



中国石化
SINOPEC



2024 ANNUAL REPORT AND ACCOUNTS

中国石油化工股份有限公司
SINOPEC CORP.

CONTENTS

2	Company Profile
3	Principal Financial Data and Indicators
7	Chairman's Address
10	Business Review and Prospects
17	Management's Discussion and Analysis
28	Corporate Governance, Environment and Society
55	Significant Events
62	Connected Transactions
64	Report of the Board of Directors
74	Report of the Supervisory Committee
76	Changes in Share Capital and Shareholdings of Principal Shareholders
79	Bond General Information
81	Principal Wholly-owned and Controlled Subsidiaries
82	Financial Statements
219	Corporate Information
220	Documents for Inspection

This annual report includes forward-looking statements. All statements, other than statements of historical facts, that address activities, events or developments that the Company expects or anticipates will or may occur in the future (including but not limited to projections, targets, reserve and other estimates and business plans) are forward-looking statements. The Company's actual results or developments in the future may differ materially from those indicated by these forward-looking statements as a result of various factors and uncertainties. The Company makes the forward-looking statements referred to herein as at 21 March 2025 and unless required by regulatory authorities, the Company undertakes no obligation to update these forward-looking statements.

IMPORTANT NOTICE: THE BOARD OF DIRECTORS, THE SUPERVISORY COMMITTEE, DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT OF SINOPEC CORP. WARRANT THAT THERE ARE NO FALSE REPRESENTATIONS, MISLEADING STATEMENTS OR MATERIAL OMISSIONS IN THIS ANNUAL REPORT, AND JOINTLY AND SEVERALLY ACCEPT FULL RESPONSIBILITY FOR THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE INFORMATION CONTAINED IN THIS ANNUAL REPORT. THERE IS NO OCCUPANCY OF NON-OPERATING FUNDS BY THE CONTROLLING SHAREHOLDERS OF SINOPEC CORP. ALL DIRECTORS ATTENDED THE 5TH MEETING OF THE NINTH SESSION OF THE BOARD. MR. MA YONGSHENG, CHAIRMAN OF THE BOARD, MR. ZHAO DONG, VICE CHAIRMAN OF THE BOARD AND PRESIDENT, MS. SHOU DONGHUA, CHIEF FINANCIAL OFFICER AND HEAD OF THE FINANCIAL DEPARTMENT OF SINOPEC CORP. WARRANT THE AUTHENTICITY, ACCURACY AND COMPLETENESS OF THE FINANCIAL STATEMENTS CONTAINED IN THIS ANNUAL REPORT. THE AUDIT COMMITTEE OF SINOPEC CORP. HAS REVIEWED THE ANNUAL REPORT OF SINOPEC CORP. FOR THE YEAR ENDED 31 DECEMBER 2024.

THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2024 OF THE COMPANY PREPARED IN ACCORDANCE WITH THE PRC ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES (CASs) AND IFRS ACCOUNTING STANDARDS HAVE BEEN AUDITED BY KPMG HUAZHEN LLP AND KPMG RESPECTIVELY. BOTH FIRMS HAVE ISSUED STANDARD UNQUALIFIED AUDITOR'S REPORTS.

AS APPROVED AT THE 5TH MEETING OF THE NINTH SESSION OF THE BOARD OF DIRECTORS OF SINOPEC CORP., THE BOARD PROPOSED A FINAL CASH DIVIDEND OF RMB0.14 (TAX INCLUSIVE) PER SHARE FOR 2024, COMBINING WITH THE INTERIM CASH DIVIDEND OF RMB0.146 (TAX INCLUSIVE) PER SHARE, THE TOTAL CASH DIVIDEND FOR 2024 WILL BE RMB0.286 (TAX INCLUSIVE) PER SHARE. THE FINAL DIVIDEND PROPOSAL IS SUBJECT TO THE SHAREHOLDERS' APPROVAL AT THE ANNUAL GENERAL MEETING FOR THE YEAR 2024.

COMPANY PROFILE

Sinopec Corp.'s H shares were listed in Hong Kong Stock Exchange on 18 October 2000 and A shares were listed in the SSE on 8 August 2001. Sinopec Corp. is one of the largest integrated energy and chemical companies in China. Its principal operations include the exploration and production, pipeline transportation and sale of petroleum and natural gas; the production, sale, storage and transportation of refinery products, petrochemical products, coal chemical products, synthetic fibre, and other chemical products; the import and export, including import and export agency business, of petroleum, natural gas, petroleum products, petrochemical and chemical products, and other commodities and technologies; research, development and application of technologies and information; hydrogen energy business and related services such as hydrogen production, storage, transportation and sales; battery charging and swapping, solar energy, wind energy and other new energy business and related services.

DEFINITIONS:

In this report, unless the context otherwise requires, the following terms shall have the meaning as set out below:

Sinopec Corp.: China Petroleum & Chemical Corporation

Company: Sinopec Corp. and its subsidiaries

China Petrochemical Corporation: the controlling shareholder of Sinopec Corp., China Petrochemical Corporation

Sinopec Group: China Petrochemical Corporation and its subsidiaries

NDRC: China National Development and Reform Commission

SSE: Shanghai Stock Exchange

RMC: Oil and Natural Gas Reserves Management Committee of the Company

Sinopec Finance Co.: Sinopec Finance Co., Ltd.

Century Bright: Sinopec Century Bright Capital Investment, Ltd.

CSRC: China Securities Regulatory Commission

Hong Kong Stock Exchange: The Stock Exchange of Hong Kong Limited

Hong Kong Listing Rules: Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited

CONVERSION:

For domestic production of crude oil, 1 tonne is about 7.1 barrels;

For overseas production of crude oil: 1 tonne is about 7.25 barrels in 2024, 1 tonne is about 7.26 barrels in 2023, 1 tonne is about 7.26 barrels in 2022;

For production of natural gas, 1 cubic meter = 35.31 cubic feet;

For Refinery throughput, 1 tonne is about 7.35 barrels.

1. FINANCIAL DATA AND INDICATORS PREPARED IN ACCORDANCE WITH CASS

(1) Principal financial data

Items	For the year ended 31 December			
	2024 RMB million	2023 RMB million	Change (%)	2022 RMB million
Operating income	3,074,562	3,212,215	(4.3)	3,318,168
Operating profit	72,257	86,744	(16.7)	96,414
Profit before taxation	70,513	86,116	(18.1)	94,515
Net profit attributable to equity shareholders of the Company	50,313	60,463	(16.8)	67,082
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	48,057	60,692	(20.8)	57,962
Net cash flow from operating activities	149,360	161,475	(7.5)	116,269

Items	2024				
	First Quarter RMB million	Second Quarter RMB million	Third Quarter RMB million	Fourth Quarter RMB million	Total RMB million
Operating income	789,967	786,164	790,410	708,021	3,074,562
Net profit attributable to equity shareholders of the Company	18,316	17,387	8,544	6,066	50,313
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses	18,186	17,396	8,385	4,090	48,057
Net cash flow (used in)/generated from operating activities	(13,755)	56,024	59,272	47,819	149,360

Items	As of 31 December			
	2024 RMB million	2023 RMB million	Change (%)	2022 RMB million
Total assets	2,084,771	2,026,674	2.9	1,951,121
Total liabilities	1,108,478	1,068,019	3.8	1,010,664
Total equity attributable to equity shareholders of the Company	819,922	805,794	1.8	788,471
Total number of shares (1,000 shares)	121,281,556	119,349,252	1.6	119,896,408

(2) Principal financial indicators

Items	For the year ended 31 December			
	2024 RMB Yuan	2023 RMB Yuan	Change (%)	2022 RMB Yuan
Basic earnings per share	0.415	0.505	(17.8)	0.555
Diluted earnings per share	0.415	0.505	(17.8)	0.555
Basic earnings per share (excluding extraordinary gains and losses)	0.397	0.507	(21.7)	0.479
Weighted average return on net assets (%)	6.19	7.59	(1.40) percentage points	8.57
Weighted average return (excluding extraordinary gains and losses) on net assets (%)	5.91	7.61	(1.70) percentage points	7.40
Net cash flow from operating activities per share	1.233	1.348	(8.5)	0.962

Items	As of 31 December			
	2024 RMB Yuan	2023 RMB Yuan	Change (%)	2022 RMB Yuan
Net assets attributable to equity shareholders of the Company per share	6.760	6.752	0.1	6.576
Liabilities to assets ratio (%)	53.17	52.70	0.47 percentage points	51.80

(3) Extraordinary items and corresponding amounts

Items	For the year ended 31 December (Income)/expenses		
	2024 RMB million	2023 RMB million	2022 RMB million
Net gain on disposal of non-current assets	(1,967)	(4,226)	(672)
Donations	293	310	447
Government grants	(4,068)	(3,533)	(3,826)
Gain on holding and disposal of various investments	(586)	(931)	(13,902)
Other non-operating expenses, net	1,807	797	2,178
One-time impact on loss during the reporting period due to adjustments to laws and regulations	–	5,955	–
Subtotal	(4,521)	(1,628)	(15,775)
Tax effect	1,485	635	2,304
Total	(3,036)	(993)	(13,471)
Attributable to: Equity shareholders of the Company	(2,256)	229	(9,120)
Minority interests	(780)	(1,222)	(4,351)

(4) Items measured by fair values

Unit: RMB million

Items	Beginning of the year	End of the year	Changes	Impact on the profit of the year
Other equity instruments investment	450	416	(34)	55
Receivables financing	2,221	2,613	392	–
Derivative financial instruments and cash flow hedging	6,969	(858)	(7,827)	2,448
Financial assets held for trading	3	4	1	1
Total	9,643	2,175	(7,468)	2,504

(5) Significant changes of items in the financial statements

The table below sets forth reasons for those changes where the fluctuation was more than 30% during the reporting period:

Items of Consolidated Balance Sheet	As of 31 December 2024	As of 31 December 2023	Increase/(Decrease)		Main reasons for changes
	RMB million	RMB million	Amount RMB million	Percentage (%)	
Financial assets held for trading	4	3	1	33.3	Impact of changes in fair value of funds held by the Company.
Derivative financial assets	2,554	9,721	(7,167)	(73.7)	Impact of changes in fair value of hedging business.
Other non-current assets	47,443	33,483	13,960	41.7	Increase in time deposits of more than one year.
Bills payable	47,740	29,122	18,618	63.9	Increase in bill-settled procurement.
Non-current liabilities due within one year	64,602	30,457	34,145	112.1	Certain long-term loans being reclassified to non-current liabilities due within one year.
Debentures payable	25,562	8,513	17,049	200.3	Issuance of financing debentures.
Other comprehensive income	(987)	3,060	(4,047)	-	Impact of changes in foreign currency statement conversion differences.

Items of Consolidated Income Statement	For the year ended 31 December 2024	For the year ended 31 December 2023	Increase/(Decrease)		Main reasons for changes
	RMB Million	RMB Million	Amount RMB Million	Percentage (%)	
Investment income	15,889	5,811	10,078	173.4	Changes in performance of hedging business and improvement in performance of associates and joint ventures.
(Losses)/gains from changes in fair value	(4,147)	467	(4,614)	-	Increase in floating loss of hedging business.
Credit impairment (losses)/reversals	(108)	243	(351)	-	Decrease in bad debt reversal of accounts receivables.
Asset disposal gains	1,967	4,226	(2,259)	(53.5)	Land and facilities disposal income generated by the relocation of Hunan Petrochemical, as well as increase in the disposal income of certain pipeline network assets in the previous year, which did not happen during the reporting period.

Items of Consolidated Cash Flow Statement	For the year ended 31 December 2024	For the year ended 31 December 2023	Increase/(Decrease)		Main reasons for changes
	RMB Million	RMB Million	Amount RMB Million	Percentage (%)	
Refund of taxes and levies	7,934	11,530	(3,596)	(31.2)	Decrease in VAT refunds year-on-year.
Cash received from disposal of investments	475	1,580	(1,105)	(69.9)	Cash received from sale of equity in the previous year, which did not happen during the reporting period.
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	1,864	5,363	(3,499)	(65.2)	Disposal of fixed assets decreased year-on-year.
Cash paid for acquisition of investments	(10,604)	(5,918)	(4,686)	79.2	Capital injection to associates and joint ventures in this period increased year-on-year.
Cash received from capital contributions	15,458	1,509	13,949	924.4	Proceeds received from the issue of shares to the target subscriber.
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries	3,463	1,509	1,954	129.5	Increase in capital injection for projects received from minority shareholders year-on-year.
Other cash received relating to financing activities	1,290	420	870	207.1	Increase in capital received from the financial leasing business year-on-year.

2 FINANCIAL INFORMATION EXTRACTED FROM THE FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH IFRS ACCOUNTING STANDARDS

Unit: RMB million

Items	2024	For the year ended 31 December			
		2023	2022	2021	2020
Revenue	3,074,562	3,212,215	3,318,168	2,740,884	2,104,724
Operating profit	70,686	86,828	75,835	94,628	13,669
Profit before taxation	69,142	83,934	94,400	109,169	48,615
Profit attributable to shareholders of the Company	48,939	58,310	66,933	72,483	34,196
Basic earnings per share (RMB)	0.404	0.487	0.554	0.599	0.282
Diluted earnings per share (RMB)	0.404	0.487	0.554	0.599	0.282
Return on capital employed (%)	5.78	7.22	8.73	11.33	6.50
Return on net assets (%)	6.00	7.26	8.50	9.34	4.57
Net cash generated from operating activities per share (RMB)	1.233	1.348	0.962	1.860	1.392

Unit: RMB million

Items	2024	As of 31 December			
		2023	2022	2021	2020
Non-current assets	1,556,925	1,490,261	1,427,981	1,332,940	1,284,416
Net current liabilities	148,722	112,641	144,245	83,256	67,335
Non-current liabilities	436,056	421,811	344,194	332,162	327,517
Non-controlling interests	156,332	152,820	151,942	141,226	141,633
Total equity attributable to shareholders of the Company	815,815	802,989	787,600	776,296	747,931
Net assets per share (RMB)	6.727	6.728	6.569	6.412	6.178
Adjusted net assets per share (RMB)	6.500	6.486	6.310	6.228	5.957

3 MAJOR DIFFERENCES BETWEEN THE AUDITED FINANCIAL STATEMENTS PREPARED UNDER CASS AND IFRS ACCOUNTING STANDARDS PLEASE REFER TO PAGE 213 OF THE REPORT.



Dear Shareholders and Friends,

On behalf of the Board, management and entire staff, I would like to express my sincere gratitude to our shareholders and all walks of life in the community for their care and support for Sinopec Corp.

In 2024, the Board sized up the situation and carried out reforms and promoted development under the new development philosophy. The management has overcome difficulties supported by all the employees. As a result, the Company achieved hard-won operating results. Under IFRS Accounting Standards, the Company realized revenue of RMB3.07 trillion, profit attributable to shareholders of the Company of RMB48.94 billion, operating cash flow of RMB149.36 billion, and the debt-to-asset ratio at the end of the period of 53.3%. The Company maintained a stable financial condition with strong risk resistance capacity, fully showing its resilience when facing a complex and severe market environment. With an overall consideration of the profitability, shareholders' return and sustainable development needs of the Company, the Board proposed a final cash dividend of RMB0.14 per share (tax-inclusive, the same below). Together with the interim cash dividend of RMB0.146 per share, the total annual cash dividend amounted to RMB0.286 per share and the annual total payout ratio reached 75% after aggregating the share repurchase amount.

Over the past year, the Company's corporate governance became more effective. The 9th session of the Board and the Supervisory Committee were elected and senior management was appointed. The Board implemented "Corporate Value and Return Enhancement Action Plan" and the Dividend Distribution and Return Plan for Shareholders for the Next Three Years, formulated the Company's market value management policy, and continued the domestic and overseas share repurchases to improve asset quality, operational efficiency, and enterprise value. All independent directors performed their duties with diligence, conducted whole industry chain thematic surveys, proactively participated in decision-making and supervision, and offered valuable suggestions for the reform and development of the Company. Full play was given to the role of party building, which supports and ensures the scientific decision-making procedure of the Board. We further deepened the reform, strengthened the effectiveness of risk prevention and internal control system, and continued to elevate the enterprise management level. Continuing connected transactions for three years from 2025 to 2027 were supported and approved by shareholders, ensuring the stable production and operation of the Company.

Over the past year, the Company's high-quality development foundation became more solid.

For upstream, we vigorously implemented the seven-year action plan, enhanced high-quality exploration efforts on both conventional and unconventional oil and gas, achieved a number of significant breakthroughs and effectively increased oil and gas reserves and production. By improving the synergy of production, supply, storage and marketing, the production and sales volume of the natural gas business steadily increased with the profit of the whole industry chain reaching a record high. We coordinated the refining and marketing businesses to create higher value, and further optimized business system, regional operations and product mix. By actively promoting the low-cost "refined oil products to chemical feedstocks" and high-value "refined oil products to refining specialties" strategy, we increased both volume and profit of featured products including high-end carbon materials and expanded more profitable refinery throughput. Through efforts in expanding markets and increasing sales volume, we achieved growth in high-grade gasoline sales and sustainable development in non-fuel businesses. In chemical segment, we closely followed the market demand, vigorously implemented operations optimization and costs reduction and steadily increased the proportion of high value-added products in synthetic resin, synthetic fibre, synthetic rubber and fine chemicals.

Over the past year, the Company's high-quality development momentum became more forceful.

Adhering to the innovation as a driving force, we made outstanding progress in core technologies in exploration and development of new type oil and gas, refining specialties, and new chemical materials. With digital and intelligent technology empowering industrial development, intelligent operation center 2.0 was put into operation, and an intelligent ethylene factory based on digital twins was built. In addition, taking transition and upgrading as a driving force, we made steady progress in a number of refining and chemical upgrading and facilities revamping projects, such as Zhenhai Refining and Chemical Phase II capacity expansion project and the high-end new materials project. We continued to develop ourselves into a comprehensive energy service provider of "petrol, gas, hydrogen, power and services". Our domestic market share of automotive LNG business stayed ahead. We have built a total of more than 10,000 EV charging and battery swapping stations and 142 hydrogen refueling stations, and Easy Joy's service scope was further enriched.

Over the past year, the Company's high-quality development feature became more distinct. We strengthened ESG governance and disclosure, and achieved good results. Actively responding to global climate change, we steadily advanced the 'Eight actions for Carbon Peaking' and energy efficiency benchmarking and upgrading, mapped out detailed medium and long-term carbon emission reduction targets, launched the second phase of the Green Enterprise Action plan, and vigorously promoted pollution prevention and control. Our comprehensive energy consumption per RMB10,000 of production output and emissions of major pollutants continued to decline. Meanwhile, we cared for the physical and mental health of employees and promoted the development of the health-consciousness of the Company. We actively contributed to rural revitalization, continued to carry out public welfare projects such as 'Lifeline Health Express' and 'Drivers' Home', and promoted the harmony among economy, environment and social welfare in our project location domestically and abroad, which demonstrated our enterprise social responsibility.

The past achievements laid a good foundation for the sustainable development of the Company. The hard-won achievements were attributable to the hard work and endeavour of the Board, the Supervisory Committee, management and all employees, as well as the long-term strong support of our shareholders and all walks of life in the community. Mr. Cai Hongbin, Mr. Ng, Kar Ling Johnny, Ms. Shi Dan and Mr. Bi Mingjian ceased to be our independent directors after the election of the 9th session of the Board. During their tenure, they performed their duties diligently and played an important role in scientific decision-making, compliance operation and reform and development of the Company. On behalf of the Board, I would like to express my sincere gratitude to all shareholders, all walks of life in the community and independent directors.

2025 is the final year of the "14th Five-Year Plan" and the 25th anniversary of the Company's listing. Adhering to the complete, accurate and comprehensive implementation of the new development philosophy, Sinopec Corp. will focus on scientific and technological innovation, industrial transition, reform and management, difficulty overcoming and profit improving, risk prevention and other key areas, strive to improve our operation quality and increase business scale reasonably, spare no efforts to protect enterprise value of the Company, promote high-quality development in an all-round way, and lay a solid foundation for a good start of the "15th Five-Year Plan".

We will take scientific and technological innovation as the engine to support and lead the high-quality development of the industry.

By deepening the integration of innovation, industry, capital, and talents, we will accelerate the development of core technologies such as shale oil and deep & ultra-deep stratum oil and gas exploration and development, refining specialties, new energy, high-end new materials, and industrial softwares, promote the synergy among production, sales, research and application, accelerate the iterative development of technology achievements and the process of achieving profits through commercialization of technologies. We will strengthen the leading and driving force of technological innovation. The Company will promote the deep integration of artificial intelligence and the petrochemical industry to empower technological innovation and upgrading in our industry.

We will take strengthening, supplementing and extending industrial chains as key tasks, and accelerate the development of new quality productivity. For upstream, we will continue to consolidate the resource foundation, spare no efforts in achieving the seven-year action plan targets, expand acreage with exploration and development licenses, achieve stable growth of oil and gas, lower the break-even point by taking multiple measures, and therefore lay a solid foundation for the sustainable development of the Company. For refining and chemical, we will focus on improving the profitability of existing assets and investment return of new projects. Through intensive operation, we will reduce basic products cost, improve the featured products' profitability and reinforce the layout of refining specialties, high-end carbon materials, sustainable fuels, high value-added chemicals, and waste plastics recycling utilization, and make every effort to promote profit and development. As for marketing, we will consolidate our position in the refined oil market and forge the prime brand in LNG fueling business. We will expand the application of hydrogen energy and promote its large-scale utilization in transportation. We will accelerate the growth of power business and extend the industrial chain and value chain, maintain the sustainable development of non-fuel business and develop the Company into a comprehensive energy provider of "petrol, gas, hydrogen, power and services".

We will take improving quality, reducing cost and increasing profitability as the principal mission, and enhance synergies across the whole industrial chain to drive value creation.

We will leverage our advantages of integration, actively respond to market changes, strengthen the cost control, tap the potential, and improve operational quality and profitability. We will adhere to customer-centric principle, innovate marketing strategies, strive to expand market and enhance profitability, to consolidate our market leadership. We will adhere to the market-oriented principle, coordinate the whole chain of procurement, transportation, production, storage and sales, strengthen synergistic and regional optimization of the upstream and downstream of the industrial chain, and improve the competitiveness and profitability of the whole industrial chain.

We will take green transition as the key incentive to create new competitive edge from green development.

We will further integrate ESG into our development strategy, coordinate the "Carbon Peak" and "Carbon Neutrality" action, steadily implement the second phase of the Green Enterprise Action plan, promote the conservation and efficient utilization of resources, and take collaborative efforts to cut carbon emissions, reduce pollution, pursue

green development and boost business growth. At the same time, we will strengthen the R&D and commercialization of green and low-carbon technologies, promote the industry layout for CCUS, energy conservation and environmental protection, and carbon assets business, and strengthen carbon trading and carbon footprint management. We will accelerate the large-scale layout of green electricity business and improve the operation level of green hydrogen refining and chemical projects. In addition, efforts will be taken to tackle and prevent pollution issues and protect the ecological environment.

Considering our development strategy, market environment, operation, cash flow and other factors, the Company plans to invest RMB164.3 billion of capital expenditure in 2025, mainly in high-quality exploration and development, refining and chemical business transition and upgrading, comprehensive energy service network development, new energy, new materials, environment-friendly projects and other fields.

Among industrial competition in changes unseen in a century, only by leading with innovation and forging ahead with unwavering dedication can we achieve breakthrough and shape the future. In 2025, the Board will lead the management and all employees to reinforce confidence and determination, adhere to the high-end, intelligent and green development. We will coordinate and drive the transition and upgrading of traditional industries, the cultivation and growth of emerging industries, and pioneering the deployment of future industries. The Company will fully promote high-quality development, delivering greater value for shareholders and the society.

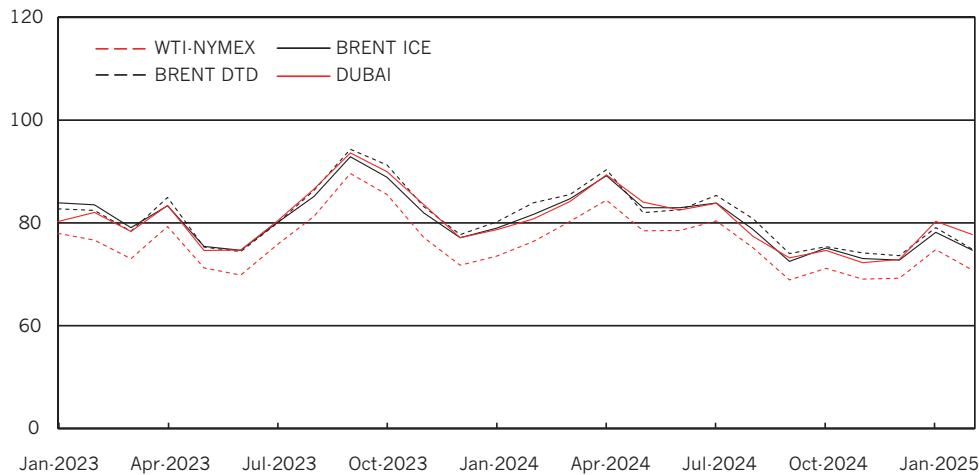
Ma Yongsheng
Chairman

Beijing, China
21 March 2025

BUSINESS REVIEW

In 2024, China's economy maintained stability, registering a GDP growth of 5.0% year-on-year. International crude oil prices fluctuated in a wide range. The domestic demand for natural gas grew rapidly, while that for refined oil products domestically declined slightly, and domestic demand for chemical products continued to increase.

