.53	53,532,868,172.53		53,532,868,172.53
Investments in associates and joint ventures	25,490,614.55		25,490,614.55	25,693,722.20		25,693,722.20
Total	53,758,358,787.08		53,758,358,787.08	53,558,561,894.73		53,558,561,894.73

(1) Investment in subsidiaries

Monetary Unit: RMB

Investee	Balance (Book value) as at January 1, 2023	Increase or decrease in current period				Balance (Book value) as at June 30, 2023	Balance of provision for impairment as at June 30, 2023
		Additional investment	Reduced investment	Provision for impairment	Others		
Jiangsu Shengze Dongfang Hengchuang Energy Co., Ltd.	120,000,000.00					120,000,000.00	
Jiangsu Shengze Gas Turbine Thermal Power Co., Ltd.	235,000,000.00					235,000,000.00	
Jiangsu Shenghong Petrochemical Industry Group Co., Ltd.	37,700,072,645.30	200,000,000.00				37,900,072,645.30	
Suzhou Shengze Real Estate Leasing	211,416,889.42					211,416,889.42	

Co., Ltd.							
Suzhou Shengze Warehousing Management Co., Ltd.	94,385,118.09					94,385,118.09	
Jiangsu Shenghong Chemical Fiber New Materials Co., Ltd.	15,162,999,999.81					15,162,999,999.81	
Shenghong Petrochemical Group Shanghai New Materials Co., Ltd.	2,993,519.91					2,993,519.91	
Shenghong (Shanghai) New Material Technology Co., Ltd.	6,000,000.00					6,000,000.00	
Total	53,532,868,172.53	200,000,000.00				53,732,868,172.53	

(2) Investments in associates and joint ventures

Monetary Unit: RMB

Investee	Balance (Book value) as at January 1, 2023	Increase or decrease in current period								Balance (Book value) as at June 30, 2023	Balance of provision for impairment as at June 30, 2023
		Additional investment	Reduced investment	Investment gains and losses recognized under the equity method	Adjustment to other comprehensive income	Changes in other equity	Cash dividends or profits declared to be distributed	Provision for impairment	Others		
I. Joint ventures											
II. Associates											
Tianjiao Technology Venture Capital Co., Ltd.	25,693,722.20			-203,107.65						25,490,614.55	
Sub-	25,693,7			-203,10						25,490,6	

total	22.20			7.65						14.55	
Total	25,693,722.20			-203,107.65						25,490,614.55	

4. Operating revenue and operating costs

Monetary Unit: RMB

Item	Current period		Prior period	
	Revenue	Costs	Revenue	Costs
Primary business	474,482,427.87	349,264,803.13	546,663,133.66	433,683,638.83
Other business	3,315,258,591.53	3,294,765,491.19	3,544,337,073.76	3,542,686,887.20
Total	3,789,741,019.40	3,644,030,294.32	4,091,000,207.42	3,976,370,526.03

Information related to performance obligations:

None.

Information related to transaction price allocated to remaining performance obligations:

The amount of revenue corresponding to performance obligations that have been contracted but not yet performed or not yet completed as of the end of the reporting period was RMB 2,818,463,299.93, of which RMB 2,818,463,299.93 is expected to be recognized as revenue in 2023.

5. Investment income

Monetary Unit: RMB

Item	Current period	Prior period
Long-term equity investment income calculated under the equity method	-203,107.65	55,833.94
Investment income from trading financial assets during the holding period	3,013,859.62	2,855,653.29
Investment income from disposal of trading financial assets		-11,671,967.30
Dividends income from other equity instruments invested during the holding period	976,431.36	3,817,017.83
Total	3,787,183.33	-4,943,462.24

XVIII. Supplementary information

1. Statement on non-recurring profit or loss in the current period

√ Applicable Not Applicable

Monetary Unit: RMB

Item	Amount	Description
Profit or loss on disposal of non-current assets (including the write-off in accrued provision for impairment of assets)	57,323,442.78	
Government grants included in the current profit or loss (except for government grants closely related with the normal business of the Company, obtained by quota or quantity in accordance with the policies and provisions)	70,034,830.93	

of the State)		
Profit or loss from entrusting others to invest in or manage assets	-1,295,617.48	
Net profit or loss of the subsidiary from the business combination under common control for the period from the beginning of the period to the combination date	0.00	
Profit or loss on changes in fair values of financial assets held for trading and financial liabilities held for trading and investment income obtained from disposal of financial assets held for trading, financial liabilities held for trading and available-for-sale financial assets, except for effective hedging operations associated with the company's normal operations	-29,496,286.05	
Other non-operating revenue and expenses than the above-mentioned items	53,471,585.19	
Less: affected amount of income tax	29,210,200.54	
Affected amount of minority equity	-104.65	
Total	120,827,859.48	--

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

Applicable Not Applicable

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

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

Applicable Not Applicable

2. Rate of return on net assets and earnings per share

Profit during the reporting period	Weighted average return on equity of net assets	Earnings per share	
		Basic earnings per share (RMB/share)	Diluted earnings per share (RMB/share)
Net profit attributable to ordinary shareholders of the Company	4.61%	0.25	0.24
Net profit attributable to common shareholders of the Company after deducting the non-recurring profit or loss	4.28%	0.24	0.22

3. Accounting data difference between the domestic and overseas accounting standards

(1) Differences between the net profit and net assets in the financial statements disclosed according to the international accounting standards and those disclosed according to the Chinese accounting standards

Applicable Not Applicable

(2) Differences between net profit and net assets in financial reports disclosed in accordance with overseas accounting standards and those disclosed in accordance with Chinese accounting standards

Applicable Not Applicable

Chairman: Miao Han'gen

August 10, 2023