USD/Barrel Movement of International Crude Oil Prices



1 MARKET REVIEW

(1) Crude Oil & Natural Gas Market

In 2024, international crude oil prices were volatile in a wide range, with a year-on-year increase of 5.3% in the first half and a rapid decline of 9.3% in the second half. The spot price of Platts Brent for the year averaged USD80.8 per barrel, down by 2.2% year-on-year. Based on the statistics of NDRC, domestic apparent consumption of natural gas reached 426.1 billion cubic meters, up by 8.0% year-on-year.

(2) Refined Oil Products Market

In 2024, domestic demand for refined oil products mildly decreased. Based on the Company's statistics, domestic consumption of refined oil products (including gasoline, diesel and kerosene) was 404 million tonnes, down by 1.9% from the previous year, with gasoline down by 1.2%, diesel down by 5.4% and kerosene up by 13.3%.

(3) Chemical Products Market

Domestic demand for chemicals went up steadily in 2024. Based on the Company's statistics, domestic consumption of ethylene equivalent was up by 2.4% from the previous year, and the apparent consumption of synthetic resin, synthetic fibre and synthetic rubber rose by 1.1%, 10.4%, and 4.4% respectively. Affected by newly commercialized chemical production capacities, chemical margin stayed at a low level.



2 PRODUCTION & OPERATIONS REVIEW

(1) Exploration and Production

In 2024, the Company strengthened high-quality exploration and profitable development and further improved profitability. The Company made progress in increasing oil and gas reserve and gas output, stabilizing oil production as well as cutting cost. In terms of exploration, we spared no effort to expand exploration & development licenses and increase reserves. Significant breakthroughs were made in the exploration of ultra-deep shale gas in the Sichuan Basin, risk exploration in the Songliao Basin, and

shale oil in the Bohai Bay Basin. The construction of the Shengli Jiyang Shale Oil National Demonstration Zone was efficiently promoted. In terms of oil development, we accelerated the construction of key oil production capacities such as Tahe, West Jungar, and Shengli Offshore, and reinforced the fine-tuned development of mature oil fields. In natural gas development, we actively pushed ahead the building of key natural gas production capacities such as Shunbei Area II and marine facies gas in West Sichuan. At the same time, we further optimised the synergy of integrated gas business system

covering production, supply, storage and sales, with the profit for the whole gas business chain hitting a historical high. The Company's production of oil and gas in 2024 was 515.35 million barrels of oil equivalent, up by 2.2% year-on-year, among which domestic crude oil production totaled 254.00 million barrels, up by 0.9% year-on-year, and natural gas production reached 1,400.4 billion cubic feet, up by 4.7% year-on-year.

Summary of Operations for the Exploration and Production Segment

	2024	2023	2022	Change from 2023 to 2024(%)
Oil and gas production (mmboe)	515.35	504.09	488.99	2.2
Crude oil production (mmbbls)	281.85	281.12	280.86	0.3
China	254.00	251.63	250.79	0.9
Overseas	27.84	29.49	30.07	(5.6)
Natural gas production (bcf)	1,400.39	1,337.82	1,248.75	4.7

Summary of Reserves of Crude Oil and Natural Gas

Items	Crude oil reserves (mmbbls)	
	31 December 2024	31 December 2023
Proved reserves	2,097	2,003
Proved developed reserves	1,845	1,777
China	1,587	1,507
Consolidated companies	1,587	1,507
Shengli	1,188	1,119
Others	399	388
Overseas	258	270
Consolidated companies	14	17
Equity accounted entities	244	253
Proved undeveloped reserves	252	226
China	218	189
Consolidated companies	218	189
Shengli	84	67
Others	134	122
Overseas	34	37
Consolidated companies	3	3
Equity accounted entities	31	34

Items	Natural gas reserves (bcf)	
	31 December 2024	31 December 2023
Proved reserves	9,870	9,311
Proved developed reserves	7,951	7,529
China	7,942	7,525
Consolidated companies	7,942	7,525
Puguang	1,324	1,213
Fuling	1,834	1,701
Others	4,784	4,611
Overseas	9	4
Consolidated companies	0	0
Equity accounted entities	9	4
Proved undeveloped reserves	1,919	1,782
China	1,919	1,782
Consolidated companies	1,919	1,782
Fuling	140	113
Others	1,779	1,669
Overseas	0	0
Consolidated companies	0	0
Equity accounted entities	0	0

Exploration and Production Activities

Wells drilled	As of 31 December							
	2024				2023			
	Exploratory		Development		Exploratory		Development	
	Productive	Dry	Productive	Dry	Productive	Dry	Productive	Dry
China	425	79	2,083	4	343	105	2,312	6
Consolidated companies	425	79	2,083	4	343	105	2,312	6
Shengli	169	31	1,183	2	127	29	1,379	3
Others	256	48	900	2	216	76	933	3
Overseas	3	0	148	0	0	0	144	0
Consolidated companies	0	0	0	0	0	0	0	0
Equity accounted entities	3	0	148	0	0	0	144	0
Total	428	79	2,231	4	343	105	2,456	6

Wells drilling	As of 31 December							
	2024				2023			
	Gross		Net		Gross		Net	
	Exploratory	Development	Exploratory	Development	Exploratory	Development	Exploratory	Development
China	80	179	80	177	80	184	80	184
Consolidated companies	80	179	80	177	80	184	80	184
Shengli	19	61	19	61	19	60	19	60
Others	61	118	61	116	61	124	61	124
Overseas	1	8	1	4	1	8	1	4
Consolidated companies	0	0	0	0	0	0	0	0
Equity accounted entities	1	8	1	4	1	8	1	4
Total	81	187	81	181	81	192	81	188

Oil productive wells	As of 31 December			
	2024		2023	
	Gross	Net	Gross	Net
China	56,630	56,630	55,548	55,548
Consolidated companies	56,630	56,630	55,548	55,548
Shengli	36,868	36,868	36,024	36,024
Others	19,762	19,762	19,524	19,524
Overseas	5,532	2,338	5,476	2,314
Consolidated companies	30	11	30	11
Equity accounted entities	5,502	2,327	5,446	2,303
Total	62,162	58,968	61,024	57,862

Natural gas productive wells Region	As of 31 December			
	2024		2023	
	Gross	Net	Gross	Net
China	8,731	8,640	8,256	8,186
Consolidated companies	8,731	8,640	8,256	8,186
Puguang	106	106	90	90
Fuling	1,156	1,156	1,019	1,019
Others	7,469	7,378	7,147	7,077
Total	8,731	8,640	8,256	8,186

Unit: Square kilometers

Area under license	As of 31 December	
	2024	2023
Acreage with exploration licenses	375,255	365,219
China	375,255	365,219
Acreage with development licenses	49,081	47,567
China	43,247	41,596
Overseas	5,834	5,971

(2) Refining

In 2024, the Company actively addressed the challenges brought by weak demand and the narrowing margins of certain refining products, and optimised integrated production and marketing. We enhanced regional coordination, went all out for profitable processing volume and maintained a relatively high utilisation rate. We closely aligned with the demand of the entire business value chain to

coordinate crude oil resources and reduce procurement costs. We followed market demand and flexibly adjusted product mix and export scheduling by producing more jet fuel and continuously reducing the diesel-to-gasoline ratio. Effort was made to carry forward the transition of low-cost “refined oil products to chemical feedstocks” and high-value “refined oil products to refining specialties” strategy, and to increase production of

market-favored products such as high-end carbon materials and refining specialties. We sped up the building of refining clusters and proceeded with refining structural adjustment projects in an orderly manner. In 2024, the Company processed 252 million tonnes of crude oil and produced 153 million tonnes of refined oil products, with gasoline and kerosene output up by 2.6% and 8.6% respectively year-on-year.

Summary of Operations for the Refining Segment

Unit: million tonnes

	2024	2023	2022	Change from 2023 to 2024 (%)
Refinery throughput	252.30	257.52	242.27	(2.0)
Gasoline, diesel and kerosene production	153.49	156.00	140.15	(1.6)
Gasoline	64.15	62.51	59.05	2.6
Diesel	57.91	64.54	63.09	(10.3)
Kerosene	31.43	28.95	18.01	8.6
Light chemical feedstock production	40.78	43.29	42.65	(5.8)

Note: Includes 100% of the production from domestic joint ventures.

(3) Marketing and Distribution

In 2024, by adapting to market changes, the Company fully leveraged its integration and network advantages, and continued to build an integrated energy service provider of petrol, gas, hydrogen, power and service. We carried forward targeted marketing tactics, expanded strategic clients base and boosted the sales volume of high-grade

gasoline. We stepped up effort in gas refueling and EV battery charging and swapping businesses. Over one thousand gas-refueling stations and more than 10 thousand battery charging and swapping stations were built. Hydrogen-based traffic was promoted steadily. Meanwhile, we vigorously expanded our global presence, explored the low-sulfur

bunker fuel market both at home and abroad and the total operating volume of our bunker fuel business ranked second in the world. We continued to enrich the Easy Joy service ecosystem and upgraded non-fuel business operational quality. Total sales volume of refined oil products for the year was 239 million tonnes.

Summary of Operations for the Marketing and Distribution Segment

	2024	2023	2022	Change from 2023 to 2024 (%)
Total sales volume of oil products (million tonnes)	239.33	239.05	206.74	0.1
Total domestic sales volume of oil products (million tonnes)	182.82	188.17	162.55	(2.8)
Retail sales (million tonnes)	113.45	120.12	106.91	(5.6)
Direct sales and distribution (million tonnes)	69.38	68.05	55.65	2.0

	31 December 2024	31 December 2023	31 December 2022	Change from the end of the previous year to the end of the reporting period (%)
Total number of service stations under the Sinopec brand	30,987	30,958	30,808	0.1
Number of company-operated stations	30,987	30,958	30,808	0.1

Note: The total sales volume of refined oil products includes the amount of refined oil marketing and trading sales volume.

(4) Chemicals

In 2024, in the face of the tough external environment of the newly added domestic chemicals supply and narrowed chemical margin, the Company closely followed market demand, further optimised operation and slashed costs and expenses. The Company optimised

the structure of feedstock, facilities and products, and maintained high utilisation rate in profitable facilities such as aromatics, with a focus on efficiency, thus achieving a new historical high in PX production. We continued to diversify feedstock to bring down costs and raise the ratio of high-value-added

products steadily. In 2024, ethylene production was 13.47 million tonnes. By strengthening strategic client cooperation and providing tailor-made product services, as well as actively exploring domestic and global market, total chemical sales volume reached 83.45 million tonnes, up by 0.5%, with export volume up by 13.1%.

Summary of Operations for the Chemicals Segment

Unit: thousand tonnes

	2024	2023	2022	Change from 2023 to 2024 (%)
Ethylene	13,467	14,314	13,437	(5.9)
Synthetic resin	20,087	20,574	18,544	(2.4)
Synthetic rubber	1,429	1,424	1,284	0.4
Synthetic fiber monomer and polymer	10,033	7,866	8,886	27.5
Synthetic fiber	1,248	1,113	1,112	12.1

Note: Includes 100% of the production of domestic joint ventures.

(5) Science and Technology Innovation

In 2024, the Company pushed forward the integrated innovation of science and technology together with the industry, deepened the reform of the science and technology system and mechanism, strived to build national-level research institutes in the energy sector, and achieved new results in science and technology innovation. In upstream, breakthroughs were made in the exploration theories and technologies for deep and ultra-deep shale gas. Profitable

production were obtained by applying shale oil development technologies in Jiyang and North Jiangsu basins. In refining, we successfully applied the catalyst and technology for producing BTX products through LCO hydrocracking aromatic extraction and batch production and application for refining specialties including animal vaccine white oil and ultra-high voltage transformer oil was realized. In chemicals, we put into operation the world's first cyclohexene esterification and hydrogenation unit for

producing cyclohexanone, and carried forward ultra-high molecular weight polyethylene, linear alpha-olefin (LAO) and other key technologies into industrial application. In addition, intelligent ethylene plant based on digital twins became operational and China's first factory-scale seawater to hydrogen production demonstration project was completed. In 2024, the Company filed 9,666 patent applications at home and abroad with 5,550 of them granted.

(6) HSE

In 2024, the Company continued to improve the HSE management system with professional management further strengthened. We further implemented the all-staff work safety responsibility mechanism, carried forward the scheme of the Safety Management Enhancement Year, and made every effort to promote major risk control and incident prevention, thus maintaining overall stability in production safety. We continuously enhanced health management, improved working conditions and strengthened prevention and control of occupational diseases at the source. Effort was also made to promote the development of the health-consciousness of the Company and safeguard the occupational, physical, and mental health for employees both at home and abroad.

(7) Capital Expenditure

In 2024, the Company continued to optimise the management of projects, with a capital expenditure of RMB175.0 billion for the whole year. The capital expenditure of the E&P segment was RMB82.3 billion, mainly for the crude oil production capacity building in Jiyang and Tahe, natural gas production capacity building in West Sichuan as well as the oil and gas storage and transportation facilities. The capital expenditure of the refining segment was RMB29.3 billion, mainly for ZRCC

Expansion and Guangzhou Petrochemical technological upgrading projects etc. The capital expenditure of the marketing and distribution segment was RMB14.1 billion, mainly for the development of the petrol, gas, hydrogen, power and service integrated energy network, the renovation of the existing marketing network, non-fuel business and other projects. The capital expenditure of the chemical segment was RMB44.7 billion, mainly for the ethylene units in Zhenhai and Maoming and aromatics unit in Jiujiang etc. The capital expenditure of corporate and others was RMB4.6 billion, mainly for R&D and digitalization projects, etc.

BUSINESS OUTLOOK

1 MARKET OUTLOOK

Looking forward to 2025, as China's economy continues to recover and improve, domestic demand for natural gas and chemical products is expected to maintain growth, and that for refined oil products will remain influenced by alternative energy. Taking into account the impact of changes in global supply and demand, geopolitics and inventory levels, international crude oil prices are expected to fluctuate within a wide range.

2 PRODUCTION & OPERATION

In 2025, the Company will focus on value creation, industrial transition, scientific and technological innovation, reform and

management, risk prevention and control to promote high-quality development on all fronts, and will make great efforts in the following areas:

Exploration & Production: The Company will strengthen the linkage between exploration & development licenses and reserves, endeavour to acquire high-quality and large-scale exploration and development licenses, increase risk exploration and trap pre-exploration, strengthen exploration in the fields of marine facies carbonate rocks, shale oil and gas and tight oil and gas, and increase high-quality and scaled reserves; strengthen profitable development, and take multiple measures to reduce the break-even point. In terms of crude oil development, we will accelerate the construction of production capacity in Shengli Offshore, Jungar west and Tahe, build a high-quality national demonstration area for Shengli Jiyang shale oil, and strengthen the fine development of mature areas. In terms of natural gas business, we will accelerate the construction of production capacity in Sichuan Xujiahe reservoir, Shunbei Area II and Sichuan West Marine Phase, focus on operation optimisation and market development, and enhance the profitability of natural gas business. For the year, we plan to produce 280.15 million barrels of crude oil, of which 25.26 million barrels will be from abroad, and 1,450.3 billion cubic feet of natural gas.



Refining: The Company will focus on improving quality and profitability, adhere to the synergy between production and sales, and ensure the efficient operation of the industrial chain and the efficient utilisation of advantageous production capacity. We will give full play to the advantages of global of resources allocation, increase the differentiated procurement of crude oil and reduce the procurement cost; enhance the degree of crude oil processing intensification and promote the optimisation of regional resources; continue to optimise the crude throughput, utilization rate and product slate, and make every effort to increase the production of jet fuel; continue with the transition of low-cost “refined oil products to chemical feedstocks” and high-value “refined oil products to refining specialties” strategy, and promote the development of products such as lubricating grease, special wax and sustainable fuel, and build up an industry chain for high-end carbon material. The annual plan is to process 255 million tonnes of crude oil and produce 155 million tonnes of refined oil products.

Marketing and Distribution: The Company will give full play to its advantages in integrated business, strengthen digital intelligence empowerment and enhance its comprehensive competitiveness. We will continue to coordinate procurement and sales, as well as volume and price to stabilise the scale of retail business; continue to optimise the network layout and forge the prime brand of LNG fuelling business; consolidate and enhance the advantages of low-sulphur bunker fuel production and sales, and actively expand the scale of business at home and abroad; deepen the application of big data analysis, and explore the value of data assets; expand hydrogen application scenarios, demonstrate and drive the utilisation of hydrogen, promote the development of the electricity business,

and expand and extend the value chain of the electricity business; strengthen the building of our own brand, accelerate the expansion of the comprehensive service scenarios of EasyJoy, and accelerate the transition to an ‘petrol, gas, hydrogen, power and service’ comprehensive energy service provider. For the full year, the Company’s domestic marketing sales volume plan is 178 million tonnes.

Chemicals: The Company will closely track changes in the chemical market, adhere to the ‘basic + high-end’ strategy, make every effort to reduce costs, expand the market, and tap potential for improving profitability. We will continue to promote the diversification of feedstocks and take various measures to reduce the feedstock cost; dynamically optimise the utilization rate, reduce the frequency of changing products in certain unit, and improve the gross margin of products; and intensify the development of new products and high value-added products, so as to expand the potential for profit creation. At the same time, we will meet the differentiated and tailor-made needs of our customers, increase the proportion of sales to strategic customers, increase the export of profitable products, and enhance the level of international operations. For the full year, we plan to produce 15.59 million tonnes of ethylene.

Science and Technology Innovation: The Company will firmly implement the innovation-driven strategy, promote the deep integration of the innovation, industry, capital and talent, focus on key areas and make every effort to develop core technologies, and give full play to the supporting and leading role of scientific and technological innovation. We will intensify our research efforts in new fields such as shale oil and gas, deep coalbed methane, and offshore technologies, and promote the increase of oil and gas reserves and production. We will increase technological innovation

in catalytic cracking, catalytic reforming, hydrogenation and other technologies to support low-cost “refined oil products to chemical feedstocks” and high-value “refined oil products to refining specialties” strategy. We will continue to enhance the technological advancement of basic organic feedstocks and synthetic materials, and accelerate the technological breakthrough of high-end materials. We will promote technological research in new fields such as deep geothermal energy, hydrogen energy and circular economy. We will carry out the ‘AI+’ action and promote the deep integration of artificial intelligence with the whole industrial chain.

Capital Expenditures: In 2025, the Company’s capital expenditures is RMB164.3 billion. The capital expenditure in the E&P segment is RMB76.7 billion, which will be mainly used for the construction of crude oil production capacity in areas such as Jiyang and Tahe, the construction of natural gas production capacity in areas such as Dingshan-Dongxi and Western Sichuan, as well as oil and gas storage and transportation facilities. The capital expenditure in the refining segment is RMB22.3 billion, mainly for the projects such as the Guangzhou Petrochemical revamping and Maoming Refining upgrading projects. The capital expenditure in the marketing and distribution segment is RMB14.5 billion, mainly for the development of the comprehensive energy network, the renovation of the existing sales network, and projects related to non-fuel business. The capital expenditure in the chemical segment is RMB44.9 billion, mainly for ethylene projects in Maoming, Zhenhai and Qilu, and the aromatics project in Jiujiang. The capital expenditure for the corporate and others is RMB5.9 billion, mainly for R&D and digitalization projects, etc.



THE FOLLOWING DISCUSSION AND ANALYSIS SHOULD BE READ IN CONJUNCTION WITH THE COMPANY'S AUDITED FINANCIAL STATEMENTS AND THE ACCOMPANYING NOTES. PARTS OF THE FOLLOWING FINANCIAL DATA WERE ABSTRACTED FROM THE COMPANY'S AUDITED FINANCIAL STATEMENTS THAT HAVE BEEN PREPARED ACCORDING TO THE IFRS ACCOUNTING STANDARDS. THE PRICES IN THE FOLLOWING DISCUSSION DO NOT INCLUDE VALUE-ADDED TAX.

1 CONSOLIDATED RESULTS OF OPERATIONS

In 2024, international crude oil price fluctuated with downward trends, domestic new energy substitution in traffic industry accelerated, new production capacity in the chemical market continued to release, and the gross profit of chemicals narrowed significantly. The Company made every effort to expand the market and sales, intensified the optimisation of the integration of production and operation, continued to strengthen cost and expense control, and took multiple measures to cope with the impact of market changes. The Company realised revenue of RMB3,074.6 billion, decreased by 4.3% year-on-year and operating profit of RMB70.7 billion, decreased by 18.6% year-on-year.

The following table sets forth the main revenue and expenses from the Company's consolidated financial statements:

	Year ended 31 December		Change (%)
	2024 RMB million	2023 RMB million	
Revenue	3,074,562	3,212,215	(4.3)
Revenue from primary business	3,015,321	3,146,873	(4.2)
Other operating revenues	59,241	65,342	(9.3)
Operating expenses	(3,003,876)	(3,125,387)	(3.9)
Purchased crude oil, products and operating supplies and expenses	(2,449,614)	(2,569,412)	(4.7)
Selling, general and administrative expenses	(57,547)	(59,575)	(3.4)
Depreciation, depletion and amortisation	(120,714)	(113,750)	6.1
Exploration expenses, including dry holes	(9,375)	(11,055)	(15.2)
Personnel expenses	(110,187)	(108,017)	2.0
Taxes other than income tax	(267,315)	(272,921)	(2.1)
Impairment (losses)/reversals on trade and other receivables	(108)	243	-
Other operating income/(expenses), net	10,984	9,100	20.7
Operating profit	70,686	86,828	(18.6)
Net finance costs	(11,174)	(9,922)	12.6
Investment income and share of profits less losses from associates and joint ventures	9,630	7,028	37.0
Profit before taxation	69,142	83,934	(17.6)
Income tax expense	(12,966)	(16,070)	(19.3)
Profit for the year	56,176	67,864	(17.2)
Attributable to:			
Shareholders of the Company	48,939	58,310	(16.1)
Non-controlling interests	7,237	9,554	(24.3)

(1) Revenue

In 2024, the Company's revenue from primary business was RMB3,015.3 billion, representing a decrease of 4.2% year-on-year. This was mainly due to the decreased prices and sales volumes of products including refined oil products.

The following table sets forth the external sales volume, average realised prices and respective rates of change of the Company's major products in 2024 and 2023:

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne, RMB/thousand cubic meters)		
	Year ended 31 December		Change (%)	Year ended 31 December		Change (%)
	2024	2023		2024	2023	
Crude oil	7,728	7,237	6.8	3,896	3,962	(1.7)
Natural gas (million cubic meters)	40,805	36,964	10.4	2,230	2,156	3.4
Gasoline	91,832	92,483	(0.7)	8,858	8,980	(1.4)
Diesel	82,678	86,866	(4.8)	6,790	7,182	(5.5)
Kerosene	27,856	25,962	7.3	5,497	5,948	(7.6)
Basic chemical feedstock	37,667	36,605	2.9	5,830	5,743	1.5
Monomer and polymer for synthetic fibre	7,545	6,297	19.8	5,683	5,409	5.1
Synthetic resin	16,699	17,938	(6.9)	7,472	7,393	1.1
Synthetic fibre	1,289	1,172	10.0	7,685	7,779	(1.2)
Synthetic rubber	1,407	1,455	(3.3)	12,438	10,545	18.0
Chemical fertiliser	397	753	(47.3)	2,168	2,636	(17.8)



Most crude oil and a small portion of natural gas produced by the Company were internally used for refining and chemical production, with the remaining sold to external customers. In 2024, the turnover from crude oil, natural gas and other upstream products sold externally amounted to RMB175.8 billion (accounting for 5.7% of the Company's revenue), down by 1.2% year-on-year. The change was mainly due to decreases in crude oil prices.

In 2024, petroleum products (mainly consisting of refined oil products and other refined petroleum products) sold by Refining Segment and Marketing and Distribution Segment achieved external sales revenues of RMB1,831.2 billion (accounting for 59.6% of the Company's revenue), representing a decrease of 5.0% over 2023, mainly due to the decreased sales volumes and prices of products including gasoline and diesel. The sales revenue of gasoline, diesel and kerosene was RMB1,527.9 billion (accounting for 83.4% of the total sales revenue of petroleum products), representing a decrease of 5.0% over 2023. Sales revenue of other refined petroleum products was RMB303.3 billion (accounting for 16.6% of the total sales revenue of petroleum products), representing a decrease of 4.8% compared with that of 2023.

The Company's external sales revenue of chemical products was RMB418.3 billion (accounting for 13.6% of the Company's revenue), representing an increase of 1.7% over 2023. This was mainly due to increase in sales volumes and average prices of chemical products.

(2) Operating expenses

In 2024, the Company's operating expenses was RMB3,003.9 billion, decreased by 3.9% compared with that of 2023. The operating expenses mainly consisted of the following:

Purchased crude oil, products and operating supplies and expenses was RMB2,449.6 billion, representing a decrease of 4.7% over the same period of 2023, accounting for 81.5% of the total operating expenses, of which:

Crude oil purchasing expenses was RMB909.5 billion, representing a decrease of 3.7% over the same period of 2023. Crude oil purchased externally used for processing in 2024 was 207.65 million tonnes (excluding the volume processed for third parties), representing a decrease of 2.3% over the same period of 2023. The average cost of processing crude oil purchased externally was RMB4,380 per tonne, representing a decrease by 1.4% over 2023.

The Company's other purchasing expenses was RMB1,540.1 billion, representing a decrease of 5.2% over the same period of 2023. This was mainly attributable to the decreased volumes and prices of outsourced refined oil products and traded crude oil.

Selling, general and administrative expenses was RMB57.5 billion, representing a decrease of 3.4% over 2023, mainly because the Company further strengthened the control of non-productive expenses, and the marketing and management expenses were reduced.

Depreciation, depletion and amortisation

was RMB120.7 billion, representing an increase of 6.1% over the same period of 2023. This was mainly due to the increased scale of assets.

Exploration expenses were RMB9.4 billion, representing a decrease of 15.2% compared with 2023. This was mainly attributed to the Company adjusted the structural of exploration investment and strengthened the intensity of unconventional oil and gas exploration with high success rate based on controlling overall exploration investment, which led to the reduction of related expenses.

Personnel expenses were RMB110.2 billion, representing an increase of 2.0% over 2023.

Taxes other than income tax were RMB267.3 billion, representing a decrease of 2.1% over the same period of 2023. That was mainly because that the Company centrally made provision for levy of mineral rights concessions for the past last year.

Other operating income/(expenses), net was RMB11.0 billion, representing an increase of 20.7% over the same period of 2023. It was mainly attributable to increase in the income from the hedging business of commodity derivatives.

(3) Operating profit was RMB70.7 billion, representing a decrease of 18.6% over the same period of 2023. This was mainly due to the decreased domestic sales volume and price of diesel and decreased gross profit of jet fuel and chemical products.

(4) **Investment income and share of profits less losses from associates and joint ventures** was RMB9.6 billion, up by 37.0% year-on-year. It was mainly attributable to improvement in performance of some associates and joint ventures.

(5) **Profit before taxation** was RMB69.1 billion, representing a decrease of 17.6% compared with 2023.

(6) **Income tax expense** was RMB13.0 billion, representing a decrease of 19.3% year-on-year.

(7) **Profit attributable to non-controlling shareholders** was RMB7.2 billion, representing a decrease of 24.3% over the same period of 2023.

(8) **Profit attributable to shareholders of the Company** was RMB48.9 billion, representing a year-on-year decrease of 16.1%.

2 RESULTS OF SEGMENT OPERATIONS

The Company manages its operations through four business segments, namely exploration and production segment, refining segment, marketing and distribution segment and chemicals segment, and corporate and others. Unless otherwise specified, the inter-segment transactions have not been eliminated from financial data discussed in this section. In addition, the operating revenue data of each segment includes other operating revenues.

The following table shows the operating revenues by each segment, the contribution of external sales and inter-segment sales as a percentage of operating revenues before elimination of inter-segment sales, and the contribution of external sales as a percentage of consolidated operating revenues (i.e. after elimination of inter-segment sales) for the periods indicated.

	Operating revenues Year ended 31 December		As a percentage of consolidated operating revenue before elimination of inter-segment sales Year ended 31 December		As a percentage of consolidated operating revenue after elimination of inter-segment sales Year ended 31 December	
	2024 RMB million	2023 RMB million	2024 (%)	2023 (%)	2024 (%)	2023 (%)
Exploration and Production Segment						
External sales*	179,952	183,316	3.3	3.2	5.9	5.7
Inter-segment sales	117,297	116,703	2.1	2.0		
Operating revenues	297,249	300,019	5.4	5.2		
Refining Segment						
External sales*	168,774	174,476	3.1	3.1	5.5	5.4
Inter-segment sales	1,312,728	1,355,310	24.0	23.7		
Operating revenues	1,481,502	1,529,786	27.1	26.8		
Marketing and Distribution Segment						
External sales*	1,707,021	1,800,486	31.2	31.6	55.5	56.1
Inter-segment sales	7,337	17,943	0.1	0.3		
Operating revenues	1,714,358	1,818,429	31.3	31.9		
Chemicals Segment						
External sales*	425,937	420,881	7.8	7.4	13.8	13.1
Inter-segment sales	97,925	94,426	1.8	1.7		
Operating revenues	523,862	515,307	9.6	9.1		
Corporate and Others						
External sales*	592,878	633,056	10.8	11.1	19.3	19.7
Inter-segment sales	864,348	905,264	15.8	15.9		
Operating revenues	1,457,226	1,538,320	26.6	27.0		
Operating revenue before elimination of inter-segment sales	5,474,197	5,701,861	100.0	100.0		
Elimination of inter-segment sales	(2,399,635)	(2,489,646)				
Revenue	3,074,562	3,212,215			100.0	100.0

* Other operating revenues are included.

The following table sets forth the operating revenues, operating expenses and operating profit by each segment before elimination of the inter-segment transactions for the periods indicated, and the percentage change of 2024 compared to 2023.

	Year ended 31 December		
	2024	2023	Change
	RMB million	RMB million	(%)
Exploration and Production Segment			
Operating revenues	297,249	300,019	(0.9)
Operating expenses	240,864	255,056	(5.6)
Operating profit	56,385	44,963	25.4
Refining Segment			
Operating revenues	1,481,502	1,529,786	(3.2)
Operating expenses	1,474,788	1,509,178	(2.3)
Operating profit	6,714	20,608	(67.4)
Marketing and Distribution Segment			
Operating revenues	1,714,358	1,818,429	(5.7)
Operating expenses	1,695,712	1,792,490	(5.4)
Operating profit	18,646	25,939	(28.1)
Chemicals Segment			
Operating revenues	523,862	515,307	1.7
Operating expenses	533,859	521,343	2.4
Operating loss	(9,997)	(6,036)	-
Corporate and Others			
Operating revenues	1,457,226	1,538,320	(5.3)
Operating expenses	1,457,658	1,537,716	(5.2)
Operating (loss)/profit	(432)	604	-
Elimination of inter-segment (profit)/loss	(630)	750	-

(1) Exploration and Production Segment

Most crude oil and a small portion of the natural gas produced by the exploration and production segment were used for the Company's refining and chemical production. Most of the natural gas and a small portion of crude oil were sold externally to other customers.

In 2024, the operating revenue of this segment was RMB297.2 billion, representing a decrease of 0.9% over 2023. This was mainly attributable to the decrease in crude oil prices.

In 2024, the segment sold 34.52 million tonnes of crude oil, representing an increase of 0.4% over 2023. Natural gas sales volume was 35.6 billion cubic meters (bcm), representing an increase of 6.5% over 2023. Regasified LNG sales volume was 15.0 bcm, representing a decrease of 12.4% over 2023. LNG sales volume was 3.00 million tonnes, representing an increase of 112.3% over 2023. Average realised prices of crude oil, natural gas, regasified LNG, and LNG were RMB3,767 per tonne, RMB1,802 per thousand cubic meters, RMB3,385 per thousand cubic meters, and RMB3,954 per tonne, respectively, representing a

decrease of 1.7%, an increase of 1.5%, a decrease of 4.9%, and a decrease of 4.4% respectively over 2023.

In 2024, the operating expenses of this segment were RMB240.9 billion, representing a decrease of 5.6% over 2023. That was mainly because that imported LNG procurement cost decreased by RMB6.4 billion year-on-year; taxes including special oil gain levy and levy for mineral rights concessions decreased by RMB6.1 billion year-on-year; exploration expense decreased by RMB1.7 billion year-on-year.

In 2024, the oil and gas lifting cost was RMB745.4 per tonne, representing a decrease of 1.3% year-on-year.

In 2024, this segment seized the opportunity of relative high crude oil prices, intensified high-quality exploration, strengthened the integration of the whole natural gas industry chain, and spared no efforts to increase reserves, boost production, cut cost, and improve profit, achieving operating profit of RMB56.4 billion, with an increase of RMB11.4 billion and 25.4% over 2023.

(2) Refining Segment

Business activities of the refining segment include purchasing crude oil from third parties and the exploration and production segment of the Company, as well as processing crude oil into refined petroleum products. Most of gasoline, diesel and kerosene were sold internally to the marketing and distribution segment of the Company; part of the chemical feedstock was sold internally to the chemicals segment of the Company; and other refined petroleum products were sold externally to both domestic and overseas customers.

In 2024, the operating revenue of this segment was RMB1,481.5 billion, representing a decrease of 3.2% over 2023. This was mainly due to the decreased prices of refined oil products year-on-year resulting from decreased price of international crude oil, and decreased sales volume of diesel year-on-year.

The following table sets forth the sales volumes, average realised prices and the respective changes of the refined oil products of the segment in 2024 and 2023.

	Sales Volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Year ended 31 December		Change (%)	Year ended 31 December		Change (%)
	2024	2023		2024	2023	
Gasoline	62,642	60,926	2.8	8,409	8,494	(1.0)
Diesel	56,310	61,807	(8.9)	6,725	6,872	(2.1)
Kerosene	23,834	23,097	3.2	5,501	5,884	(6.5)
Chemical feedstock	40,353	42,035	(4.0)	4,692	4,473	4.9
Other refined petroleum products	64,986	67,321	(3.5)	3,880	3,859	0.5

In 2024, sales revenue of gasoline was RMB526.8 billion, representing an increase of 1.8% over 2023.

The sales revenue of diesel was RMB378.7 billion, representing a decrease of 10.8% over 2023.

The sales revenue of kerosene was RMB131.1 billion, representing a decrease of 3.5% over 2023.

The sales revenue of chemical feedstock was RMB189.3 billion, representing an increase of 0.7% over 2023.

The sales revenue of refined petroleum products other than gasoline, diesel, kerosene and chemical feedstock was RMB252.1 billion, representing a decrease of 3.0% over 2023.

In 2024, the segment's operating expense was RMB1,474.8 billion, representing a decrease of 2.3% over 2023 which was mainly attributable to a decrease in the crude oil and refining feedstock procurement cost.

In 2024, the average processing cost for crude oil and refining feedstock was RMB4,408 per tonne, representing a decrease of 1.5% over 2023. Total crude oil and refining feedstock processed was 256.95 million tonnes (excluding volume processed for third parties), representing a decrease of 2.1% over 2023. The total cost of crude oil and refining feedstock processed was RMB1,132.7 billion, representing a decrease of 3.6% over 2023.

In 2024, refining margin was RMB304 per tonne, representing a decrease of RMB49 per tonne compared with that of the same period of 2023. This was mainly attributable to the decrease in domestic cracking spread of jet fuel, and increase in procurement of imported crude oil due to difference of foreign exchange rate.

In 2024, the refining unit cash operating cost (defined as operating expenses less the processing cost of crude oil and refining feedstock, depreciation and amortisation, taxes other than income tax and other operating expenses, then divided by the throughput of crude oil and refining feedstock) was RMB209 per tonne, representing a decrease of 1.6% over 2023, which was mainly attributable to the year-on-year decrease in costs of power and maintenance.

In 2024, the segment continued to intensify efforts in optimization of the industrial chain and regional integration, coordinated cost-effective crude oil procurement based on the demand of industrial chain, dynamically adjusted utilisation rate and product slate, strengthened cost and expense control. Impacted by factors including the decrease in crack spread of jet fuel, and increase in procurement of imported crude oil due to difference of the foreign exchange rate, the segment realised an operating profit of RMB6.7 billion, decreased by RMB13.9 billion or 67.4% year-on-year.

(3) Marketing and Distribution Segment

The business activities of the marketing and distribution segment include purchasing refined oil products from the refining segment and the third parties, conducting direct sales and wholesale to domestic customers and retailing, distributing oil products through the segment's retail and distribution network as well as providing related services and selling convenience store products, new energy products and providing related services.

In 2024, the operating revenues of this segment were RMB1,714.4 billion, down by 5.7% year-on-year. This was mainly attributable to weak demand for refined oil products, the decrease in the Company's sales volume of refined oil products and the decreased prices of refined oil products resulting from decreased price of crude oil. The sales revenues of gasoline totalled RMB813.8 billion, down by 2.1% year-on-year; the sales revenues of diesel were RMB562.8 billion, down by 10.1% year-on-year; the sales revenues of kerosene were RMB153.0 billion, down by 1.1% year-on-year; the sales revenues of natural gas were RMB29.5 billion, up by 29.8% year-on-year.

The following table sets forth the sales volumes, average realised prices and respective percentage changes of the segment's five major refined oil products in 2024 and 2023, including detailed information about retail, direct sales and distribution of gasoline and diesel:

	Sales volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Year ended 31 December		Change (%)	Year ended 31 December		Change (%)
	2024	2023		2024	2023	
Gasoline	91,877	92,595	(0.8)	8,857	8,978	(1.3)
Retail	64,271	65,833	(2.4)	9,402	9,453	(0.5)
Direct sales and distribution	27,606	26,762	3.2	7,588	7,808	(2.8)
Diesel	82,890	87,141	(4.9)	6,789	7,181	(5.5)
Retail	32,474	36,772	(11.7)	7,366	7,673	(4.0)
Direct sales and distribution	50,415	50,368	0.1	6,418	6,822	(5.9)
Kerosene	27,842	26,045	6.9	5,496	5,941	(7.5)
Fuel oil	26,716	31,996	(16.5)	3,972	3,985	(0.3)
Natural gas	6,609	4,756	39.0	4,460	4,774	(6.6)

In 2024, the operating expenses of the segment were RMB1,695.7 billion, down by RMB96.8 billion or 5.4% year-on-year. This was mainly due to a year-on-year decreased procurement cost of refined oil products.

In 2024, the segment's marketing expense (defined as the operating expenses less the purchase costs, taxes other than income tax, depreciation and amortization, divided by sales volume) was RMB194.2 per tonne, up by 0.4% year-on-year. This was mainly due to the decrease in domestic refined oil products sales volume.

In 2024, the gross profit of non-fuel business of this segment was RMB11.5 billion, representing an increase of RMB0.9 billion year-on-year, among which, gross profit of selling convenience store products and providing related services was RMB11.1 billion, up by RMB0.52 billion year-on-year, mainly due to the Company actively responded

to market changes, and enriched Easy Joy's service scope. Gross profit of EV charging business was RMB0.43 billion, up by 20 times year-on-year, mainly attributed to the growth of business scale. The charging volume reached 1.8 billion kilowatt-hours, increasing by 21 times year-on-year. The profit of non-fuel business of this segment was RMB4.7 billion, representing an increase of RMB0.1 billion year-on-year.

In 2024, facing complex market environment, the segment strived to maintain the market share of refined oil products, actively explored new business models including EV charging, battery swapping and non-fuel business, and promoted transition and development on all fronts to offset the impact of factors including new energy and vehicle LNG substitution. The segment realised an operating profit of RMB18.6 billion, representing a decrease of RMB7.3 billion year-on-year, down by 28.1% year-on-year.

(4) Chemicals segment

The business activities of the chemicals segment include purchasing chemical feedstock from the refining segment and the third parties and producing, marketing and distributing petrochemical and inorganic chemical products.

In 2024, the operating revenue of this segment was RMB523.9 billion, up by 1.7% year-on-year. This was mainly due to the increase in sales volume and prices of chemical products year-on-year.

In 2024, the sales revenue generated by the segment's six major categories of chemical products (namely basic organic chemicals, synthetic resin, synthetic fiber monomer and polymer, synthetic fibre, synthetic rubber, and chemical fertiliser) was RMB485.4 billion, up by 2.0% year-on-year, accounting for 92.7% of the operating revenues of the segment.

The following table sets forth the sales volume, average realised prices and respective changes of each of the segment's six categories of chemical products in 2024 and 2023.

	Sales Volume (thousand tonnes)			Average realised price (RMB/tonne)		
	Year ended 31 December		Change (%)	Year ended 31 December		Change (%)
	2024	2023		2024	2023	
Basic organic chemicals	50,274	49,202	2.2	5,752	5,740	0.2
Synthetic fibre monomer and polymer	7,582	6,350	19.4	5,682	5,416	4.9
Synthetic resin	16,705	17,941	(6.9)	7,472	7,393	1.1
Synthetic fibre	1,289	1,172	10.0	7,688	7,779	(1.2)
Synthetic rubber	1,410	1,456	(3.2)	12,443	10,551	17.9
Chemical fertiliser	442	800	(44.8)	2,130	2,619	(18.7)

In 2024, the operating expenses of the chemicals segment were RMB533.9 billion, representing an increase of 2.4% over 2023, mainly due to increased procurement cost of chemical feedstock including naphtha, etc.

In 2024, the segment closely followed the market trend, deepened integration of production, marketing and research, optimised the structure of feedstock, facilities and products, improved resource allocation efficiency and proportion of high value-added products, and enhanced cost control including feedstock, fuel,

and power. Impacted by newly added domestic chemicals capacity and significant narrowed chemical product margin, the operating loss of the segment was RMB10.0 billion, the performance down by RMB4.0 billion year-on-year.

(5) Corporate and Others

The business activities of corporate and others mainly consist of import and export business activities of the Company's subsidiaries, R&D activities of the Company, and managerial activities of headquarters.

In 2024, the operating revenue generated from corporate and others was approximately RMB1,457.2 billion, representing a decrease of 5.3% over 2023. This was mainly attributed to the decrease in the trading volume and prices of crude oil.

In 2024, the operating expense of corporate and others was RMB1,457.7 billion, representing a decrease of 5.2% over 2023.

In 2024, the operating loss from corporate and others was RMB0.4 billion.

3 ASSETS, LIABILITIES, EQUITY AND CASH FLOWS

The major funding sources of the Company are its operating activities and short-term and long-term loans. The major use of funds includes operating expenses, capital expenditures, and repayment of the short-term and long-term debts.

(1) Assets, liabilities and equity

Unit: RMB million

	As of 31 December 2024	As of 31 December 2023	Change
Total assets	2,081,440	2,024,696	56,744
Current assets	524,515	534,435	(9,920)
Non-current assets	1,556,925	1,490,261	66,664
Total liabilities	1,109,293	1,068,887	40,406
Current liabilities	673,237	647,076	26,161
Non-current liabilities	436,056	421,811	14,245
Total equity attributable to shareholders of the Company	815,815	802,989	12,826
Share capital	121,282	119,349	1,933
Reserves	694,533	683,640	10,893
Non-controlling interests	156,332	152,820	3,512
Total equity	972,147	955,809	16,338



As of 31 December 2024, the Company's total assets were RMB2,081.4 billion, representing an increase of RMB56.7 billion compared with that of the end of 2023, of which:

Current assets were RMB524.5 billion, representing a decrease of RMB9.9 billion compared with that of the end of 2023, mainly because inventories increased by RMB5.7 billion as well as cash and cash equivalents and time deposits with financial institutions decreased by RMB18.0 billion.

Non-current assets were RMB1,556.9 billion, representing an increase of RMB66.7 billion compared with that of the end of 2023. This was mainly

because that the Company promoted transition and upgrading, and increased investments in refining and chemical clusters construction, thus, property, plant and equipment and construction in progress increased by RMB54.7 billion. In addition, the Company enhanced cooperation with foreign enterprises, and equity in associates and joint ventures up by RMB10.9 billion.

The Company's total liabilities were RMB1,109.3 billion, representing an increase of RMB40.4 billion compared with that of the end of 2023, of which:

Current liabilities were RMB673.2 billion, representing an increase of RMB26.2 billion as compared with that of the end of 2023. This was mainly due to certain long-term loans being reclassified to non-current liabilities due within one year.

Non-current liabilities were RMB436.1 billion, representing an increase of RMB14.2 billion compared with that of the end of 2023. This was mainly due to the issuance of low-cost and long-term bond financing.

Total equity attributable to owners of the Company was RMB815.8 billion, representing an increase of RMB12.8 billion compared with that of the end of 2023.

(2) Cash Flow

The following table sets forth the major items in the consolidated cash flow statements for 2024 and 2023.

Unit: RMB million

Major items of cash flows	Year ended 31 December	
	2024	2023
Net cash generated from operating activities	149,360	161,475
Net cash used in investing activities	(161,240)	(155,865)
Net cash (used in)/generated from financing activities	(19,237)	22,732



In 2024, the net cash generated from operating activities of the Company was RMB149.4 billion, representing a decrease of RMB12.1 billion over 2023. This was mainly due to the decrease of net profit.

In 2024, the Company's net cash used in investing activities was RMB161.2 billion, representing an increase of cash outflow of RMB5.4 billion year-on-year. This was mainly because that the Company enhanced cooperation with foreign enterprises with investment on associates and joint ventures up by RMB4.7 billion year-on-year,

In 2024, the Company's net cash used in financing activities was RMB19.2 billion, representing an increase of cash outflow of RMB42.0 billion year-on-year. This was mainly due to a year-on-year decrease of cash inflow of RMB55.1 billion resulting

from net change of interest-bearing debt, and an increase of cash inflow of RMB12.0 billion from issuance of shares to the target subscriber.

At the end of 2024, the cash and cash equivalents were RMB91.3 billion.

(3) Contingent Liabilities

Please refer to "Material Guarantee Contracts and their Performance" in the Chapter "Significant Events" of this report

(4) Capital Expenditure

Please refer to "Capital Expenditure" in the Chapter "Business Review and Prospects" of this report.

(5) Research & Development and Environmental Expenditures

R&D expenditures include related expenses and investment cost occurred in the period. In 2024, the expenditures

for R&D were RMB23.6 billion, of which expense was RMB15.2 billion, and investment cost was RMB8.4 billion.

Environmental expenditures refer to the normal routine pollutant discharge fees paid by the Company, excluding capitalised cost of pollutant treatment properties. In 2024, the Company paid environmental expenditures of RMB18.4 billion.

(6) Measurement of fair values of derivatives and relevant system

The Company has established sound decision-making mechanism, continued improving business process and internal control systems relevant to financial instrument accounting and information disclosure. The following table sets out the items relevant to measurement of fair values.

Items relevant to measurement of fair values

Unit: RMB million

Items	Amount at the beginning of the year	Amount at the end of the year	Profits and losses from variation of fair values in the current year	Accumulated variation of fair values recorded as equity	Impairment loss provision of the current year	Funding source	Purchase amount in the current year	Sell or redemption amount in the current year	Other changes
Financial assets held for trading	3	4	1	-	-	-	86	(86)	-
Fund	3	4	1	-	-	-	-	-	-
Derivative financial instruments and cash flow hedges	6,969	(858)	805	(1,193)	-	-	-	(7,439)	-
Receivables financing	2,221	2,613	-	-	-	-	72,154	(71,762)	-
Other equity instrument investments	450	416	-	(8)	-	-	-	(14)	(12)
Total	9,643	2,175	806	(1,201)	-	-	72,240	(79,301)	(12)

In 2024, the Company traded in commodity and currency derivatives according to the Annual Business Plan for Financial Derivatives approved by the Board. Such business met the regulatory requirements of financial derivatives, operated in a standardized manner, and achieved the goals of suppressing price fluctuation, stabilising operating profit, and preventing market risks.

4 ANALYSIS OF FINANCIAL STATEMENTS PREPARED UNDER CASs

The major differences between the Company's financial statements prepared under CASs and IFRS Accounting Standards are set out in Section C of the financial statements of the Company on page 213 of this report.

(1) Under CASs, the operating income and operating profit or loss by reportable segments were as follows:

	For the year ended 31 December	
	2024 RMB million	2023 RMB million
Operating income		
Exploration and Production Segment	297,249	300,019
Refining Segment	1,481,502	1,529,786
Marketing and Distribution Segment	1,714,358	1,818,429
Chemicals Segment	523,862	515,307
Corporate and Others	1,457,226	1,538,320
Elimination of inter-segment sales	(2,399,635)	(2,489,646)
Consolidated operating income	3,074,562	3,212,215
Operating profit/(loss)		
Exploration and Production Segment	49,058	37,976
Refining Segment	6,303	19,358
Marketing and Distribution Segment	17,698	25,531
Chemicals Segment	(14,046)	(10,273)
Corporate and Others	(914)	1,915
Elimination	(630)	750
Financial expenses, investment income and losses/gains from changes in fair value	14,788	11,487
Consolidated operating profit	72,257	86,744
Net profit attributable to equity shareholders of the Company	50,313	60,463

Operating profit: In 2024, the operating profit of the Company was RMB72.3 billion, representing a decrease of RMB14.5 billion as compared with that of 2023.

Net profit: In 2024, the net profit attributable to the equity shareholders of the Company was RMB50.3 billion, representing a decrease of RMB10.2 billion or 16.8% compared with 2023.



(2) Financial data prepared under CASs

	As of 31 December 2024 RMB million	As of 31 December 2023 RMB million	Change
Total assets	2,084,771	2,026,674	58,097
Non-current liabilities	435,241	420,943	14,298
Shareholder's equity	976,293	958,655	17,638

Change analysis:

At the end of 2024, the Company's total assets were RMB2,084.8 billion, representing an increase of RMB58.1 billion compared with that of the end of 2023. This was mainly due to fixed assets and construction in progress increased by RMB54.6 billion resulting from increase on investment in transition and upgrading.

At the end of 2024, the Company's non-current liabilities were RMB435.2 billion, representing an increase of RMB14.3 billion compared with that of the end of 2023. This was mainly due to the issuance of low-interest long-term bond financing.

At the end of 2024, total shareholders' equity of the Company was RMB976.3 billion, representing an increase of RMB17.6 billion compared with that of the end of 2023.

(3) The results of the principal operations by segments

Segments	Operation income RMB million	Operation cost RMB million	Gross profit margin* (%)	Increase/ (decrease) of operation income on a year-on-year basis (%)	Increase/ (decrease) of operation cost on a year-on-year basis (%)	Increase/ (decrease) of gross profit margin on a year-on-year basis (%)
Exploration and Production	297,249	202,388	25.2	(0.9)	(2.5)	3.1
Refining	1,481,502	1,216,284	1.6	(3.2)	(3.0)	(0.8)
Marketing and Distribution	1,714,358	1,624,356	5.1	(5.7)	(5.6)	(0.1)
Chemicals	523,862	517,448	0.9	1.7	3.1	(0.9)
Corporate and Others	1,457,226	1,437,464	1.3	(5.3)	(5.2)	(0.1)
Elimination of inter-segment sales	(2,399,635)	(2,399,005)	N/A	N/A	N/A	N/A
Total	3,074,562	2,598,935	6.8	(4.3)	(4.1)	(0.3)

* : Gross profit margin = (operation income – operation cost, tax and surcharges)/operation income.

5 THE CAUSE AND IMPACT OF THE CHANGE IN THE COMPANY'S ACCOUNTING POLICY, ACCOUNTING ESTIMATES AND ACCOUNTING METHODS

For details, please refer to Note 3(27) to the financial statements prepared in accordance with CASs and Note 1 to the financial statement prepared in accordance with IFRS Accounting Standards.

1 IMPROVEMENTS IN CORPORATE GOVERNANCE DURING THE REPORTING PERIOD

During the reporting period, Sinopec Corp. complied with the Articles of Association as well as domestic and overseas laws and regulations, adhered to the standard operation, operated in compliance with laws and continuously improved the level of corporate governance. Sinopec Corp. completed the re-election of the Board and Supervisory Committee, adjusted the members of the Board Committees, improved the diversity of the Board, and appointed the Senior Management. Sinopec Corp. attached great importance to shareholder returns, formulated and released the "Corporate Value and Return Enhancement Action Plan" for the year 2024 and the Dividend Distribution and Return Plan for Shareholders for the Next Three Years (2024-2026) to maintain high cash dividends payout ratio. For the third consecutive year, Sinopec Corp. repurchased shares both domestically and overseas to increase the corporate value and shareholders' interests. The Independent Directors conscientiously fulfilled their duties, played a positive role in "participation in decision-making, supervision checks and balances, professional consultation", reviewed proposals with due care, conducted thematic research on the upstream, midstream, and downstream industry chains, and offered advice and suggestions on Company's reforms and development. Sinopec Corp. revised the Articles of Association, the Rules and Procedures for Board of Directors' Meetings, as well as the Rules and Procedures of Supervisory Committee's Meetings based on the actual needs of the Company. It improved the internal control system and promoted the effectiveness of the implementation of internal control system continuously. It improved the Company's transparency by focusing on value orientation and high-quality information disclosure, and continuously obtained A-level rating of SSE for information disclosure. It expanded the breadth and depth of investor communication, improved communication effectiveness and received favorable market feedback. It strengthened ESG management, enhanced the ecological environmental protection, steadily advanced the Action Plan for Carbon Dioxide Peaking, and initiated the second phase of the Green Enterprise Action plan. It carried out the annual safety management improvement campaign and consolidated the favorable

trend of safe and stable operation. It made high-quality contribution to rural revitalization, and actively fulfilled its social responsibility. It boosted the enthusiasm of employees and enhanced the discipline inspection and supervision by giving full play to the advantages of Party building, which contributed to the effective implementation of the Board resolutions and the high-quality development of the Company.

During the reporting period, there was no material inconsistency between Sinopec Corp.'s corporate governance and the requirements of the PRC Company Law and relevant regulations of the CSRC. Supervisory Committee of Sinopec Corp. had no objection to any of the supervised matters. None of Sinopec Corp., the Board, the Directors, the Supervisors, the Senior Management, the controlling shareholder or de facto controller of Sinopec Corp. was under the investigation by the CSRC or received any regulatory sanction or was criticised publicly by the CSRC, the Hong Kong Securities and Futures Commission or received any public censure from SSE or Hong Kong Stock Exchange.

2 GENERAL MEETINGS

During the reporting period, Sinopec Corp. convened 2023 Annual General Meeting (AGM), First A Shareholders Class Meeting for 2024 and First H Shareholders Class Meeting for 2024 on 28 June 2024, and 2024 First Extraordinary General Meeting (EGM) on 22 October 2024, strictly in accordance with the required procedures of noticing, convening and holding the general meetings pursuant to the relevant laws and regulations and the Articles of Association. For details of the meetings, please refer to the poll results announcements published on China Securities Journal, Shanghai Securities News, Securities Times and the website of SSE on 29 June and 23 October 2024, respectively, as well as those published on the website of Hong Kong Stock Exchange on 28 June and 22 October 2024, respectively.

3 EQUITY INTERESTS HELD BY DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

As of 31 December 2024, none of the Directors, Supervisors and Senior Management of Sinopec Corp. and their respective associates had any interests or short positions (including any interests or short positions that are regarded or treated as being held in accordance with the Securities and Futures Ordinance (SFO)) in any shares, underlying shares or debentures of Sinopec Corp. or any associated corporations (as defined in Part XV of the SFO), as recorded in the registry pursuant to Section 352 of the SFO or as otherwise notified to Sinopec Corp. and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies (Model Code) contained in the Hong Kong Listing Rules.

As required under the Hong Kong Listing Rules, Sinopec Corp. has formulated Rules Governing Shares and Changes in Shares of the Company Held by Directors, Supervisors and Senior Management and Rules on Insider Registration and Management (collectively, Rules) to regulate securities transactions by relevant personnel. The standards of the Rules above-mentioned are no less strict than those set out in the Model Code. Upon the specific inquiries made by Sinopec Corp., all the Directors confirmed that they had complied with the required standards in the Model Code as well as those set out in the Rules during the reporting period.

4 COMPANY'S INDEPENDENCE FROM CONTROLLING SHAREHOLDER

The Company is independent from its controlling shareholder in terms of, among other matters, business, assets and finances. The controlling shareholder of the Company exercised shareholder's rights through the general meeting according to applicable laws and didn't overstep the authority of the general meeting or directly or indirectly interfere with the Company's operating decisions and operating activities. The Company has well-integrated independent businesses and independent operating capabilities. During the reporting period, the Company did not identify the controlling shareholder taking advantage of its special position to misappropriate and damage the interests of the Company or other shareholders.

5 COMPETITION BETWEEN SINOPEC CORP. AND ITS CONTROLLING SHAREHOLDER

Please refer to “Performance of the Undertakings by Relevant Entities” under the Chapter “Significant Events” for details.

6 IMPROVEMENT AND IMPLEMENTATION OF THE INTERNAL CONTROL SYSTEM

For details of internal control self-assessment and internal control auditing, please refer to the internal control assessment report and the internal control auditing report disclosed by Sinopec Corp. on the same date of this annual report.

7 MANAGEMENT CONTROL OF SUBSIDIARIES

The Company implements standardized control over different types of subsidiaries in accordance with laws and regulations, the Articles of Association and the internal control system. During the reporting period, the Company did not acquire any subsidiaries that met material criteria, and exists no abnormalities in the management and control of subsidiaries.

8 SENIOR MANAGEMENT APPRAISAL AND INCENTIVE SCHEMES

Sinopec Corp. has established and is continuously improving the fairness and transparency of its performance appraisal standards, incentive and restrictive mechanisms for Directors, Supervisors and other Senior Management. Sinopec Corp. has implemented incentive policies including the Measures of Sinopec Corp. for the Management of Performance Evaluations.

9 CORPORATE GOVERNANCE REPORT (IN ACCORDANCE WITH HONG KONG LISTING RULES)

(1) Compliance with the Corporate Governance Code

During the reporting period, Sinopec Corp. complied with all code provisions of the Corporate Governance Code set out in Appendix C1 of the Hong Kong Listing Rules.

A. CORPORATE PURPOSE, STRATEGY AND GOVERNANCE

A.1 Corporate Strategy, Business Model and Culture

- a. The Board of Sinopec Corp. has always adhered to the underlying principle of pursuing progress while ensuring stability, applied the new development philosophy fully, accurately and comprehensively, scientifically formulated the medium-term and long-term development strategy, facilitated the implementation of the strategy, actively promoted the high-quality development, and continuously created value for the stakeholders.
- b. Sinopec Corp. attaches great importance to the construction of corporate culture. In the long process of reform and development, the Company has cultivated and formed its corporate culture, comprising the enterprise spirit of “loving China,

strengthening the petrochemical industry”, as well as such fine traditions as being hardworking, meticulous and rigorous. The Company strives to provide more cutting-edge technologies, premium products and quality services. The relevant content is published on Sinopec Corp.’s website at <http://www.sinopec.com>.

A.2 Corporate Governance Functions

- a. The Board of Sinopec Corp. is responsible for performing duties of corporate governance, formulating and approving relevant corporate governance rules, adhering to the standard operation, improving the corporate governance, ensuring that the Company complies with laws, regulations and domestic and overseas regulatory rules, and disclosing the Company’s compliance with the Corporate Governance Code in the Corporate Governance Report.
- b. The Board arranged training sessions for Directors, Supervisors and Senior Management, and made relevant records. During the reporting period, the Directors, Supervisors and Senior Management of Sinopec Corp. actively participated in the trainings and attached great importance to continuing professional development to ensure that their contribution to the Sinopec Corp. remains informed and relevant.

The current Directors’ attendance to the trainings is as follows:

Name	Positions	Laws and regulations update		Accounting/finance/operational management	
		Reading materials	Training and lectures	Reading materials	Research
Ma Yongsheng	Chairman, Non-executive Director	√	√	√	√
Zhao Dong	Vice Chairman, Executive Director, President	√	√	√	√
Zhong Ren	Non-executive Director	√	√	√	√
Li Yonglin	Executive Director, Senior Vice President	√	√	√	√
Lv Lianggong	Executive Director, Senior Vice President	√	√	√	√
Niu Shuanwen	Executive Director, Senior Vice President	√	√	√	√
Wan Tao	Executive Director, Senior Vice President	√	√	√	√
Yu Baocai	Executive Director, Senior Vice President	√	√	√	√
Xu Lin	Independent Non-executive Director	√	√	√	√
Zhang Liying	Independent Non-executive Director	√	√	√	√
Liu Tsz Bun Bennett	Independent Non-executive Director	√	√	√	√
Zhang Xiliang	Independent Non-executive Director	√	√	√	√

B. BOARD COMPOSITION AND NOMINATION**B.1 Board Composition, Succession and Evaluation**

- a. The Board of Sinopec Corp. is the decision-making body of Sinopec Corp. and abides by sound corporate governance practices and procedures. All decisions made by the Board are implemented by the Management of Sinopec Corp.
- b. The Board of Sinopec Corp. currently consists of twelve members, among whom there are six Executive Directors and six Non-executive Directors. Among the Non-executive Directors, there are four Independent Non-executive Directors, accounting for approximately 33% of the total number of the Board.
- c. Each of the Independent Non-executive Directors has conducted independence self-examination and submitted a letter of annual confirmation to the Company, regarding their compliance with relevant independence requirements set out in Rule 3.13 of the Hong Kong Listing Rules. The Board of Sinopec Corp. considers that each of the Independent Non-executive Directors is independent. The composition and operational mechanism of the Board of Sinopec Corp. ensure that independent and objective views and input are available to the Board. The Board reviews and evaluates the effectiveness of such operational mechanism on an annual basis.
- d. The Board of Sinopec Corp. established the Board Diversity Policy which stipulates that the members of the Board shall be nominated and appointed based on the skills and experience for the overall optimum operation of the Board, while taking into account the targets and requirements of the Board diversity. When deciding the composition of the Board, Sinopec Corp. shall consider factors in relation to the diversity of the Board, including but not limited to professional experience, skills, knowledge, term of office, regions, culture and educational backgrounds, gender, and age.

The provisions of the Articles of Association concerning the term of office of Directors help to ensure that the Board has a proper balance between continuous experience and new thinking, and enhance the level of diversity. Sinopec Corp. annually reviews the implementation of the Board Diversity Policy. Currently, the Board achieved the diversity in terms of gender, culture, educational background and professional expertise. The Directors come from different industries domestically and abroad with rich professional experience, including petroleum and petrochemical corporate management, as well as industrial policy, finance, new energy and electricity, accounting, internal control and risk management, energy and environmental economics, etc., which are conducive to strategic planning and scientific decision-making. The Board and the Nomination Committee endeavor to look for potential female Director candidates matching development needs of the Company through self-regulatory organisations, professional recommendation and other channels to ensure gender diversity of the Board. Currently, female Director accounts for 8% of the Board members, and has achieved the numerical targets of at least one female Director.

Sinopec Corp. has always devoted to establishing a workplace with diversity and equal opportunities, recruited female employees actively to increase the diversity of the team, and provided equal employment opportunities and environment for all employees, so as to offer them career development spaces to give full play to their personal characteristics and values. In 2024, female employees in the Company account for 29.9% of the total employees. The Company adheres to the doctrine of gender equality, ensuring female employees have equal labor and social security rights as male employees. For details, please refer to the 2024 Sustainability Report of Sinopec Corp.

B.2 Appointment, Re-election and Removal

- a. The term of office for each Director is three years, and the consecutive terms of office of any Independent Non-executive Director cannot exceed six years. In June 2024, Mr. Ma Yongsheng, Mr. Zhao Dong, Mr. Zhong Ren, Mr. Li Yonglin, Mr. Lv Lianggong, Mr. Niu Shuanwen, Mr. Wan Tao, Mr. Yu Baocai, Mr. Xu Lin, Ms. Zhang Liying, Mr. Liu Tsz Bun Bennett and Mr. Zhang Xiliang, nominated by the Board as the candidates for the ninth session of the Board based on the actual needs of the Company, were elected as Directors of the Company by general meeting. For details about the tenure of each Director, please refer to the item 11 under this chapter.
- b. All Directors of Sinopec Corp. must be elected at the general meeting of shareholders. The Board has no power to appoint temporary Directors.
- c. Each of the Directors was able to devote sufficient time and effort to handling the affairs of Sinopec Corp.

B.3 Nomination Committee

- a. The Board of Sinopec Corp. established the Nomination Committee, consisting of the Independent Non-executive Director, Ms. Zhang Liying, who serves as the Chairwoman, and the Chairman of the Board, Mr. Ma Yongsheng, and the Independent Non-executive Director, Mr. Liu Tsz Bun Bennett, who serve as members. The principal responsibilities of the Nomination Committee are to provide suggestions to the Board on Board's size and composition, the selecting standards and procedures, and candidates for Directors and Senior Management. When recommending candidates for Directors, the Nomination Committee mainly considers the skills, knowledge, experience and qualifications of the candidates, and also evaluates the time and energy they can devote as well as the Board Diversity Policy. Procedures for Nomination of Director of Sinopec Corp. and Terms of Reference of the Nomination Committee are published on Sinopec Corp.'s website at <http://www.sinopec.com>.

- b. The Nomination Committee can engage professionals when performing its duties. Reasonable costs arising from such consultations are borne by Sinopec Corp. In the meantime, the Nomination Committee has also appointed consultant members and can require such members to provide advice. The working expenses of the Nomination Committee are included in the budget of Sinopec Corp.
- c. During the reporting period, the Nomination Committee held four meetings (please refer to “The Board Committees Meetings and the Special Meeting of Independent Directors” under the Chapter “Report of the Board of Directors” in this annual report).

C. DIRECTORS' RESPONSIBILITIES, DELEGATION AND BOARD PROCEEDINGS

C.1 Responsibility of Directors

- a. Sinopec Corp. engages professional consultants to prepare detailed materials for newly elected Directors, to notify them of the regulations of each listing place of Sinopec Corp. and to remind them of their rights, responsibilities, and obligations as Directors. Each Director newly elected during the current year has received legal opinions from a qualified law firm on 28 June 2024, and is aware of all the provisions in the Hong Kong Listing Rules applicable to the Directors of Sinopec Corp., as well as the potential consequences of making false statements or providing false information to the Hong Kong Stock Exchange. Sinopec Corp. has purchased liability insurance for all Directors to minimize the potential risks that might arise from the adequate performance of their duties.
- b. All Non-executive Directors have the same duties and powers as the Executive Directors. In addition, the Independent Non-executive Directors are entitled to certain specific powers. The Articles of Association and the Rules and Procedures for Board of Directors' Meetings clearly prescribe the duties and powers of Directors and Non-executive Directors including Independent Non-executive Directors, which are published on the Sinopec Corp.'s website at <http://www.sinopec.com>.

- c. Each of the Directors confirmed that he/she has complied with the Model Code during the reporting period. Meanwhile, Sinopec Corp. formulated the Rules Governing Shares and Changes in Shares of the Company held by Directors, Supervisors and Senior Management and the Rules on Insider Registration and Management, which are no less exacting than the Model Code, to further regulate the dealings of Sinopec Corp.'s securities by relevant personnel.
- d. All the Independent Non-executive Directors and other Non-executive Directors of the Sinopec Corp. regularly attended the Board meetings and the meetings held by the Board Committees they served, closely followed the production and operational status of the Company, and offered constructive suggestions on the Company's reforms and development based on their skills and professional knowledge. For details about each Director's attendance at the relevant meetings, please refer to the Chapter “Report of the Board of Directors” in this annual report.

C.2 Chairman and President

- a. Mr. Ma Yongsheng, elected by all Directors, serves as Chairman of the Board. Mr. Zhao Dong, nominated and appointed by the Board, serves as President of Sinopec Corp. The respective main duties and responsibilities of the Chairman of the Board and the President are clearly distinguished from each other, and the scope of their respective duties and responsibilities is set out in the Articles of Association.
- b. The Chairman of the Board ensures that all the Directors could receive full, clear and complete information in time, and be informed of proposals of the Board meetings.
- c. The Chairman of the Board places great emphasis on communication with the Independent Non-executive Directors. The Chairman independently communicated with the Independent Non-executive Directors in respect of development strategy, medium-term and long-term development plans, corporate governance, and operational management, etc.

- d. The Chairman of the Board encourages open and active discussions. The Directors fully and deeply participated in the discussions of significant decisions in the Board meetings.

C.3 Management Functions

- a. The Board and the Management have clear duties and responsibilities under written rules. The Articles of Association and its appendices, the Procedures of Shareholders' General Meetings and the Rules and Procedures for Board of Directors' Meetings clearly set forth the scope of duties, powers, and delegation of power of the Board and Management, which are published on the website of Sinopec Corp. at <http://www.sinopec.com>.

C.4 Board Committees

- a. In addition to the Audit Committee, the Remuneration and Appraisal Committee and the Nomination Committee, the Board of Sinopec Corp. has established the Strategy Committee and the Sustainable Development Committee. The Strategy Committee is responsible for studying long-term development strategies and significant investment decisions of the Company. The Strategy Committee consists of five Directors, including the Chairman of the Board, Mr. Ma Yongsheng, who serves as the Chairman, Vice Chairman, Executive Director, Mr. Zhao Dong, Executive Director, Mr. Li Yonglin, and Independent Non-executive Directors, Mr. Xu Lin and Ms. Zhang Liying, who serve as members. The Sustainable Development Committee is responsible for preparing policies, governance, strategies and plans for sustainable development of the Company, which consists of four Directors, including the Chairman of the Board, Mr. Ma Yongsheng, who serves as the Chairman, the Non-executive Director, Mr. Zhong Ren, the Executive Director, Mr. Wan Tao, and the Independent Non-executive Director, Mr. Zhang Xiliang, who serve as members.

- b. Each Board Committee shall report its decisions and recommendations to the Board and has formulated its terms of references. Terms of Reference of the Audit Committee, Terms of Reference of the Remuneration and Appraisal Committee, Terms of Reference of the Sustainable Development Committee and Terms of Reference of the Nomination Committee are published on the website of Sinopec Corp. at <http://www.sinopec.com>.

C.5 Special Meeting of Independent Directors

- a. Sinopec Corp. has established the mechanism of the Special Meeting of Independent Directors, and stipulates that matters such as connected transactions subject to disclosure, shall be submitted to the Board for consideration after approval by a majority of all the Independent Directors.
- b. During the reporting period, the Nomination Committee held two meetings (please refer to “The Board Committees Meetings and the Special Meeting of Independent Directors” under the Chapter “Report of the Board of Directors” in this annual report).

C.6 Board Proceedings and Supply of and Access to Information

- a. The Articles of Association and the Rules and Procedures for Board of Directors’ Meetings of Sinopec Corp. clearly prescribe the proceedings of Board meetings, which are published on the website of Sinopec Corp. at <http://www.sinopec.com>.
- b. The Board of Sinopec Corp. held its meetings at least once a quarter. The Board will usually communicate the time and proposals of the Board meeting 14 days before convening the meeting. The relevant documents and materials for Board meetings and for the Board Committees are usually delivered to each Director 10 days in advance. Before the meetings were held, assigned persons were responsible for answering the possible questions raised by the Directors, ensuring the Directors could participate in the proceedings of the Board meetings effectively and positively, and fully understand the proposals to make decisions. In 2024, Sinopec Corp. held seven Board meetings. For details about each

Director’s attendance at the meetings, please refer to the Chapter “Report of the Board of Directors” in this annual report.

- c. Each Director of the Board can submit proposals to be included in the agenda of Board meetings, and each Director is entitled to request other related information. The agenda and other documents for reference for meetings of the Board and Board Committees are distributed prior to the meetings to allow each Director sufficient time to review the materials so that Directors can make informed decisions.
- d. Each Director can obtain all related information in a comprehensive and timely manner. The Secretary to the Board is responsible for organising and preparing the materials for the Board meetings, including preparation of explanations for each proposal to ensure full understanding by the Directors. The Management is responsible for providing the Directors with necessary information and materials. The Directors can require the Management, or require relevant departments via the Management to provide necessary information or explanations. The Directors can seek advice from professional consultants when necessary.
- e. Resolutions and minutes of Board meetings and the meetings held by the Board Committees were recorded and archived by designated recorders, and were reviewed and confirmed by the Directors attending the relevant meetings. All the discussion matters and final decisions were recorded fully and accurately in the meeting minutes.
- f. The Board has reviewed and evaluated its performance in 2024 and is of the view that the Board operated in compliance with domestic and overseas regulatory authorities’ requirements and the Company’s internal rules; that the Board has fully communicated, and considered the suggestions from the Party organisation, Supervisory Committee and Management during its decision-making process; and that the Board safeguarded the legitimate rights and interests of Sinopec Corp. and its shareholders.

C.7 Company Secretary

- a. The Hong Kong Stock Exchange recognised the Secretary to the Board of Sinopec Corp. as having the relevant qualifications as Company Secretary. The Secretary to the Board, nominated by the Chairman of the Board and appointed by the Board, is a senior management officer of Sinopec Corp. He reports to the Chairman of the Board and the President and is responsible for Sinopec Corp. and the Board. The Secretary to the Board gives opinions on corporate governance to the Board and arranges orientation training and professional development for the Directors.
- b. The Secretary to the Board of Sinopec Corp. assists the Directors in handling the day-to-day work of the Board, continuously informs the Directors of the regulations, policies or other requirements of domestic or overseas regulatory authorities in relation to corporate governance and ensures that the Directors comply with domestic and overseas laws and regulations when performing their duties and responsibilities.
- c. During the reporting period, the Secretary to the Board of Sinopec Corp. actively participated in career development training for more than 15 training hours.

D. AUDIT, INTERNAL CONTROL AND RISK MANAGEMENT

D.1 Financial Reporting

- a. Directors are responsible for supervising the preparation of accounts for each fiscal period to ensure that the accounts truly and fairly reflect the condition of the business, the performance, and the cash flow of the Company during the period. The Board approved the Financial Report for 2024 and warranted that the annual report contained no false representations, misleading statements or material omissions and jointly and severally accepted full responsibility for the authenticity, accuracy, and completeness of the content.
- b. The Management of Sinopec Corp. provides Directors with information about the financial, production and operating data of the Company,

capital market updates, and securities regulatory developments every month to ensure that the Directors have access to the latest developments of the Company and regulatory changes in a timely manner.

- c. Sinopec Corp. has adopted an internal control mechanism to ensure that the Management and relevant departments will provide the Board and the Audit Committee with sufficient financial data and related explanations and materials.
- d. The external auditors of Sinopec Corp. made a statement on their audit responsibilities in the auditor's report contained in the financial report.

D.2 Internal Control and Risk Management

- a. Sinopec Corp. has formulated and implemented its internal control and risk management system. The Board as a decision-making body for internal control and risk management is responsible for evaluating and reviewing the effectiveness of internal control and risk management of Sinopec Corp. The Board and the Audit Committee periodically (at least annually) receive reports of the Company regarding internal control and risk management information from the Management. All major internal control and risk management issues are reported to the Board and the Audit Committee. Sinopec Corp. has set up its internal control and risk management department and internal auditing department, which are equipped with sufficient staff, and these departments periodically (at least twice per year) report to the Audit Committee. The internal control and risk management system of the Company are designed to manage rather than eliminate all the risks of the Company.

- b. In terms of internal control, Sinopec Corp. adopted the internal control framework prescribed in the internationally accepted report of Committee of Sponsoring Organisations of the Treadway Commission (COSO). Based upon the Articles of Association and the management policies currently in effect, as well as in accordance with domestic and overseas regulations, Sinopec Corp. formulates and continuously improves the Internal Control Manual to achieve internal control of all factors of internal environment, risk assessment, controlling activities, information and communication, and internal supervision. At the same time, Sinopec Corp. has constantly supervised and evaluated its internal control, and conducted comprehensive and multi-level inspections including regular test, enterprise self-examination and auditing check, and included headquarters, branches and subsidiaries into the scope of internal control evaluation, with an internal control evaluation report being produced. The Board annually reviews the Company's internal control evaluation report. For detailed information about the internal control during the reporting period, please refer to the "Report on Internal Control Evaluation" prepared by Sinopec Corp.

Sinopec Corp. has formulated and implemented its information disclosure policy and insider registration policy. The Company regularly evaluates the policy implementation and makes disclosure in accordance with relevant regulations. Please refer to the website of Sinopec Corp. (<http://www.sinopec.com>) for the details of the information disclosure policy.

- c. In terms of risk management, Sinopec Corp. adopted the enterprise risk management framework provided by COSO, and established its risk management policy and risk management organisation system. The Company annually conducts risk evaluation to identify major and important risks and perform risk management duties. It has designed major and important risks tackling strategies and measures combined with its internal control system and periodically monitors their implementation to ensure adequate care, monitoring and tackling of major risks.

The Board attaches great importance to the ESG management approach and strategy, optimises ESG mechanism, strengthens the Board's role in supervising and participation in ESG related issues, and integrates ESG considerations into the Company's development strategy, major decision-making processes and production and operation. The Company keeps strictly to the anti-corruption laws and regulations of China, as well as anti-corruption and anti-bribery laws applicable in the country (region) where the business is conducted. The Company fully supports the UN Convention against Corruption, the UN Global Compact and other relevant initiatives, abides by the rules and commitments of the Company and business partners on clean practices and anti-corruption, and strengthens the construction of a culture of integrity. The Company has continuously improved the organisational and institutional systems of anti-corruption, organised and carried out anti-corruption training, and attached importance to risk assessment of anti-corruption.

The Board has reviewed and evaluated the adequacy of resources, staff qualifications and experience, training programmes and budget of ESG performance and reporting during the reporting period. For details, please refer to the 2024 Sustainability Report of Sinopec Corp.

- d. Based upon the review and evaluation of internal control and risk management in the reporting period, the Board is of the view that the internal control and risk management of the Company are effective.

D.3 Audit Committee

- a. The Board of Sinopec Corp. has established an Audit Committee, formulated the Terms of Reference of the Audit Committee, which stipulates the scope of responsibility of the Audit Committee. The Audit Committee is responsible for supervising and evaluating internal and external audit work, reviewing and commenting on the financial reports of the Company, monitoring and evaluating the effectiveness of risk management and internal control system, and coordinating the communication between external auditor and management, internal auditor and related departments. The Audit Committee consists of Independent Non-executive Director, Mr. Liu Tsz Bun Bennett, who serves as the Chairman, and Independent Non-executive Directors, Mr. Xu Lin, Ms. Zhang Liying, and Mr. Zhang Xiliang, who serve as members.
- b. During the reporting period, the Audit Committee held six meetings (please refer to “The Board Committees Meetings and the Special Meeting of Independent Directors” under the Chapter “Report of the Board of Directors” in this annual report). The review opinions were issued at each meeting and submitted to the Board. During the reporting period, the Board of Sinopec Corp. and the Audit Committee had no disagreement.

- c. Audit Committee can engage professionals when performing its duties. Reasonable costs arising from such consultations are borne by Sinopec Corp. In the meantime, the Audit Committee has appointed consultant members and can request such members to provide advice. The working expenses of the Audit Committee are included in the budget of Sinopec Corp. In accordance with the policies of Sinopec Corp., the Senior Management and relevant departments of Sinopec Corp. shall actively cooperate with the Audit Committee.

- d. The Audit Committee has reviewed the adequacy and sufficiency of the resources for accounting, internal audit, financial reporting functions and the qualifications and experience of the relevant employees as well as the sufficiency of the training courses and the budget thereof. The Audit Committee is of the view that the Management has fulfilled the duties to establish an effective internal control system. The Company established a whistle-blowing policy in its internal control system reviewed and approved by the Audit Committee, providing several channels, including online reporting, reporting by letters, appeals and complaint mailbox, etc., to employees and others who have dealings with the Company (such as suppliers and customers) to raise concerns on improper matters of the Company secretly and anonymously. The Audit Committee has established an internal procedure, which covers receiving, retaining and handling complaints or anonymous reports concerning accounting, internal control or audit matters.

E. REMUNERATION

E.1 The Level and Make-up of Remuneration and Disclosure

- a. The remuneration policy of the Director is stipulated in Director’s service contracts approved at the general meeting of Sinopec Corp. Remuneration of Executive Directors is determined according to the relevant regulations of the country and the relevant rules of performance evaluation and remuneration management of Sinopec Corp.; Non-executive Directors do not receive remuneration in the Company. Remuneration of Independent Non-executive Directors is approved at the general meeting, and is determined with comprehensive consideration of industry conditions, company size and other factors. For details about the annual remuneration of Directors, Supervisors, and other Senior Management, please refer to page 41 to page 49 in this annual report.
- b. The Board of Sinopec Corp. established Remuneration and Appraisal Committee, consisting of Independent Non-executive Director, Mr. Xu Lin, who serves as the Chairman, and the Non-executive Director, Mr. Zhong Ren and the Independent Non-executive Director, Mr. Liu Tsz Bun Bennett, who serve as the members. The Remuneration and Appraisal Committee is responsible for reviewing the implementation of the annual remuneration plans for Directors, Supervisors, and other Senior Management as approved at the general meeting, and reporting to the Board.

- c. The Remuneration and Appraisal Committee always consults the Chairman of the Board and the President about the remuneration plans for other Executive Directors. After the Remuneration and Appraisal Committee's review, it is of the view that all the Executive Directors of Sinopec Corp. have fulfilled the duty clauses in their service contracts in 2024.
- d. The Remuneration and Appraisal Committee can engage independent professionals when performing its duties. Reasonable costs arising from such consultations are borne by Sinopec Corp. In the meantime, the Remuneration and Appraisal Committee has also appointed consultant members and can require such members to provide advice. The working expenses of the Remuneration and Appraisal Committee are included in the budget of Sinopec Corp. According to the policies of Sinopec Corp., the Senior Management and relevant departments of Sinopec Corp. shall actively cooperate with the Remuneration and Appraisal Committee.
- e. During the reporting period, the Remuneration and Appraisal Committee held two meetings (please refer to "The Board Committees Meetings and the Special Meeting of Independent Directors" under the Chapter "Report of the Board of Directors" in this annual report).

F. SHAREHOLDERS ENGAGEMENT

F.1 Effective Communication

- a. Sinopec Corp. revised the relevant provisions of equity structure and registered capital in the Articles of Association in accordance with the actual situation on shares repurchase and cancellation of the repurchased shares, and revised the size of the

Board and the Supervisory Committee in the Articles of Association in accordance with the actual situation, which were reviewed and approved by the AGM. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, and on the website of SSE on 25 March and 29 June 2024, respectively, and on the website of Hong Kong Stock Exchange on 24 March and 28 June 2024, respectively.

- b. The policy on payment of dividends of Sinopec Corp. is disclosed in the Report of the Board of Directors in this annual report, please refer to page 67 to page 68 in this annual report.
- c. Sinopec Corp. attaches considerable significance to investor relations. The Chairman of the Board attended annual and interim results conferences, and the Management attended road shows to answer questions on subjects of concern to investors, such as introducing the development strategies and the production and business performance of the Company. The Independent Non-executive Director of the eighth session of the Board, Mr. Bi Mingjian, attended the annual online performance meetings, and the Independent Non-executive Director of the ninth session of the Board, Mr. Xu Lin, attended the interim online performance meetings. The Board Secretariat of Sinopec Corp. is responsible for organising the communication with investors. In compliance with regulatory provisions, Sinopec Corp. enhances communication with investors by holding meetings with institutional investors, reverse roadshow, setting up an investor hotline, and communicating through internet platform, etc.

- d. According to relevant rules of Sinopec Corp., the Secretary to the Board is responsible for establishing an effective communication channel between Sinopec Corp. and its shareholders, for setting up special departments to communicate with the shareholders and for passing the opinions and proposals of the shareholders to the Board and Management in a timely manner. Contact details of Sinopec Corp. can be found in the "Investor Center" column on Sinopec Corp.'s website, ensuring that shareholders can get in touch with the Company at any time. During this year, Sinopec Corp. kept on monitoring and evaluating the implementation and effectiveness of the Shareholders' Communication Policy, in order to ensure its effectiveness.

F.2 General Meeting

- a. During the reporting period, separate resolutions were proposed for each substantially separate issue at the general meeting of shareholders. All resolutions were voted by poll in protection of the interest of all shareholders. Notices of the general meeting were dispatched to shareholders 45 days (excluding the date of the general meeting) in advance.
- b. The Chairman of the Board of Sinopec Corp. hosted the AGM, the First A Shareholders Class Meeting for 2024, the First H Shareholders Class Meeting for 2024, and the EGM. Several members of the Board, the Supervisory Committee, and Senior Management attended the meetings and conducted in-depth communication with the investors. Certain members of the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy

Committee, and the Sustainable Development Committee attended the meetings. The external auditors of the Company attended the meetings. During the AGM and the EGM, the Company assigned working stuff to record questions raised by investors as well as the feedback, which were related to each Board Committee. In the meetings, investors did not raise questions that need to be answered or matters that need to be paid attention to by each Board Committee. After the AGM and the EGM, the Company communicated separately with investors.

- c. Shareholders who individually or collectively hold 10% of the total voting shares of Sinopec Corp. may request the Board in writing to convene the general meeting of shareholders. If the Board fails to approve the request to convene the meeting according to the Rules and Procedures of Shareholders' General Meetings, the shareholders may convene and hold the meeting at their discretion according to applicable laws, and reasonable expenses incurred will be borne by Sinopec Corp. These aforementioned provisions are subject to the following conditions: the proposals at the general meeting of shareholders must fall within the responsibilities of the general meeting of shareholders, with specific proposals and resolutions and in compliance with relevant laws, administrative regulations and the Articles of Association. When Sinopec Corp. holds the general meeting of shareholders, shareholders who individually or collectively hold 3% of the total voting shares of Sinopec Corp. may propose a supplemental proposal 10 days before the date of the general meeting.

- d. The eligibility for attending the general meeting, the rights of shareholders, the resolutions at the meeting and the voting procedures are clearly set out in the notice and circular of the general meeting of Sinopec Corp. dispatched to the shareholders.
- e. Sinopec Corp. has established a special department for communication with shareholders and published relevant contact details to facilitate shareholders to make enquiries to the Board in accordance with Articles of Association.

G. AUDITORS

The re-appointment of KPMG Huazhen LLP and KPMG as the external auditors of Sinopec Corp. for the year 2024 and the authorisation of the Board to determine their remunerations were approved at Sinopec Corp.'s AGM on 28 June 2024. The audit fee for 2024 was RMB39.862 million (including audit fee of internal control), which was approved at the 5th meeting of the ninth session of the Board. The annual financial statements of the year ended 31 December 2024 have been audited by KPMG Huazhen LLP and KPMG. The Chinese certified public accountants signing the report are Yang Jie and He Shu from KPMG Huazhen LLP. KPMG Huazhen LLP and KPMG have provided audit services to Sinopec Corp. since 2021. For details of the limit of consecutive years in which the current engagement partners and certified public accountants who have served the Company, please refer to the announcement on re-appointment of the external auditors published on China Securities Journal, Shanghai Securities News, Securities Times and the website of SSE on 25 March 2024, and on the website of Hong Kong Stock Exchange on 24 March 2024. During the reporting period, KPMG Huazhen LLP, KPMG and their affiliates firms provided non-audit service, such as tax consulting and due diligence investigation to the Company, and the fee charged was RMB7.285 million.

(2) Other information about Sinopec Corp.'s corporate governance

Except for their working relationships in the Company, none of the Directors, Supervisors or other Senior Management has any financial, business or family relationship or any relationship in other material aspects with one another. For information about changes in share capital and shareholdings of principal shareholders, please refer to page 76 to page 78; for information about meetings of the Board, please refer to page 64; for information about meetings held by Board Committees, please refer to page 66 to page 67.

10 DETAILED IMPLEMENTATION OF THE SHARE INCENTIVE SCHEME

The Company did not implement any share incentive scheme during the reporting period.



Ma Yongsheng



Zhao Dong



Zhong Ren

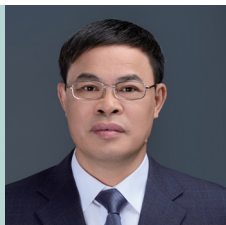
11 BIOGRAPHICAL DETAILS OF DIRECTORS, SUPERVISORS AND OTHER SENIOR MANAGEMENT

(1) Directors

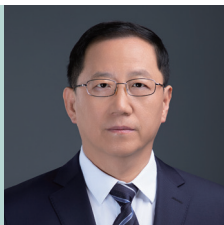
Ma Yongsheng, aged 63, Chairman of the Board of Sinopec Corp. Mr. Ma is a professor level senior engineer with a Ph.D. degree. Mr. Ma is a member of the 13th and 14th National Committee of Chinese People's Political Consultative Conference ("CPPCC") and an academican of the Chinese Academy of Engineering. In January 2017, he was appointed as Member of the Leading Party Member Group and Vice President of China Petrochemical Corporation and Senior Vice President and Chief Geologist of Sinopec Corp.; in October 2018, he was appointed as President of Sinopec Corp.; in April 2019, he was appointed as Director, President and Deputy Secretary of the Leading Party Member Group of China Petrochemical Corporation; in November 2021, he was appointed as Chairman and Secretary of the Leading Party Member Group of China Petrochemical Corporation. In February 2016, he was elected as Director of Sinopec Corp.; in November 2021, he was elected as the Chairman of the Board of Sinopec Corp.

Zhao Dong, aged 54, Vice Chairman of the Board and President of Sinopec Corp. Mr. Zhao is a professor level senior accountant with a Ph.D. degree. Mr. Zhao is an alternate member of the 20th Central Committee of the Party. In November 2016, he was appointed as Member of the Leading Party Member Group and Chief Accountant of China Petrochemical Corporation; in June 2017, he was appointed as Chairman of Supervisory Committee of Sinopec Corp.; in May 2020, he was appointed as Director and Deputy Secretary of the Leading Party Member Group of China Petrochemical Corporation; in June 2022, he was appointed as President of China Petrochemical Corporation. In May 2021, he was elected as Director of Sinopec Corp.; in April 2024, he was appointed as President of Sinopec Corp.; in June 2024, he was elected as Vice Chairman of the Board of Sinopec Corp.

Zhong Ren, aged 58, Director of Sinopec Corp. Mr. Zhong holds an EMBA degree. In May 2018, he was appointed as Member of the Leading Party Member Group and Vice President of Sinochem Group Co., Ltd.; in April 2021, he was appointed as Member of the Leading Party Member Group and Vice President of Sinochem Holdings; in October 2023, he was appointed as Director and Deputy Secretary of the Leading Party Member Group of China Petrochemical Corporation. In June 2024, he was elected as Director of Sinopec Corp.

**Li Yonglin**

Li Yonglin, aged 58, Director and Senior Vice President of Sinopec Corp. Mr. Li is a professor level senior engineer with a Ph.D. degree. Mr. Li is a member of the 13th National Committee of CPPCC. In October 2019, he was appointed as Secretary of CPC Committee of Sinopec Tianjin Petrochemical Company and Corporate Representative of Sinopec Tianjin Company; in July 2020, he was appointed as Assistant to the President, Head of Organization Department of the Leading Party Member Group and General Manager of Human Resources Department of China Petrochemical Corporation; in November 2020, he was appointed as Member of the Leading Party Member Group and Vice President of China Petrochemical Corporation. In May 2021, Mr. Li was elected as Director and appointed as Senior Vice President of Sinopec Corp.

**Lv Lianggong**

Lv Lianggong, aged 59, Director and Senior Vice President of Sinopec Corp. Mr. Lv is a professor level senior engineer with a master's degree. In September 2018, he was appointed as General Manager and Deputy Secretary of the CPC Committee of Sinopec Zhenhai Refining & Chemical Company; in December 2019, he was appointed as Representative and Secretary of the CPC Committee of Sinopec Zhenhai Refining & Chemical Company; in December 2020, he was appointed as Deputy Chief Economist, Head of Organization Department of the Leading Party Member Group and General Manager of Human Resource Department of China Petrochemical Corporation; in May 2022, he was elected as Supervisor of Sinopec Corp.; in August 2022, he was appointed as Member of the Leading Party Member Group and Vice President of China Petrochemical Corporation. In October 2022, he was appointed as Senior Vice President of Sinopec Corp; in May 2023, he was elected as Director of Sinopec Corp.

**Niu Shuanwen**

Niu Shuanwen, aged 50, Director and Senior Vice President of Sinopec Corp. Mr. Niu is a professor level senior engineer with a Ph.D. degree. In October 2018, he was appointed as Deputy General Manager of Sinopec Shengli Oilfield Company; in May 2020, he was appointed as General Manager and Deputy Secretary of CPC Committee of Sinopec Shengli Petroleum Administrative Bureau Co., Ltd. and General Manager of Sinopec Shengli Oilfield Company; in January 2022, he was appointed as Executive Director and Secretary of CPC Committee of Sinopec Shengli Petroleum Administrative Bureau Co., Ltd. and Representative of Sinopec Shengli Oilfield Company; in June 2023, he was appointed as Member of the Leading Party Member Group and Vice President of China Petrochemical Corporation. In July 2023, he was appointed Senior Vice President of Sinopec Corp.; in June 2024, he was elected as Director of Sinopec Corp.



Wan Tao

Wan Tao, aged 57, Director and Senior Vice President of Sinopec Corp. Mr. Wan is a professor level senior engineer with a master's degree. In January 2018, he was appointed as Executive Director, General Manager and Secretary of CPC Committee of Sinopec Yizheng Chemical Fibre Limited Liability Company and General Manager of Yizheng Branch at Sinopec Assets Management Co, Ltd.; in July 2022, he was elected as Chairman and appointed as Secretary of CPC Committee of Sinopec Shanghai Petrochemical Company Limited; in March 2024, he was appointed as Member of the Leading Party Member Group and Vice President of China Petrochemical Corporation. In April 2024, he was appointed as Senior Vice President of Sinopec Corp.; in June 2024, he was elected as Director of Sinopec Corp.



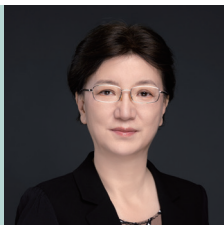
Yu Baocai

Yu Baocai, aged 60, Director and Senior Vice President of Sinopec Corp. Mr. Yu is a senior engineer with a master's degree in economics. In June 2018, he was appointed as Member of the Leading Party Member Group and Vice President of China Petrochemical Corporation; in September 2020, he was appointed as Senior Vice President of Sinopec Corp.; in November 2021, he was appointed as President of Sinopec Corp. In October 2018, he was elected as Director of Sinopec Corp.; in April 2024, he was appointed as Senior Vice President of Sinopec Corp.



Xu Lin

Xu Lin, aged 62, Independent Director of Sinopec Corp. Mr. Xu holds master's degrees in economics and public administration. Mr. Xu is now Chairman of China-U.S. Green Fund Management Co., Ltd. He concurrently serves as Executive President and Secretary of CPC Committee of China Mergers & Acquisitions Association, Independent Director of Industrial Bank Co., Ltd., Independent Director of Guomin Pension Insurance Co., Ltd., External Supervisor of the Supervisory Committee of Bank of Beijing, Director of Farsoon Technologies Co., Ltd., Independent Director of CNFinance Holdings Limited. Mr. Xu previously served as Deputy Director of the Department of Development Planning of the State Development Planning Commission, Director General of the Department of Fiscal and Financial Affairs and Director General of the Department of Development Planning of NDRC, Director of the China Center for Urban Development, Independent Director of Zhejiang Crystal-Optech Co., Ltd. and Beijing GeoEnviron Engineering & Technology, Inc, Chairman of the China-U.S. Green Investment Management Co., Ltd. In June 2024, he was elected as Independent Director of Sinopec Corp.

**Zhang Liying**

Zhang Liying, aged 65, Independent Director of Sinopec Corp. Ms. Zhang is a professor level senior engineer with a doctor's degree in technical economics and management. She is now an Independent Director of Huaneng Power International, Inc., Executive Member, Chairwoman of the Urban Power Supply and Reliability Committee, Chairwoman of the Committee of Women Science and Technology Workers of the Chinese Society for Electrical Engineering, and Chief Expert of the Expert Committee of the China Electricity Council and enjoys the State Council's special government allowance. She previously served as Chief Engineer, President Assistant and Consultant of State Grid Corporation of China. In June 2024, she was elected as Independent Director of Sinopec Corp.

**Liu Tsz Bun Bennett**

Liu Tsz Bun Bennett, aged 62, Independent Director of Sinopec Corp. Mr. Liu holds a bachelor's degree in economics and has the chartered accountant qualification in England and Wales as well as the Hong Kong Institute of Certified Public Accountants senior fellowship. Mr. Liu is now an honorary consultant of the Hong Kong Business Accountants Association, an Independent Director of China CITIC Bank Co., Ltd., an Independent Director of China Vanke Co., Ltd., an Independent Director of Shenzhen WeBank Co., Ltd., and an Independent Director of Ping An Life Insurance Company of China. He was Chairman of KPMG China from April 2015 to September 2019, and senior advisor of KPMG Hong Kong from September 2019 to March 2021. He previously served as an accounting consulting expert of the Ministry of Finance of China and a Hong Kong member of the 14th Tianjin Municipal Committee of the Chinese People's Political Consultative Conference. In June 2024, he was elected as Independent Director of Sinopec Corp.

**Zhang Xiliang**

Zhang Xiliang, aged 61, Independent Director of Sinopec Corp. Mr. Zhang holds a Ph.D. in systems engineering. He is now the Director of the Institute of Energy, Environment and Economy, a professor of the Institute of Nuclear and New Energy Technology and the Chief Scientist of Climate Governance and Carbon Finance Area of Carbon Neutral Institute of Tsinghua University. Mr. Zhang is concurrently a member of the National Experts Panel on Climate Change, the Chairman of China Emissions Trading Association of Chinese Society for Environmental Sciences, an Executive Council Member and the Chairman of the Energy System Engineering Committee of the China Energy Research Society, and a Council Member of the Chinese Society for Sustainable Development. In June 2024, he was elected as Independent Director of Sinopec Corp.

LIST OF MEMBERS OF THE BOARD

Name	Gender	Age	Position in Sinopec Corp.	Tenure	Remuneration paid by Sinopec Corp. in 2024 (RMB1,000, before tax)	Whether paid by the shareholders of the Company or their related entities in 2024	Equity interests in Sinopec Corp. (as at 31 December)	
							2024	2023
Ma Yongsheng	Male	63	Chairman of the Board, Non-executive Director	2016.2-2027.6	–	Yes	0	0
Zhao Dong	Male	54	Vice Chairman of the Board, Executive Director, President	2021.5-2027.6	852.0	No	0	0
Zhong Ren	Male	58	Non-executive Director	2024.6-2027.6	–	Yes	0	0
Li Yonglin	Male	58	Executive Director, Senior Vice President	2021.5-2027.6	–	Yes	0	0
Lv Lianggong	Male	59	Executive Director, Senior Vice President	2023.5-2027.6	–	Yes	0	0
Niu Shuanwen	Male	50	Executive Director, Senior Vice President	2024.6-2027.6	–	Yes	0	0
Wan Tao	Male	57	Executive Director, Senior Vice President	2024.6-2027.6	–	Yes	0	0
Yu Baocai	Male	60	Executive Director, Senior Vice President	2018.10-2027.6	1,106.3	No	0	0
Xu Lin	Male	62	Independent Non-Executive Director	2024.6-2027.6	320.8	No	0	0
Zhang Liying	Female	65	Independent Non-Executive Director	2024.6-2027.6	320.8	No	0	0
Liu Tsz Bun Bennett	Male	62	Independent Non-Executive Director	2024.6-2027.6	320.8	No	0	0
Zhang Xiliang	Male	61	Independent Non-Executive Director	2024.6-2027.6	320.8	No	0	0

LIST OF FORMER MEMBERS OF THE BOARD OF DIRECTORS

Name	Gender	Age	Position in Sinopec Corp.	Tenure	Remuneration paid by Sinopec Corp. in 2024 (RMB1,000, before tax)	Whether paid by the shareholders of the Company or their related entities in 2024	Equity interests in Sinopec Corp. (as at 31 December)	
							2024	2023
Cai Hongbin	Male	57	Former Independent Non-Executive Director	2018.5-2024.6	187.5	No	0	0
Ng, Kar Ling Johnny	Male	64	Former Independent Non-Executive Director	2018.5-2024.6	187.5	No	0	0
Shi Dan	Female	63	Former Independent Non-Executive Director	2021.5-2024.6	187.5	No	0	0
Bi Mingjian	Male	69	Former Independent Non-Executive Director	2021.5-2024.6	187.5	No	0	0



Wang An



Dai Liqi



Tan Wenfang

(2) Supervisors

Wang An, aged 55, Supervisor of Sinopec Corp. Mr. Wang is a senior economist and a qualified lawyer with a bachelor's degree. In September 2018, he was appointed as Deputy Director of Party Affairs and Employee Relations Department (Leading Party Member Group Office) of China Petrochemical Corporation; in November 2018, he was appointed as Secretary of the Youth League Committee of China Petrochemical Corporation; in October 2019, he was appointed as Deputy Director of Human Resource Department of Sinopec Corp.; in December 2019, he was appointed as Deputy Head of Organization Department of the Leading Party Member Group of China Petrochemical Corporation and Deputy General Manager of Human Resource Department of Sinopec Corp.; in April 2021, he was appointed as General Manager and Deputy Secretary of CPC Committee of Sinopec Shared Service Co., Ltd.; in April 2023, he was appointed as Director General of Party Affairs and Employee Relations Department and Head of United Front Work Department of CPC Committee of China Petrochemical Corporation. In June 2024, he was elected as Supervisor of Sinopec Corp.

Dai Liqi, aged 57, Supervisor of Sinopec Corp. Mr. Dai is a professor level senior engineer with a bachelor's degree. In December 2018, he was appointed as General Manager of SINOPEC SABIC Tianjin Petrochemical Co., Ltd. (administrated as a General Manager of a Level-I Largescale Enterprise) and Deputy General Manager of Sinopec Tianjin Company; in July 2023, he was appointed as General Manager of Foreign Affair Department and Director General of Office of Hong Kong, Macau and Taiwan Affairs of China Petrochemical Corporation and General Manager of International Cooperation Department of Sinopec Corp. In June 2024, he was elected as Supervisor of Sinopec Corp.

Tan Wenfang, aged 60, Supervisor of Sinopec Corp. Mr. Tan is a professor level senior engineer with a Ph.D. degree in management. In December 2017, he was appointed as Executive Deputy Secretary of CPC Committee (administrated as a General Manager of a Level-I Largescale Enterprise) and Deputy General Manager of Sinopec International Petroleum Exploration and Production Corporation and Deputy General Manager of Sinopec International Petroleum Exploration and Production Limited; in May 2018, he was appointed as Chairman of Supervisory Committee of Sinopec International Petroleum Exploration and Production Corporation and Director of Sinopec International Petroleum Exploration and Production Limited; in August 2020, he was appointed as Director General of Office of Leading Party Member Group Inspection Work of China Petrochemical Corporation. In June 2024, he was elected as Supervisor of Sinopec Corp.



Yang Yanfei

Yang Yanfei, aged 57, Supervisor of Sinopec Corp. Mr. Yang is a professor level senior economist with a bachelor's degree. In July 2013, he was appointed as Deputy Director of Production and Operations Management Department of Sinopec Corp.; in December 2019, he was appointed as Deputy General Manager of Production and Operations Management Department of Sinopec Corp.; in March 2020, he was elected as Executive Director of Sinopec Kantons Holdings Limited; in January 2022, he was appointed as General Manager of Production and Operations Management Department and Chief Coordinator of Production Dispatching Command Center of Sinopec Corp. In June 2024, he was elected as Supervisor of Sinopec Corp.



Zhou Meiyun

Zhou Meiyun, aged 55, Supervisor of Sinopec Corp. Mr. Zhou is a senior accountant with a master's degree. In February 2017, he was appointed as Deputy General Manager and Chief Financial Officer of Sinopec Shanghai Petrochemical Company Limited; in June 2017, he was elected as Executive Director of Sinopec Shanghai Petrochemical Company Limited; in September 2020, he was appointed as Deputy General Manager of the Finance Department of China Petrochemical Corporation; in February 2021, he was elected as Non-executive Director of Sinopec Oilfield Service Corporation; in May 2022, he was appointed as Deputy Chairman, General Manager and Deputy Secretary of CPC Committee of Sinopec Capital Co., Ltd.; in December 2022, he was appointed as Deputy General Manager of Capital and Finance Department of China Petrochemical Corporation (administrated as a General Manager of department); in June 2023, he was appointed as General Manager of Capital and Finance Department of China Petrochemical Corporation, and Chairman and Secretary of CPC Committee of Sinopec Capital Co., Ltd.; in July 2024, he was appointed as General Manager of the Finance Department of China Petrochemical Corporation and Chairman of Century Bright. In June 2024, he was elected as Supervisor of Sinopec Corp.



Zhang Zheng

Zhang Zheng, aged 56, Employee's Representative Supervisor of Sinopec Corp. Mr. Zhang is an international business engineer with a bachelor's degree. In December 2018, he was appointed as Deputy Head of Foreign Affairs Bureau and Deputy Director General of Office of Hong Kong, Macau and Taiwan Affairs of China Petrochemical Corporation and Deputy Director General of International Cooperation Department of Sinopec Corp. (administrated as a General Manager of department); in October 2019, he was appointed as Director General of the Board Secretariat of Sinopec Corp.; in December 2019, he was appointed as Director General of Board Secretariat and Deputy Director General of General Administration Department of Sinopec Corp. (chief member level of department); in January 2020, he was appointed as Representative on Securities Matters of Sinopec Corp. In June 2024, he was elected as Employee's Representative Supervisor of Sinopec Corp.

**Bian Fengming**

Bian Fengming, aged 58, Employee's Representative Supervisor of Sinopec Corp. Mr. Bian is a professor level senior engineer with a Ph.D. degree. In January 2017, he was appointed as Chairman, General Manager and Deputy Secretary of the CPC Committee of Sinopec Hainan Refining and Chemical Company Limited; in April 2020, he was appointed as Chairman and Secretary of the CPC Committee of Sinopec Hainan Refining and Chemical Company Limited; in December 2020, he was appointed as General Manager of Science & Technology Department of Sinopec Corp. and Chairman of China Petrochemical Technology Co., Ltd. In June 2024, he was elected as Employee's Representative Supervisor of Sinopec Corp.

**Zhang Chunsheng**

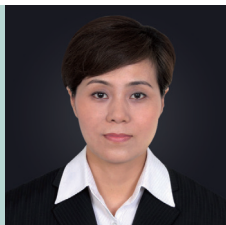
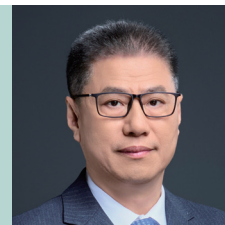
Zhang Chunsheng, aged 60, Employee's Representative Supervisor of Sinopec Corp. Mr. Zhang is a professor level senior engineer with a bachelor's degree. In January 2016, he was appointed as Vice Chairman, General Manager and Deputy Secretary of the CPC Committee of Sinopec Group Jinling Petrochemical Co., Ltd.; in September 2018, he was appointed as Chairman and Secretary of the CPC Committee of Sinopec Group Jinling Petrochemical Co., Ltd. and Representative of Sinopec Jinling Company; in May 2022, he was appointed as Executive Director and Secretary of the CPC Committee of Sinopec Group Jinling Petrochemical Co., Ltd. and Representative of Sinopec Jinling Company. In June 2024, he was elected as Employee's Representative Supervisor of Sinopec Corp.

LIST OF MEMBERS OF THE SUPERVISORY COMMITTEE

Name	Gender	Age	Position in Sinopec Corp.	Tenure	Remuneration paid by Sinopec Corp. in 2024 (RMB1,000, before tax)	Whether paid by the shareholders of Sinopec Corp. or their related entities in 2024	Equity interests in Sinopec Corp. (as at 31 December)	
							2024	2023
Wang An	Male	55	Supervisor	2024.6-2027.6	—	Yes	0	0
Dai Liqi	Male	57	Supervisor	2024.6-2027.6	—	Yes	0	0
Tan Wenfang	Male	60	Supervisor	2024.6-2027.6	—	Yes	0	0
Yang Yanfei	Male	57	Supervisor	2024.6-2027.6	—	Yes	0	0
Zhou Meiyun	Male	55	Supervisor	2024.6-2027.6	—	Yes	0	0
Zhang Zheng	Male	56	Employee's Representative Supervisor	2024.6-2027.6	404.0	No	0	0
Bian Fengming	Male	58	Employee's Representative Supervisor	2024.6-2027.6	404.0	No	0	0
Zhang Chunsheng	Male	60	Employee's Representative Supervisor	2024.6-2027.6	410.5	No	0	0

LIST OF FORMER MEMBERS OF THE SUPERVISORY COMMITTEE

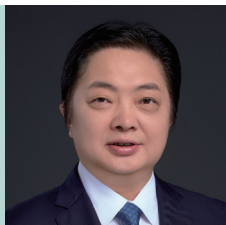
Name	Gender	Age	Position in Sinopec Corp.	Tenure	Remuneration paid by Sinopec Corp. in 2024 (RMB1,000, before tax)	Whether paid by the shareholders of Sinopec Corp. or their related entities in 2024	Equity interests in Sinopec Corp. (as at 31 December)	
							2024	2023
Zhang Shaofeng	Male	53	Former Chairman of the Supervisory Committee	2021.5-2025.1	—	Yes	0	0
Qiu Fasen	Male	59	Former Supervisor	2022.5-2024.6	—	Yes	0	0
Wu Bo	Male	51	Former Supervisor	2022.5-2024.5	—	Yes	0	0
Zhai Yalin	Male	61	Former Supervisor	2022.5-2024.6	—	Yes	0	0
Guo Hongjin	Male	59	Former Employee's Representative Supervisor	2022.5-2024.6	1,057.7	No	0	0
Yin Zhaolin	Male	59	Former Employee's Representative Supervisor	2022.5-2024.6	1,387.8	No	0	0
Chen Yaohuan	Male	61	Former Employee's Representative Supervisor	2021.1-2024.6	1,044.8	No	0	0

**Shou Donghua****Huang Wensheng****Guo Hongjin****(3) Other Members of Senior Management**

Shou Donghua, aged 56, Chief Financial Officer of Sinopec Corp. Ms. Shou is a professor level senior accountant with a master's degree in business administration. In August 2017, she was appointed as Secretary of the CPC Committee and Deputy General Manager of Sinopec Zhenhai Refining & Chemical Company; in September 2018, she was appointed as Director General of Finance Department of China Petrochemical Corporation and Chairwoman of Century Bright; in December 2019, she was appointed as General Manager of Finance Department of Sinopec Corp.; in October 2023, she was appointed as Chairwoman and Secretary of the CPC Committee of Sinopec Overseas Investment Holding Limited. In January 2020, she was appointed as Chief Financial Officer of Sinopec Corp.

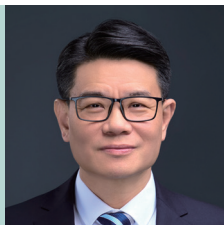
Huang Wensheng, aged 58, Vice President of Sinopec Corp. and Secretary to the Board of Directors. Mr. Huang is a professor level senior economist with a bachelor's degree. In June 2018, he was appointed as Director General of Department of Capital Management and Financial Services of Sinopec Corp.; in July 2018, he was appointed as Chairman, General Manager and Secretary of the CPC Committee of Sinopec Capital Co., Ltd. In May 2012, he was appointed as Secretary to the Board of Directors of Sinopec Corp; in May 2014, he was appointed as Vice President of Sinopec Corp.

Guo Hongjin, aged 59, Vice President of Sinopec Corp. Mr. Guo is a professor level senior engineer with a Ph.D. degree. In March 2018, he was appointed as General Manager and Deputy Secretary of the CPC Committee of Sinopec Shengli Petroleum Administrative Bureau Co., Ltd. and General Manager of Sinopec Shengli Oilfield Company; in December 2018, he was appointed as Executive Director, General Manager and Deputy Secretary of the CPC Committee of Sinopec Jiangnan Petroleum Administrative Bureau Co., Ltd. and General Manager of Sinopec Jiangnan Oilfield Company; in July 2019, he was appointed as Executive Director and Secretary of the CPC Committee of Sinopec Jiangnan Petroleum Administrative Bureau Co., Ltd. and Representative of Sinopec Jiangnan Oilfield Company; in April 2020, he was appointed as General Manager of the Petroleum Exploration & Development Department of Sinopec Corp.; in May 2021, he was elected as Supervisor of Sinopec Corp.; in May 2022, he was elected as Employee Representative Supervisor of Sinopec Corp. In June 2024, he was appointed as Vice President of Sinopec Corp.



Xu Yi

Xu Yi, aged 58, Vice President of Sinopec Corp. Mr. Xu is a senior engineer with a master's degree. In March 2019, he was appointed as Executive Director and Secretary of the CPC Committee of Sinopec Chongqing SVW Chemical Co., Ltd.; in August 2019, he was appointed as General Manager and Deputy Secretary of the CPC Committee of Sinopec Chemical Commercial Holding Company Limited; in December 2020, he was appointed as Executive Director and Secretary of the CPC Committee of Sinopec Chemical Commercial Holding Company Limited, Chairman of Sinopec Chemical Commercial Holding (Hong Kong) Co., Ltd. and Deputy General Manager of the Chemicals Department of Sinopec Corp.; in April 2024, he was appointed as General Manager of the Chemicals Department of Sinopec Corp. and Executive Director of Sinopec Group Asset Management Co., Ltd. In June 2024, he was appointed as Vice President of Sinopec Corp.



Li Yuxing

Li Yuxing, aged 58, Vice President of Sinopec Corp. Mr. Li is a professor level senior engineer with a master's degree. In October 2019, he was appointed as Representative of Sinopec Guangxi Oil Products Company and Secretary of the CPC Committee of Sinopec Group Guangxi Oil Products Company; in July 2021, he was appointed as Vice Chairman, General Manager and Deputy Secretary of the CPC Committee of Sinopec Marketing Co., Ltd., Deputy General Manager of the Marketing Department of Sinopec Corp. and Vice Chairman and General Manager of Sinopec Sales Industry Co., Ltd.; in September 2023, he was appointed as Chairman and Secretary of the CPC Committee of Sinopec Marketing Co., Ltd., General Manager of the Marketing Department of Sinopec Corp., Executive Director of Sinopec Sales Industry Co., Ltd. and Chairman of Sinopec (Hong Kong) Limited. In June 2024, he was appointed as Vice President of Sinopec Corp.



Guo Xusheng

Guo Xusheng, aged 59, Chief Geologist of Sinopec Corp. Mr. Guo is a professor level senior engineer with a Ph.D. degree and an academican of the Chinese Academy of Engineering. In June 2016, he was appointed as General Manager and Deputy Secretary of the CPC Committee of Sinopec Exploration Company; in November 2020, he was appointed as Deputy Chief Geologist of Sinopec Corp.; in July 2022, he was appointed as Dean and Deputy Secretary of the CPC Committee of Sinopec Group Petroleum Exploration and Production Research Institute, and Executive Director and General Manager of Sinopec Petroleum Exploration and Production Research Institute Co. Ltd. In January 2024, he was appointed as Chief Geologist of Sinopec Corp.

**Liu Jiahai**

Liu Jiahai, aged 58, Chief Safety Officer of Sinopec Corp. Mr. Liu is a professor level senior engineer with a Ph.D. degree. In August 2018, he was appointed as Representative of Sinopec Wuhan Company, Secretary of the CPC Committee of Wuhan Petroleum and Chemical Factory of Sinopec Group Company and Chairman of Sinopec-SK (Wuhan) Petrochemical Company Limited; in July 2022, he was appointed as General Manager of Safety Supervisory Department of Sinopec Corp.; in May 2023, he was appointed as General Manager of Department of Health, Safety and Environmental Protection of Sinopec Corp. In June 2024, he was appointed as Chief Safety Officer of Sinopec Corp.

LIST OF MEMBERS OF THE SENIOR MANAGEMENT

Name	Gender	Age	Position in Sinopec Corp.	Remuneration paid by Sinopec Corp. in 2024 (RMB1,000, before tax)	Whether paid by the shareholders of Sinopec Corp. or their related entities in 2024	Equity interests in Sinopec Corp. (as at 31 December)	2024	2023
Shou Donghua	Female	56	Chief Financial Officer	1,303.8	No	0	0	0
Huang Wensheng	Male	58	Vice President, Secretary to the Board	1,301.4	No	0	0	0
Guo Hongjin	Male	59	Vice President	281.0	No	0	0	0
Xu Yi	Male	58	Vice President	351.8	No	0	0	0
Li Yuxing	Male	58	Vice President	349.9	No	0	0	0
Guo Xusheng	Male	59	Chief Geologist	1,593.0	No	0	0	0
Liu Jiahai	Male	58	Chief Safety Officer	351.8	No	0	0	0

12 INFORMATION ON APPOINTMENT OR TERMINATION OF DIRECTORS, SUPERVISORS AND SENIOR MANAGEMENT

On 22 January 2024, Mr. Guo Xusheng was appointed as Chief Geologist of Sinopec Corp.

On 28 April 2024, Mr. Yu Baocai resigned as President of Sinopec Corp. due to work arrangement. Mr. Zhao Dong was appointed as President and re-designated as the Executive Director of Sinopec Corp. Mr. Wan Tao and Mr. Yu Baocai were appointed as Senior Vice Presidents of Sinopec Corp.

On 13 May 2024, Mr. Wu Bo resigned as supervisor of Sinopec Corp. due to change of working arrangement.

On 28 June 2024, the members of the ninth session of the Board and the ninth session of the Supervisory Committee were elected at the AGM. On the same day, the first meeting of the ninth session of the Board was convened, the Chairman and

Vice Chairman of the Board were elected and senior management were appointed; the first meeting of the ninth session of the Supervisory Committee was convened and the Chairman of the Supervisory Committee was elected. Changes in directors, supervisors and senior management were as follows:

The ninth session of the Board: Mr. Ma Yongsheng as Non-executive Director and Chairman of the Board; Mr. Zhao Dong as Executive Director, Vice Chairman of the Board and President; Mr. Zhong Ren as Non-executive Director; Mr. Li Yonglin, Mr. Lv Lianggong, Mr. Niu Shuanwen, Mr. Wan Tao, and Mr. Yu Baocai as Executive Directors and Senior Vice Presidents; Mr. Xu Lin, Ms. Zhang Liying, Mr. Liu Tsz Bun Bennett, and Mr. Zhang Xiliang as the Independent Non-executive Directors. Mr. Cai Hongbin, Mr. Ng, Kar Ling Johnny, Ms. Shi Dan and Mr. Bi Mingjian ceased to be the Independent Non-executive Directors.

The ninth session of the Supervisory Committee: Mr. Zhang Shaofeng as the Chairman of the Supervisory Committee; Mr. Wang An, Mr. Dai Liqi, Mr. Tan Wenfang, Mr. Yang Yanfei and Mr. Zhou Meiyun as the supervisors; Mr. Zhang Zheng, Mr. Bian Fengming and Mr. Zhang Chunsheng as employee's representative supervisors. Mr. Qiu Fasen, Mr. Zhai Yalin, Mr. Guo Hongjin, Mr. Yin Zhaolin and Mr. Chen Yaohuan ceased to be the supervisors.

Other senior management: Ms. Shou Donghua as the Chief Financial Officer; Mr. Huang Wensheng as Vice President and the Secretary to the Board; Mr. Guo Hongjin, Mr. Xu Yi and Mr. Li Yuxing as Vice Presidents; Mr. Guo Xusheng as Chief Geologist; and Mr. Liu Jiahai as Chief Safety Officer.

On 15 January 2025, Mr. Zhang Shaofeng resigned as Chairman of the Supervisory Committee and supervisor of Sinopec Corp. due to change of working arrangement.

13 CHANGE OF SHAREHOLDING OF DIRECTORS, SUPERVISORS, AND THE SENIOR MANAGEMENT

There is no change in shareholdings of Sinopec Corp. of Directors, Supervisors and other senior management during the reporting period.

14 CONTRACTUAL INTERESTS OF DIRECTORS AND SUPERVISORS

As of 31 December 2024 or any time during the reporting period, no Director or Supervisor entered into any agreement with Sinopec Corp., its controlling shareholder, any subsidiary or related subsidiary which shall substantially benefit such Director or Supervisor.

15 CONTRACTS WITH DIRECTORS AND SUPERVISORS

The Company has entered into service contracts with all the Directors and Supervisors. None of the Directors and Supervisors has entered into or will enter into service contracts that are not terminable by the Company within one year without compensation (except for statutory compensation).

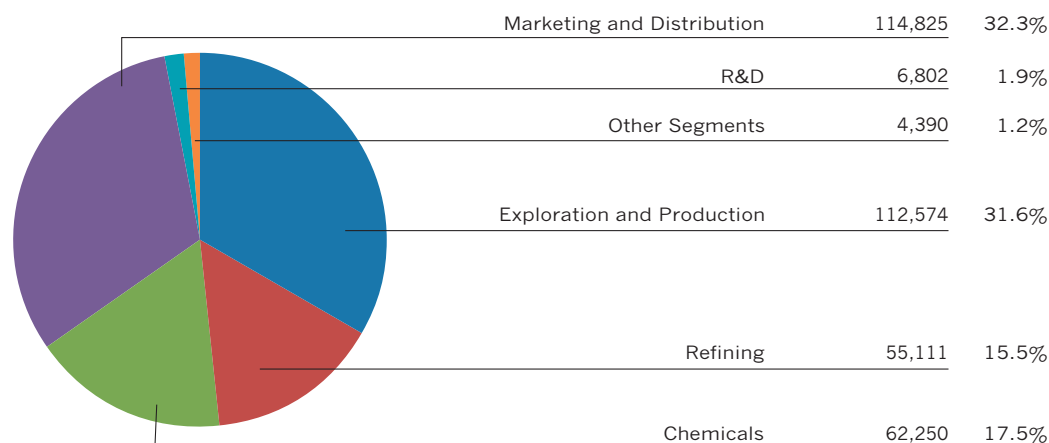
16 REMUNERATION OF DIRECTORS, SUPERVISORS, AND THE SENIOR MANAGEMENT

During the reporting period, a total of 22 Directors, Supervisors and other senior management received remuneration from Sinopec Corp. with a total amount of RMB14.2333 million.

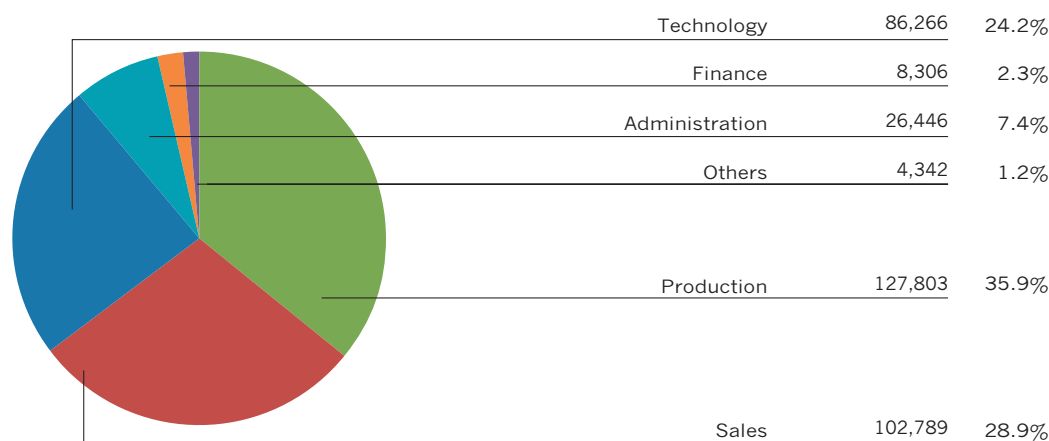
17 THE COMPANY'S EMPLOYEES

As at 31 December 2024, the Company has a total of 355,952 employees. There are a total of 311,149 retired employees to be reimbursed by the Company. Sinopec Marketing Co. Limited and China International United Petroleum & Chemicals Co. Limited, the principal subsidiaries of Sinopec Corp., have 114,825 and 627 employees respectively. The male and female ratio of all employees is 2.3:1, achieved the Company's target for the female representation, and the male and female ratio of the members of senior management is 12:1.

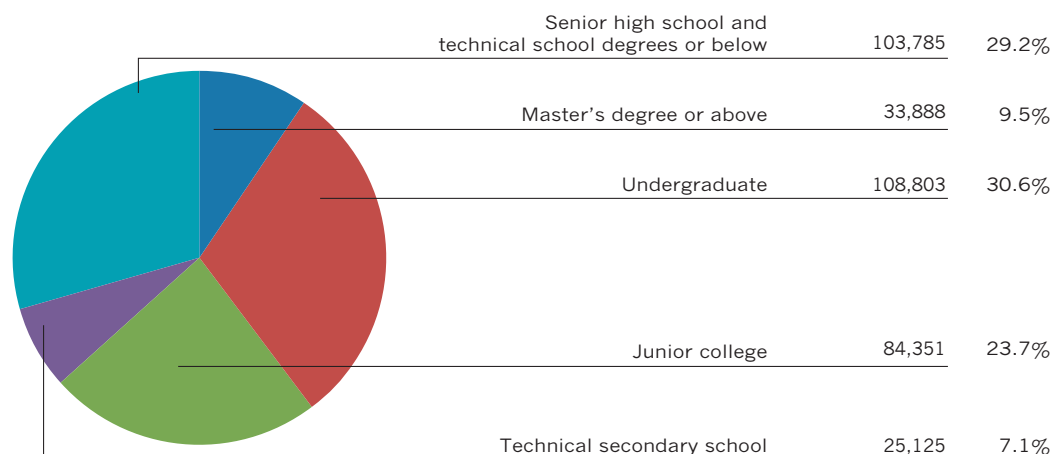
THE BREAKDOWN OF NUMBER OF EMPLOYEES BY OPERATION SEGMENTS IS AS FOLLOWS: (INCLUDING EXPLORATION AND PRODUCTION, REFINING, MARKETING AND DISTRIBUTION, CHEMICALS, R&D AND OTHERS)



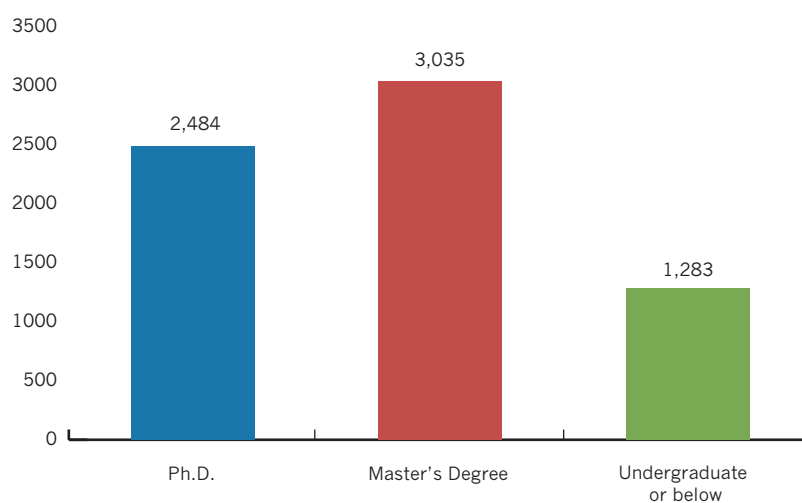
EMPLOYEES' PROFESSIONAL STRUCTURE AS FOLLOWS: (INCLUDING PRODUCTION, SALES, TECHNOLOGY, FINANCE, ADMINISTRATION AND OTHERS)



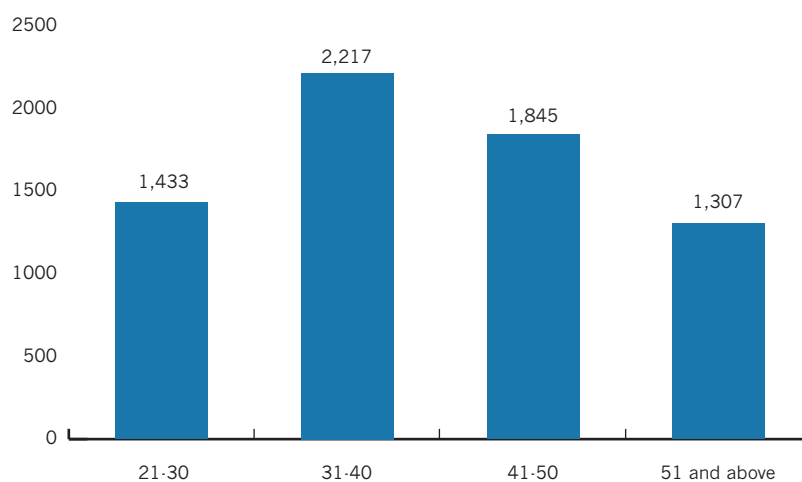
EDUCATIONAL BACKGROUND STRUCTURE FOR EMPLOYEES AS FOLLOWS: (INCLUDING MASTER'S DEGREE AND ABOVE, UNDERGRADUATE, JUNIOR COLLEGE, TECHNICAL SECONDARY SCHOOL, SENIOR HIGH SCHOOL AND TECHNICAL SCHOOL DEGREES AND BELOW)



R&D PERSONNEL EDUCATIONAL STRUCTURE: (INCLUDING PHD, MASTER'S DEGREE, UNDERGRADUATE AND BELOW)



R&D PERSONNEL AGE STRUCTURE:



18 CHANGES OF CORE TECHNICAL TEAM OR KEY TECHNICIANS

During the reporting period, there are no significant changes of core technical team or key technicians in the Company.

19 EMPLOYEE BENEFITS SCHEME

Details of the Company's employee benefits scheme are set out in Note 40 of the financial statements prepared under IFRS Accounting Standards of this annual report. As at 31 December 2024, the Company had a total of 311,149 retired employees. All of them participated in the basic pension schemes administered by provincial governments (or those of autonomous regions or municipalities). Government-administered pension funds are responsible for the payments of basic pensions.

20 REMUNERATION POLICY

Based on a relatively unified basic remuneration system, Sinopec Corp. has established its remuneration system based on the value of positions, performance & contribution, with an aim at improving employee capabilities, and has constantly improved employee performance evaluation and incentive & discipline mechanisms.

21 TRAINING PROGRAMS

During the reporting period, the Company continued to strengthen the overall management of education and training, established and improved the high-quality training system, and precisely conducted training programs for all types of talents. The headquarter trained 3,880 key talents. The training for managers, experts, technical personnel, and international talents improved the comprehensive caliber and performance ability of all kinds of talents. The Company strengthened corporate culture training, innovatively held specialized training camp on digital and intelligent transformation and reform management. The digital transformation of training was vigorously promoted and over 60 million on-line training hours were achieved this year.

22 ENVIRONMENTAL INFORMATION

Sinopec Corp. established the HSE management system since 2001 and continued to improve it. As of the end of the reporting period, Sinopec Corp. has formed the system consisting of 16 environmental protection management policies currently in effect and covering pollution prevention, ecological protection, environmental protection of construction projects, environmental statistics and monitoring, as well as environmental risk management and emergency response.

23 WORK CONDUCTED IN ECOLOGICAL PROTECTION, POLLUTION PREVENTION AND ENVIRONMENTAL RESPONSIBILITIES PERFORMANCE BY THE COMPANY IN THE REPORTING PERIOD

In the reporting period, the Company deepened the campaign of pollution prevention, persistently built the "no waste group", strengthened ecological and environmental protection in the Yangtze and Yellow River basins, comprehensively promoted the second phase of the Green Enterprise Action plan. The sewage COD and sulphur dioxide emissions decreased by 2.6% and 0.2% year-on-year respectively, and the solid waste was 100% properly disposed.

24 MEASURES TAKEN TO MITIGATE CARBON EMISSION AND ITS EFFECT

During the reporting period, the company actively and steadily promoted the "dual carbon" initiative, orderly promoted the adjustment and optimization of industrial structure and energy consumption structure, strengthened the development and application of key low-carbon technologies, strengthened the management and control of emissions of CO₂ and methane and achieved good results in carbon emission reduction. In 2024, the Company decreased GHG emissions by 2.05 million tonnes of CO₂ equivalent through energy conservation and consumption reduction, 2.10 million tonnes of CO₂ were recycled, 0.966 million tons of carbon dioxide used for EOR, 956 million cubic meters of methane were recovered which was equivalent to reducing 14.00 million tonnes of CO₂ emissions.

25 ENVIRONMENTAL PROTECTION SOLUTIONS OF COMPANIES AND THEIR SUBSIDIARIES AS MAJOR POLLUTANT DISCHARGING COMPANIES IDENTIFIED BY ENVIRONMENTAL PROTECTION DEPARTMENTS**(1) Pollutant discharge information**

In the reporting period, certain subsidiaries of Sinopec Corp. listed as major pollutant discharge units announced by national or local ecological and environmental authorities have obtained their pollutant discharge license in accordance with the requirements of the national list of fixed pollution source emission permit classification management and disclosed environmental information as required by the relevant authorities and local government. The details of such information were published on national pollutant discharge license management information platform (<https://permit.mee.gov.cn/permitExt/defaults/default-index!getInformation.action>) and the local government website.

Discharge information summarized by category is as follows:

(a) Discharge of air pollutants¹

No.	Pollutant type	Number of vents involved ²	Ways of discharge ³	Discharge standards implemented ⁴	Permitted concentration limit ⁵	Actual annual average concentration ⁶	Approved actual discharge amount	Discharge compliance
1	SO ₂	1,251	continuous	Discharge Standards for Air Pollutants from Thermal Power Plants (GB 13223-2011) Discharge Standards for Air Pollutants from Boilers (GB13271-2014) Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	35-200 mg/m ³	5-50 mg/m ³	4,652 tonnes	The compliance rate is 99.99%, the details of which are subject to the announcement by the ecological authorities.
2	NO _x	1,243	continuous	Discharge Standards for Air Pollutants from Thermal Power Plants (GB 13223-2011) Discharge Standards for Air Pollutants from Boilers (GB13271-2014) Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	50-240 mg/m ³	20-100 mg/m ³	18,482 tonnes	The compliance rate is 99.99%, the details of which are subject to the announcement by the ecological authorities.

Note 1: This report discloses the discharge of the Company's oilfield, refining and chemical companies and specialized companies that are included in the key management of emission permits. The data is calculated by self-monitoring data and is ultimately subject to the data published by the local ecological authorities.

Note 2: Count the number of organized vents involved for this pollutant.

Note 3: Intermittent discharge from some vents.

Note 4: The discharge standards implemented are the major industrial discharge standards. Other standards such as local emission standards implemented by each company can be found in the public information of the ecological authorities.

Note 5: The permitted concentration limit is major industrial discharge standard limit. The limit of other standards implemented by each company can be found in the public information of the ecological authorities.

Note 6: The actual annual average concentration of the main discharge outlets is within the corresponding disclosure range, and the public information of the ecological and environmental department can be consulted for details.

(b) Discharge of water pollutants¹

No.	Pollutant type	Number of vents involved	Ways of discharge ³	Discharge standards implemented ³	Permitted concentration limit ⁴	Actual annual average concentration ⁵	Approved actual discharge amount	Discharge compliance
1	COD	76	continuous	Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	40-60 mg/L	10-50 mg/L	4,432 tonnes	Daily average data has a 100% compliance rate.
2	Ammonia and nitrogen	75	continuous	Discharge Standards for Pollutants in the Petroleum Refining Industry (GB31570-2015) Discharge Standards for Pollutants in the Petrochemical Industry (GB31571-2015) Discharge Standards for Pollutants in the Synthetic Resin Industry (GB31572-2015)	5-8 mg/L	0.5-4 mg/L	69 tonnes	Daily average data has a 100% compliance rate.

Note 1: This report discloses the discharge of the Company's oilfield, refining and chemical companies and specialized companies that are included in the key management of discharge permits. The data is calculated by self-monitoring data and is ultimately subject to the data published by the local ecological authorities.

Note 2: Intermittent discharge from some vents.

Note 3: The discharge standards implemented are the major industrial discharge standard. Other standards such as local emission standards implemented by each company can be found in the public information of the ecological authorities.

Note 4: The permitted concentration limit is major industrial discharge standard limit. The limit of other standards implemented by each company can be found in the public information of the ecological authorities.

Note 5: The actual annual average concentration of the main discharge outlets is within the corresponding disclosure range, and the public information of the ecological and environmental department can be consulted for details.

(2) Construction and operation of pollution prevention facilities

In the reporting period, the Company built pollution prevention and control facilities for sewage, flue gas, solid waste and noise in accordance with the requirements of the national and local pollution prevention and environmental protection standards, maintained effective and stable operation of pollution prevention and control facilities. For details, please refer to the Sinopec Corp. Sustainability Report.

(3) Environmental influence evaluation for construction projects and other administrative permit for environmental protection

In the reporting period, the Company strictly standardized environmental protection management for construction projects, implemented whole process environmental protection management on construction and operation, with measures of the “simultaneous three” of the environmental protection implemented, all new projects have acquired approval for environmental evaluation from government, and obtained environmental protection acceptance of completion project as required.

(4) Contingent scheme for sudden environmental incident

In the reporting period, the Company complied with the requirements for environmental incident contingent scheme by the State and persistently improved its contingent scheme against sudden environmental incidents and weather with severe pollution.

(5) Scheme for environmental self-monitoring

In the reporting period, the Company continuously improved its self-monitoring scheme in accordance with the industry guideline, implemented the national requirements for sewage, flue gas and noise monitoring, and disclosed the monitor information as required.

(6) Administrative penalties due to environmental problems in the reporting period

In the reporting period, to the knowledge of the Company, Sinopec Corp. and its subsidiaries were subject to the environmental administrative penalty of RMB1.6579 million. The details of administrative penalties were published on the websites of local ecological and environmental authorities.

(7) Other environmental information to be disclosed

In the reporting period, for subsidiaries not listed as major pollution units, the Company has obtained related permissions from national and local government, and enforced environmental protection measures. The above-mentioned subsidiaries are not obliged to disclosure in accordance with the requirements of national and local ecological environment authorities.

26 DONATION AND INVESTMENT IN RURAL REVITALIZATION AND PUBLIC WELFARE PROJECT

During the reporting period, the Company implemented 261 donations with an expenditure of RMB0.29 billion, mainly focusing on expanding achievements in poverty-alleviation and rural revitalization and public welfare programs, including RMB0.25 billion used in rural revitalization. For details, please refer to the 2024 Sustainability Report of Sinopec Corp.

1 MAJOR CONSTRUCTION PROJECTS

(1) Chuanxi Natural Gas Project (phase 1)

The project mainly consists of building 1.77 billion cubic meters per year purified gas capacity and drilling 16 wells. The project started in 2019 and was put into operation in January 2024. The project investment consists of the Company's self-owned fund, joint venture fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB6.6 billion.

(2) Shengli Shale Oil Project

The project mainly launches shale oil exploration and development in Jiyang depression, planning to build a new production capacity of 1 million tpa in the 14th Five Year Plan. The project started in 2019. It has built 152 wells and generated production capacity of 0.87 million tpa. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB14.0 billion.

(3) Longkou LNG Project

The project mainly consists of building wharf, terminal and power plant warm drainage and water intake. The designed LNG capacity in the first phase is 6 million tons per year. One LNG berth with 0.266 million cubic meters will be modified and four 0.22 million cubic meters storage tanks will be newly built. The project started in November 2021. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB5.7 billion.

(4) Zhenhai Refining & Chemical 11 million tpa Refinery Plant and High-End Synthetic New Material Project

The project mainly consists of building 11 million tpa refinery plant and 0.6 million tpa propane dehydrogenation and downstream processing units, etc. The project started in June 2022 and achieved mechanical completion in December 2024. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB32.9 billion.

(5) Maoming Refining Transition and Upgrading and Ethylene Quality Revamping Project

The project mainly consists of building 3 million tpa catalytic cracking united plant, 1 million tpa ethylene unit, supporting utilities and auxiliary facilities, etc. The project started in June 2023. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB6.0 billion.

(6) Qilu Refining of Local Crude Oil Upgrading and Technical Transformation Project

The project mainly consists of building 10 million tpa crude oil distillation unit, renovating 1 million tpa ethylene unit, construction of supporting utilities and auxiliary facilities, etc. The project started in December 2024. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB65 million.

(7) Jiujiang 1.5 million tpa Aromatic and Supporting Refinery Renovation Project

The project mainly consists of building 1.5 million tpa aromatic united plant, 2.6 million tpa hydrocracking unit, 2.6 million tpa continuous catalytic reforming unit, supporting utilities and auxiliary facilities, etc. The project started in July 2024. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB0.8 billion.

(8) Zhenhai 1.5 million tpa Ethylene and Downstream High-End New Material Industry Cluster Project

The project mainly consists of 1.5 million tpa ethylene units, downstream processing units, supporting utilities and auxiliary facilities, etc. The project started in November 2023. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB4.4 billion.

(9) Tianjin Nangang 1.2 million tpa Ethylene and Downstream High-End New Material Industry Cluster Project

The project mainly consists of 1.2 million tpa ethylene units and downstream processing units, etc. The project started in May 2021 and was put into operation at the end of 2024. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB15.4 billion.

(10) Yizheng Chemical Fibre 3 million tpa PTA Project

The project mainly consists of oxidation units, purification units and auxiliary units, etc. The project started in July 2021 and was put into operation in April 2024. The project investment consists of the self-owned fund and bank loan. As of 31 December 2024, the aggregate amount invested was RMB5.1 billion.

2. ACTUAL DAILY RELATED TRANSACTIONS ENTERED INTO BY THE COMPANY AND CHINA OIL & GAS PIPELINE NETWORK CORPORATION DURING THE REPORTING PERIOD

On 22 March 2024, the Board of Sinopec Corp. approved the daily related transaction cap in relation to refined oil pipeline transportation services between Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation for the period from 1 January 2024 to 31 December 2024. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, and on the website of SSE on 25 March 2024 and on the website of Hong Kong Stock Exchange on 22 March 2024.

The actual amount of the daily related transactions of Sinopec Marketing Company Limited and China Oil & Gas Pipeline Network Corporation regarding refined oil pipeline transportation services from 1 January 2024 to 31 December 2024 was RMB5.398 billion.

3 THE ISSUANCE OF A SHARES BY SINOPEC CORP. TO THE TARGET SUBSCRIBER

In the reporting period, Sinopec Corp. completed the issuance of 2,390,438,247 A shares to China Petrochemical Corporation (the "Issuance"). New shares issued thereof had completed trusteeship registration and lock-up procedures in China Securities Registration and Clearing Company Limited

Shanghai Branch Company on 18 March 2024. These shares shall not be transferred within 36 months from the completion date of the Issuance. After the completion of the Issuance, the total share capital of Sinopec Corp. changed from 119,349,251,646 shares to 121,739,689,893 shares. For details, please refer to announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and the website of the SSE on 16 March 2024 and 20 March 2024 and the circular and announcement published on the website of Hong Kong Stock Exchange on 13 April 2023 and 19 March 2024, respectively.

(1) Use of the proceeds

Unit: RMB million

Source of proceeds	Receiving time of proceeds	Total amount of proceeds	Net amount of proceed after deducting issuance fees	Proposed amount of proceeds to be invested in the offering circular	Accumulated amount of used proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Amount used in the year	% of amount used in the year	Accumulated amount of proceeds with changed purposes
The issuance of shares to the targeted subscriber	12 March 2024	12,000	11,987	11,987	1,867	16	1,867	16	N/A

Note: There were no excess-raised funds involved in the Issuance.

(2) Detail of investment projects

Detailed use of the proceeds

Unit: RMB million

Source of proceeds	Name of projects	Nature of projects	Whether the projects be mentioned in the prospectus or not	Whether the project be changed or not	Proposed amount of proceeds to be invested	Amount of used proceeds during the reporting period	Accumulated amount of used proceeds at the end of the reporting period	Amount of remaining proceeds at the end of the reporting period	% of accumulated amount of used proceeds at the end of the reporting period	Year of projects reaching expected conditions for use	Whether the project be finished or not	Whether the progress of investment is in line with the proposed schedule or not	Whether the feasibility of the project has significantly changed or not. If yes, please explain the specific situations.	Profits realized during the reporting period	Profits realized or R&D achievements of the projects
The issuance of shares to the targeted subscriber	First Stage of Phase III of Tianjin LNG Project	Production and construction	Yes	No	4,500	278	278	4,222	6	2027	No	Yes	No	—	—
The issuance of shares to the targeted subscriber	Yanshan Branch Hydrogen Purification Facilities Improvement Project ¹	Production and construction	Yes	No	187	115	115	72	61	2024	No	Yes	No	—	—
The issuance of shares to the targeted subscriber	Maoming Branch Oil Refining Transition and Upgrading and Ethylene Quality Revamping Project	Production and construction	Yes	No	4,800	182	182	4,618	4	2027	No	Yes	No	—	—
The issuance of shares to the targeted subscriber	Maoming Branch 50,000 tpa Polyolefin Elastomer (POE) Industrial Test Unit Project	Production and construction	Yes	No	900	796	796	104	88	2025	No	Yes	No	—	—
The issuance of shares to the targeted subscriber	Zhongke (Guangdong) Refinery & Petrochemical Company Limited No. 2 EVA Project	Production and construction	Yes	No	1,600	496	496	1,104	31	2026	No	Yes	No	—	—
Total	—	—	—	—	11,987	1,867	1,867	10,120	16	—	—	—	—	—	—

Note 1: The Yanshan branch hydrogen purification facility improvement project had reached the intended usable condition in December 2024. As of December 31, 2024, the amount of remaining proceeds was RMB72 million, primarily consisting of progress payments, quality guarantee deposits, and surplus proceeds. The surplus proceeds was mainly due to the reduction in construction costs under guaranteed quality and controlled risks by strict control, supervision, and management of construction costs and expenses, as well as the rational scheduling and optimization of various resources.

(3) In the reporting period, there were no changes or terminations of investment projects.

(4) Pre-investment of investment projects and replacement of self-raised funds

On 28 April 2024, the 22nd meeting of the eighth session of the Board considered and approved Proposal on Replacing Pre-invested Self-raised Funds with Proceeds, approving the Company to use the proceeds of RMB1,215,422,591.73 to replace the pre-invested self-raised funds. For details, please refer to announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times and the website of the SSE on 29 April 2024 and 26 August 2024, respectively.

(5) Other situations regarding the use of proceeds

During the reporting period, the Company did not use idle proceeds to temporarily supplement working capital, carry out cash management, or invest in related products.

(6) Conclusive opinions of intermediary agency on the special verification and authentication of the storage and use of proceeds

In the opinion of KPMG Huazhen LLP, the accounting firm, the Company's Special Report on the Deposit and Utilization of Raised Funds for the year 2024 was prepared, in all material respects, in accordance with the requirements of "Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies" issued by the CSRC and the "Self-regulatory Guidelines for Listed Companies on the SSE No. 1 – Standardized Operation" issued by

the SSE, as well as relevant format guidelines. It also faithfully reflected the deposit and utilization of raised funds for the year 2024 in all material respects.

In the opinion of GF Securities Co., Ltd., the sponsor, the Company's deposit and utilization of raised funds for the year 2024 complied with the requirements of "Regulatory Guidelines for Listed Companies No. 2 – Regulatory Requirements for the Management and Use of Funds Raised by Listed Companies (2022 Revision)" (CSRC Announcement [2022] No. 15) issued by the CSRC and the "Self-regulatory Guidelines for Listed Companies on the SSE No. 1 – Standardized Operation" issued by the SSE, as well as relevant laws, regulations, and normative documents. The Company deposited the proceeds in dedicated accounts and used them for proposed projects, without any disguised change in the usage or prejudice to the shareholders' interests, nor any illegal use of proceeds.

4 PERFORMANCE OF THE UNDERTAKINGS BY RELEVANT ENTITIES

Background	Type of undertaking	Party	Contents	Date of undertaking	Whether bears deadline or not	Term for performance	Whether strictly performed or not
Undertakings related to Initial Public Offerings (IPOs)	IPOs	China Petrochemical Corporation	<ol style="list-style-type: none"> Compliance with the connected transaction agreements; Solving the issues regarding the legality of land-use rights certificates and property ownership rights certificates within a specified period of time; Implementation of the Reorganisation Agreement (please refer to the definition of Reorganisation Agreement in the H share prospectus of Sinopec Corp.); Granting licenses for intellectual property rights; Avoiding competition within the same industry; Abandonment of business competition and conflicts of interest with Sinopec Corp. 	From 22 June 2001	No	–	Yes
Other undertakings	Other	China Petrochemical Corporation	Given that China Petrochemical Corporation engages in the same or similar businesses as Sinopec Corp. with regard to the exploration and production of overseas petroleum and natural gas, China Petrochemical Corporation hereby grants a 10-year option to Sinopec Corp. with the provision, that in relation to the overseas oil and gas assets acquired by China Petrochemical Corporation after the issuance of the undertaking, within 10 years of the completion of such acquisition, after a thorough analysis from political, economic and other perspectives, Sinopec Corp. is entitled to require China Petrochemical Corporation to sell these assets to Sinopec Corp. China Petrochemical Corporation undertakes to transfer the assets as required by Sinopec Corp., provided that the exercise of such option complies with applicable laws and regulations, contractual obligations and other procedural requirements.	28 April 2014 ¹	Yes	Within 10 years after the date when China Petrochemical Corporation acquires the assets	Yes
Undertaking related to refinancing	Restricted sale of shares	China Petrochemical Corporation	China Petrochemical Corporation undertook not to transfer its subscribed A-shares within 36 months from the completion of the Issuance.	March 2023	Yes	36 months from the completion of the Issuance	Yes
	No reduction	China Petrochemical Corporation	China Petrochemical Corporation undertook that within six months after the completion of the Issuance, China Petrochemical Corporation and its controlled enterprises will not reduce their shareholdings of Sinopec Corp.'s stocks.	March 2023 ²	Yes	Within six months after the completion of the Issuance	Yes

Note 1: According to the undertaking issued on 28 April 2014, within 10 years of the issuance of the undertaking, Sinopec Corp. was entitled to require China Petrochemical Corporation to sell its overseas oil and gas assets owned as of the date of the undertaking and still in its possession upon the exercise of option to Sinopec Corp. Since the issuance of the undertaking, China Petrochemical Corporation had earnestly performed its undertaking. As of 28 April 2024, the ten-year option owned by Sinopec Corp. had expired, and the undertaking had been fully performed. Currently, no horizontal competition with material negative impact on Sinopec Corp. existed in the exploration and production of overseas petroleum and natural gas between Sinopec Corp. and China Petrochemical Corporation.

Note 2: As of September 2024, the undertaking had expired and been fully performed.

As of the date of this report, Sinopec Corp. had no undertakings in respect of financial performance, asset injections or asset restructuring that had not been fulfilled, nor did Sinopec Corp. make any profit forecast in relation to any asset or project.

5 SIGNIFICANT EQUITY INVESTMENT

In the reporting period, no significant equity investment occurred by the Company.

6 SIGNIFICANT SALE OF ASSETS OR EQUITY

In the reporting period, no significant sale of assets or equity occurred by the Company.

7 MATERIAL GUARANTEE CONTRACTS AND THEIR PERFORMANCE

Unit: RMB million

External guarantees (excluding guarantees for controlled subsidiaries)												
Guarantor	Relationship with the Company	Name of guaranteed company	Amount ¹	Transaction date (date of signing)	Period of guarantee	Type	Principal debt condition	Guaranty	Whether completed or not	Whether overdue or not	Amount of overdue guarantee	Whether guaranteed for connected parties (yes or no) ²
Sinopec Corp.	The listed company itself	Zhong An United Coal Chemical Co., Ltd.	4,402	April 2018	April 2018-December 2031	Joint and several liability guarantee	Normal performance	None	No	No	None	No
Sinopec Corp.	The listed company itself	Russian Amur Natural Gas Chemical Integrated LLC	3,791 ³	December 2021	December 2021-December 2035 (the mature date is estimated)	Joint and several liability guarantee	Normal performance	None	No	No	None	No
Total amount of guarantees provided during the reporting period ⁴												56
Total amount of guarantees outstanding at the end of reporting period ⁴ (A)												8,193
Guarantees by the Company to the controlled subsidiaries												
Total amount of guarantee provided to controlled subsidiaries during the reporting period												53
Total amount of guarantee for controlled subsidiaries outstanding at the end of the reporting period (B)												3,594
Total amount of guarantees by the Company (including those provided to controlled subsidiaries)												
Total amount of guarantees (A+B)												11,787
The proportion of the total amount of guarantees to the Sinopec Corp.'s net assets (%)												1.4
Among which:												
Guarantees provided for shareholders, de facto controller and its related parties (C)												-
Amount of debt guarantees provided directly or indirectly to the companies with liabilities to assets ratio over 70% (D)												4,402
The amount of guarantees in excess of 50% of the net assets (E)												-
Total amount of the above three guarantee items (C+D+E)												4,402
Statement of guarantee undue that might be involved in any joint and several liabilities												None
Statement of guarantee status												None

* 1: Guarantee amount refers to the actual amount of guarantee liability that the Company may undertake during the reporting period within the approved guarantee limit.

* 2: As defined in the Rules Governing the Listing of Stocks on SSE.

* 3: Excluding the interest corresponding to the loan principal agreed in the guarantee contract, export credit premium and other expenses.

* 4: The amount of guarantees provided during the reporting period and the outstanding balance of guarantees amount at the end of the reporting period include the guarantees provided by the controlled subsidiaries to external parties. The amount of the guarantees provided by these subsidiaries is derived from multiplying the guarantees provided by Sinopec Corp.'s subsidiaries by the percentage of shareholding of Sinopec Corp. in such subsidiaries.

8 SIGNIFICANT LITIGATION AND ARBITRATION

No significant litigation or arbitration relating to the Company occurred during the reporting period.

9 INSOLVENCY AND RESTRUCTURING

During the reporting period, the Company was not involved in any insolvency or restructuring matters.

10 OTHER MATERIAL CONTRACTS

Saved as disclosed by Sinopec Corp., the Company did not enter into any material contracts subject to disclosure obligations during the reporting period.

11 CREDIBILITY FOR THE COMPANY, CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLER

During the reporting period, the Company and its controlling shareholder did not fail to perform any effective judgments of the courts or fail to repay any substantial amount of debt due.

12 TRUSTEESHIP, CONTRACTING AND LEASES

During the reporting period, the Company was not involved in any events relating to significant trusteeship, contracting or leases for the assets of any other company, nor has it placed its assets with any other company under a trust, contracting or lease agreement subject to disclosure obligations.

13 ENTRUSTED FINANCING AND LOAN**(1) ENTRUSTED FINANCING**

During the reporting period, the Company was not involved in any entrusted financing subject to disclosure obligations.

(2) ENTRUSTED LOAN

During the reporting period, the Company was not involved in any entrusted loan subject to disclosure obligations.

(3) OTHER LOAN

Unit: RMB million

Type	Fund sources	Transaction amount	Undue amount	Overdue
Project construction loan	Self-owned fund	(4,318)	2,970	0

(4) OTHER INVESTMENT AND FINANCING

During the reporting period, the Company was not involved in other investment or financing subject to disclosure obligations.

14 BUSINESS WITH SINOPEC FINANCE CO. AND CENTURY BRIGHT**(1) DEPOSIT BUSINESS**

Unit: RMB million

Related party	Related party relationship	Daily Cap	Interest rate range	Transaction amount				Balance in the end
				Balance at beginning	Time deposit	Time deposit withdrawn	Net changes current deposits	
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	RMB80.0 billion by Sinopec Finance Co. and Century Bright	Current: 0.35%-1.35%; Time deposit: 0.80%-7.40%	7,493	14,705	14,816	340	7,722
Century Bright	China Petrochemical Corporation 100%		Current: 0%-5.05% Time deposit: 0.50%-6.27%	58,474	437,799	437,679	117	58,711

Note: Generally, the deposit interest rate at Sinopec Finance Co. and Century Bright is no lower than that of the same type of deposits for the same period from major commercial banks.

(2) LOAN BUSINESS

Unit: RMB million

Related party	Related party relationship	Loan Cap	Interest rate range	Transaction amount				Balance in the end
				Balance at beginning	Total loan	Total repayment		
Century Bright	China Petrochemical Corporation 100%	117,540	1.52%-6.39%	1,424	424,698	423,453		2,669
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	50,174	1.08%-4.99%	35,824	74,770	85,285		25,309

Note: Generally, the loan interest rate at Sinopec Finance Co. and Century Bright is no higher than that of the same type of loan for the same period from major commercial banks.

(3) CREDIT BUSINESS OR OTHER FINANCE BUSINESS

Unit: RMB million

Related party	Related party relationship	Business nature	Balance in the end	Transaction amount
Sinopec Finance Co.	China Petrochemical Corporation 51%; Sinopec Corp. 49%	Issued the acceptance bills	14,929	33,516
		Discounted bills	0	9,847

Note: The transaction amount includes the newly issued bills and discounts in the year.

In order to regulate connected transactions between the Company and Sinopec Finance Co. (Sinopec Corp.'s domestic settlement center) and to ensure the safety and liquidity of the deposits of the Company at Sinopec Finance Co., Sinopec Corp. and the Finance Company formulated the Risk Control System on Connected Transactions between China Petroleum & Chemical Corporation and Sinopec Finance Co., Ltd., which covers the risk control system and the risk management plan of the Company to prevent financial risks, ensuring the Company's discretion to use and control its deposits with Sinopec Finance Co.. At the same time, as the controlling shareholder of Sinopec Finance Co., China Petrochemical Corporation undertook that in case of an emergency when Sinopec Finance Co. has difficulty in making payments, China Petrochemical Corporation would increase the capital of Sinopec Finance Co. to meet the payment needs.

In order to regulate connected transactions between the Company and Century Bright (Sinopec Corp.'s overseas settlement center), Century Bright ensures the safety of the deposits of the Company at Century Bright by strengthening internal risk controls and obtaining support from China Petrochemical Corporation. China Petrochemical Corporation has formulated a number of internal rules, including the Rules for the Internal Control System, the Rules for Implementation of Overseas Capital Management Methods, and the Provisional Methods for Overseas Fund Platform Management, to impose strict restrictions on Century Bright regarding the provision of overseas financial services. Century Bright has also established the Rules for

the Implementation of the Internal Control System, which ensures the standardisation and safety of its corporate deposits business. At the same time, as the wholly controlling shareholder of Century Bright, China Petrochemical Corporation entered into a keep-well agreement with Century Bright in 2013, in which China Petrochemical Corporation undertakes that when Century Bright has difficulty in making payments, China Petrochemical Corporation will ensure that Century Bright will fulfill its repayment obligation through various channels.

Sinopec Corp. has formulated the Risk Disposal Plan of China Petroleum & Chemical Corporation for Conducting Financial Business with Sinopec Finance Co. and Century Bright and agreed on the corresponding risk control measures to ensure the safety of the Company's funds in Sinopec Finance Co. and Century Bright to effectively prevent, timely control and resolve financial business risks.

The deposits of the Company at Sinopec Finance Co. and Century Bright during the reporting period are in strict compliance with the relevant caps as approved at the general meeting of Sinopec Corp. During daily operations, the Company can withdraw the full amount of its deposits at the Sinopec Finance Co. and Century Bright.

15 APPROPRIATION OF NON-OPERATIONAL FUNDS BY THE CONTROLLING SHAREHOLDER AND ITS RELATED PARTIES AND THE PROGRESS FOR CLEARING UP

Not applicable

16 STRUCTURED ENTITY CONTROLLED BY THE COMPANY

None

17 MAJOR INFLUENCES ON THE INDUSTRY FROM NEWLY-ENFORCED LAWS, ADMINISTRATIVE RULES, REGULATIONS AND INDUSTRY POLICIES

On 12 April 2024, the State Council issued the "Several Opinions on Strengthening Regulation, Forestalling Risks, and Promoting High-quality Development of the Capital Market", which required strict ongoing supervision of listed companies, strengthening the supervision of information disclosure and corporate governance, reinforcing the supervision of cash dividends of listed companies, and promoting the enhancement of listed companies' investment value. On 23 May 2024, the State Council issued the "Action Plan for Energy Conservation and Carbon Reduction for 2024-2025", which emphasized the requirement to achieve higher level and higher quality of energy saving and carbon reduction in various industries, and accelerating the energy saving and carbon reduction transformation of the petrochemical and chemical industries.

In addition, the relevant government departments have also issued other policies and guidance related to ecological environmental protection, carbon emission rights, safety and emergency management, data security, trademark and intellectual property rights protection, etc., emphasizing the need to strengthen compliance management in terms of energy supply security, confidentiality and intellectual property rights, while focusing on promoting sustainable development, establishing a long-term mechanism for safe production, steadily pushing forward the green and low-carbon transformation of energy, etc.

1 AGREEMENTS ON CONTINUING CONNECTED TRANSACTIONS BETWEEN SINOPEC CORP. AND SINOPEC GROUP

Prior to Sinopec Corp.'s overseas listing, in order to ensure the smooth continuation of production and business conducted by the Company and Sinopec Group, the two parties entered into the agreements on continuing connected transactions.

On 27 August 2021, Sinopec Corp. and its controlling shareholder, China Petrochemical Corporation, entered into the sixth supplemental agreement on continuing connected transactions. The resolution relating to continuing connected transactions for the three years from 2022 to 2024 was approved at the First Extraordinary General Meeting of Sinopec Corp. for the year 2021 held on 20 October 2021. For details of the above agreements on continuing connected transactions, please refer to relevant announcements of Sinopec Corp. published on 30 August 2021 in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE and on 29 August 2021 on the website of the Hong Kong Stock Exchange.

On 23 August 2024, Sinopec Corp. entered into the seventh supplemental agreement on continuing connected transactions with its controlling shareholder, China Petrochemical Corporation, and the Financial Services Agreement with the Sinopec Finance Co. and Century Bright. Resolution in relation to the continuing connected transactions for the three years from 2025 to 2027 and the resolution in relation to the Financial Services Agreement signed with Sinopec Finance Co. and Century Bright were approved at EGM held on 22 October 2024. For details agreements on the above continuing connected transactions, please refer to relevant announcements and circular of Sinopec Corp. published on 26 August 2024 in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE and on 25 August 2024, 1 September 2024 and 22 October 2024 on the website of the Hong Kong Stock Exchange. The capitalised terms used in this paragraph shall have the same meaning as that used in the above-mentioned announcements.

2 COMPLIANCE OF DISCLOSURE AND APPROVALS OF CONTINUING CONNECTED TRANSACTIONS BETWEEN THE COMPANY AND SINOPEC GROUP WITH THE HONG KONG LISTING RULES AND THE SHANGHAI LISTING RULES

Pursuant to the Hong Kong Listing Rules and the Shanghai Listing Rules, the continuing connected transactions between the Company and Sinopec Group are subject to disclosure, independent directors committee meeting's approval and/or independent shareholders' approval (if needed) based on the nature and the value of the transactions. Sinopec Corp. has fully complied with the above requirements of the rules in relation to the continuing connected transactions between the Company and Sinopec Group.

The aggregated amount of the continuing connected transactions for 2024 of the Company is in compliance with the relevant requirements of the Hong Kong Listing Rules and the Shanghai Listing Rules. For actual performance details of continuing connected transaction agreements, please refer to Item 3 below.

3 ACTUAL PERFORMANCE OF CONTINUING CONNECTED TRANSACTIONS ENTERED INTO BY THE COMPANY DURING THE YEAR

In the reporting period, purchase expenses of the continuing connected transactions of the Company were RMB272.466 billion, representing 8.65% of the total amount of this type of transactions for the reporting period, including purchases of products and services (procurement, storage, transportation, exploration and production services, and production-related services) of RMB259.150 billion, payment of property rent of RMB1.088 billion (annual value of right-of-use assets for property leasing of RMB1.039 billion), payment of land rent of RMB10.937 billion (annual value of right-of-use assets for lands leasing of RMB10.441 billion), and interest expenses of RMB1.291 billion. The sales income of the continuing connected transactions of the Company during the reporting period was RMB157.526 billion, representing 4.91% of the total amount of this type of transactions for the reporting period, including sales of products of RMB154.350 billion, agency

commission income of RMB68 million, and interest income of RMB3.108 billion. Entrusted loan provided by the Company to the Connected Subsidiaries was RMB1 million. For definitions, please refer to relevant announcement and circular published on 30 August 2021 in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE, and the website of the Hong Kong Stock Exchange on 29 August 2021 and 3 September 2021.

The amounts of the above continuing connected transactions between the Company and Sinopec Group did not exceed the relevant caps for the continuing connected transactions as approved by the general meeting of shareholders and the Board.

The pricing principles for the continuing connected transactions are as follows:

- (a) the government-prescribed price;
- (b) where there is no government-prescribed price but where there is a government-guidance price, the government-guidance price will apply;
- (c) where there is neither a government-prescribed price nor a government-guidance price, the market price will apply; or
- (d) where none of the above is applicable, the price for the provision of the products or services is to be agreed between the relevant parties, which shall be the reasonable cost incurred in providing the same plus 6% or less of such cost.

Sinopec Corp. confirmed that the prices and terms of continuing connected transactions in the reporting period complied with their pricing principles. For details of the pricing principle, please refer to relevant announcements published on 30 August 2021 in China Securities Journal, Shanghai Securities News and Securities Times and on the website of the SSE and on 29 August 2021 the website of the Hong Kong Stock Exchange.

Decision-making procedures:

The continuing connected transaction agreements were entered into in the ordinary course of the Company's business and in accordance with normal commercial terms that are fair and reasonable to the Company and its shareholders. The Company, according to its internal control procedures, adjusts the scope and the relevant caps of continuing connected transactions every three years, and will announce and implement upon the approval of the Board and/or independent shareholders. For the other connected transactions, Sinopec Corp., in strict compliance with domestic and overseas regulatory rules, will publish the announcement and implement the transactions only after submitting the relevant proposals of connected transactions to the Board and/or the general meeting of shareholders for consideration and approval according to internal control procedures.

Related party transactions with the Sinopec Group that occurred during the year, as set out in Note 39. to the financial statements prepared under the IFRS Accounting Standards in this annual report, also fall under the definition of connected transactions under Chapter 14A of the Hong Kong Listing Rules.

The above-mentioned connected transactions between the Company and Sinopec Group were approved at the 2nd meeting of the eighth session of the Board and have complied with the requirements under Chapter 14A of the Hong Kong Listing Rules.

The external auditor of Sinopec Corp. was engaged to report on the Company's continuing connected transactions in accordance with the Hong Kong Standard on Assurance Engagements 3000, Assurance Engagement other than Audits or Reviews of Historical Financial Information, and with reference to Practice Note 740, Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules, issued by the Hong Kong Institute of Certified Public Accountants. The auditor has issued its unqualified letter containing its conclusions in respect of the above-mentioned continuing connected transactions in accordance with Rule 14A.56 of the Hong Kong Listing Rules.

After reviewing the above-mentioned connected transactions, the independent directors committee meeting of Sinopec Corp. has confirmed the following:

- (a) the transactions have been conducted in the ordinary course of the Company's business;
- (b) the transactions have been entered into based on either of the following terms:
 - i normal commercial terms; or
 - ii terms not less favorable than those available from or to independent third parties, where there is no available comparison to determine whether such terms are on normal commercial terms; and
- (c) the transactions were conducted pursuant to the terms of relevant agreements, and the terms were fair and reasonable and in the interests of Sinopec Corp. and its shareholders as a whole.

4 OTHER SIGNIFICANT CONNECTED TRANSACTIONS OCCURRED THIS YEAR

For details, please refer to item 2 "Actual Daily Related Transactions Entered into by the Company and China Oil & Gas Pipeline Network Corporation During the Reporting Period" and item 3 "The Issuance of A Shares by Sinopec Corp. to the Target Subscriber" in the Chapter "Significant Events".

5 FUNDS PROVIDED BETWEEN RELATED PARTIES

Unit: RMB million

Related Parties	Relations	Funds to related parties		Funds from related parties			
		Balance at the beginning of the year	Amount incurred	Balance at the end of the year	Balance at the beginning of the year	Amount incurred	Balance at the end of the year
Sinopec Group	Parent company and affiliated companies*	12,776	1,884	14,660	17,417	3,672	21,089
Other related parties	Associates and joint ventures	8,242	(4,306)	3,936	5,759	60	5,819
Total		21,018	(2,422)	18,596	23,176	3,732	26,908
Reason for provision of funds between related parties				Loans and other accounts receivable and payable			
Impacts on the Company				No material negative impact			

* : affiliated companies include subsidiaries, associates and joint ventures.

The Board is pleased to present the report of the Board of Directors for the year ended 31 December 2024 for the shareholders' review.

1 MEETINGS OF THE BOARD

During this reporting period, Sinopec Corp. held seven (7) Board meetings. The details are as follows

- (1) The 20th meeting of the eighth session of the Board was held through electronic means of communication on 22 January 2024, whereby the proposals in relation to the following matters were approved: (i) Appointment of Chief Geologist; (ii) Internal Control Manual (2024).
- (2) The 21st meeting of the eighth session of the Board was held by on-site meeting on 22 March 2024, whereby the proposals in relation to the following matters were approved: (i) the Work Report of the eighth session of the Board (including the Work Report of the Board for 2023); (ii) Special Opinion of the Board of Directors on the Self-assessment of Independence of Independent Directors; (iii) the Work Report of the eighth session of the Senior Management (including the Work Report of the Senior Management for 2023); (iv) financial results and business performance of the Company for the year 2023; (v) provision for impairment for the year 2023; (vi) proposal on the implementation of the continuing connected transactions for the year 2023; (vii) Continuous Risk Assessment Report of Connected Transactions for the year 2023 between Sinopec Corp. and Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment, Ltd.; (viii) Report on the Implementation of Derivatives Business for the year 2023 and the Work Plan for the year 2024; (ix) profit distribution plan for the year 2023; (x) Internal Control Assessment Report of Sinopec Corp. for the year 2023; (xi) Financial Statements of Sinopec Corp. for the year 2023; (xii) Annual Report of the Company for the year 2023; (xiii) Assessment Report on KPMG's Performance in 2023 by the Company; (xiv) audit costs for the year 2023; (xv) the reappointment of external auditors of Sinopec Corp. for the year 2024 and the authorization of the Board to determine their remunerations; (xvi) Report of Sustainable Development of Sinopec Corp. for the year 2023; (xvii) the continuing connected transactions between Sinopec Corp. and China Oil & Gas Pipeline Network Corporation for the year 2024; (xviii) Change of the Registered Capital and Amendments to the Articles of Association, the Rules and Procedures for the Board Meetings and the Rules and Procedures for the Supervisory Committee Meeting; (xix) to authorize the Board to determine the interim profit distribution plan of Sinopec Corp. for the year 2024; (xx) to authorize the Board to determine the plan for issuance of debt financing instrument(s); (xxi) to grant to the Board a general mandate to issue new domestic shares and/or overseas-listed foreign shares of Sinopec Corp.; (xxii) to grant to the Board a mandate to buy back domestic shares and/or overseas-listed foreign shares of Sinopec Corp.
- (3) The 22nd meeting of the eighth session of the Board was held through electronic means of communication on 28 April 2024, whereby the proposals in relation to the following matters were approved: (i) Proposal on the Use of Raised Funds to Replace Pre-invested Self-raised Funds; (ii) Appointment of President; (iii) Appointment of Senior Vice President; (iv) First Quarterly Report for 2024.
- (4) The 23rd meeting of the eighth session of the Board was held through electronic means of communication on 13 May 2024, whereby the proposals in relation to the following matters were approved: (i) the re-election of the Board of Directors; (ii) the re-election of the Supervisory Committee; (iii) Service Contract for the Directors of the ninth session of the Board (including remuneration clauses) and Supervisors of the ninth session of the Supervisory Committee (including remuneration clauses); (iv) Notice of Annual General Meeting for 2023, First A Shareholders Class Meeting for 2024, and First H Shareholders Class Meeting for 2024.
- (5) The 1st meeting of the ninth session of the Board was held by on-site meeting on 28 June 2024, whereby the proposals in relation to the following matters were approved: (i) election of the Chairman and Vice Chairman of the ninth session of the Board; (ii) composition of the special committees of the ninth session of the Board; (iii) the appointment of President, Secretary to the Board of Sinopec Corp.; (iv) the appointment of Senior Vice President, Chief Financial Officer, Vice President and other Senior Management of Sinopec Corp.; (v) the appointment of the Authorized Representative of the Hong Kong Stock Exchange and the Authorized Representative of the SSE.
- (6) The 2nd meeting of the ninth session of the Board was held by on-site meeting on 23 August 2024, whereby the proposals in relation to the following matters were approved: (i) Report on the Fulfillment of the Key Targets for the first half of the year 2024 and the Work Arrangements for the second half of the year 2024; (ii) financial results and business performance of the Company for the first half of the year 2024; (iii) profit distribution plan for the first half of the year 2024; (iv) Special Report on the Deposit and Utilization of Raised Funds for the first half of the year 2024; (v) the Continuous Risk Assessment Report of Connected Transactions between Sinopec Corp. and Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment, Ltd. for the first half of the year 2024; (vi) Financial Statements for the first half of the year 2024; (vii) Interim Report for 2024; (viii) the programme on share buy-back by centralized bidding; (ix) Dividend Distribution and Return Plan for Shareholders for the Next Three Years (2024-2026); (x) the continuing connected transactions for the year 2025 to 2027; (xi) the financial business for the year 2025 to 2027 among Sinopec Corp., Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited; (xii) the report of Risk Assessment of Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited; (xiii) Risk Disposal Plan for financial business with Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited; (xiv) Notice of 2024 First Extraordinary General Meeting.
- (7) The 3rd meeting of the ninth session of the Board was held through electronic means of communication on 28 October 2024, whereby the proposal in relation to Third Quarterly Report for 2024 was approved.

For details of each meeting, please refer to the announcements published in China Securities Journal, Shanghai Securities News and Securities Times after each meeting and on the websites of SSE, Hong Kong Stock Exchange and Sinopec Corp.

2 IMPLEMENTATION OF RESOLUTIONS APPROVED AT THE GENERAL MEETINGS OF SHAREHOLDERS BY THE BOARD

During this reporting period, in accordance with relevant laws and regulations as well as the Articles of Association, all members of the Board diligently implemented the resolutions approved at the general meetings of Sinopec Corp., and completed all the tasks delegated to them at the general meetings.

3 DIRECTORS' ATTENDANCE TO THE BOARD MEETINGS AND TO THE GENERAL MEETINGS DURING THE REPORTING PERIOD

On 28 June 2024, Sinopec Corp. completed the election of the new session of the Board. The attendance of directors at the meetings of the eighth and ninth boards of directors is listed as follows:

(1) Attendance to the Board meetings and general meetings during the reporting period by the Directors of the eighth session of the Board

Positions	Name	No. of meetings held	On-site attendance	Board meeting Meetings attended through electronic means of communication	Meetings attended by proxy	Absent	General meetings	
							No. of meetings held	Actual attendance
Chairman	Ma Yongsheng	4	1	3	0	0	3	3
Director	Zhao Dong	4	0	3	1	0	3	3
Director	Li Yonglin	4	1	3	0	0	3	3
Director	Lv Lianggong	4	1	3	0	0	3	3
Director	Yu Baocai	4	1	3	0	0	3	3
Independent Director	Cai Hongbin	4	1	3	0	0	3	0
Independent Director	Ng, Kar Ling Johnny	4	1	3	0	0	3	0
Independent Director	Shi Dan	4	1	3	0	0	3	0
Independent Director	Bi Mingjian	4	1	3	0	0	3	3

(2) Attendance to the Board meetings and general meetings during the reporting period by the Directors of the ninth session of the Board

Positions	Name	No. of meetings held	On-site attendance	Board meeting Meetings attended through electronic means of communication	Meetings attended by proxy	Absent	General meetings	
							No. of meetings held	Actual attendance
Chairman	Ma Yongsheng	3	2	1	0	0	1	1
Vice Chairman	Zhao Dong	3	2	1	0	0	1	1
Director	Zhong Ren	3	2	1	0	0	1	1
Director	Li Yonglin	3	2	1	0	0	1	0
Director	Lv Lianggong	3	2	1	0	0	1	1
Director	Niu Shuanwen	3	2	1	0	0	1	1
Director	Wan Tao	3	2	1	0	0	1	1
Director	Yu Baocai	3	2	1	0	0	1	1
Independent Director	Xu Lin	3	2	1	0	0	1	0
Independent Director	Zhang Liying	3	2	1	0	0	1	1
Independent Director	Liu Tsz Bun Bennett	3	2	1	0	0	1	1
Independent Director	Zhang Xiliang	3	2	1	0	0	1	0

Note: No Directors were absent from two consecutive meetings of the Board.

4 THE BOARD COMMITTEES MEETINGS AND THE SPECIAL MEETING OF INDEPENDENT DIRECTORS

During the reporting period, the Board committees held fifteen (15) meetings, among which, the Strategy Committee held one (1) meeting, the Audit Committee held six (6) meetings, the Sustainable Development Committee held two (2) meetings, the Remuneration and Appraisal Committee held two (2) meetings, and the Nomination Committee held four (4) meetings. All members of each committee had attended the relevant meetings. The Company held two (2) Special Meetings of Independent Directors. All Independent Directors attended the meetings. Details of those meetings are as follows:

- (1) The 5th meeting of the eighth session of the Nomination Committee was held through electronic means of communication on 22 January 2024, whereby the proposal in relation to the appointment of Chief Geologist was approved.
- (2) The 13th meeting of the eighth session of the Audit Committee was held through electronic means of communication on 22 January 2024, whereby the proposal in relation to the Internal Control Manual (2024) was approved.
- (3) The 3rd meeting of the eighth session of the Strategy Committee was held through electronic means of communication on 20 March 2024, whereby the proposal in relation to the investments plan of 2024 was approved.
- (4) The 14th meeting of the eighth session of the Audit Committee was held by on-site meeting on 20 March 2024, whereby the proposals in relation to the following matters were approved: (i) financial results and business performance of the Company for the year 2023; (ii) Financial Statements of Sinopec Corp. for the year 2023; (iii) Annual Report of the Company for the year 2023; (iv) Continuous Risk Assessment Report of Connected Transactions for the year 2023 between Sinopec Corp. and Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited; (v) Report on the Implementation of Derivatives Business for the year 2023 and the Work Plan for the year 2024; (vi) Assessment Report on KPMG's Performance in 2023 by the Company; (vii) Internal Control Assessment Report of Sinopec Corp. for the year 2023; (viii) Report on the Main Audit Work in 2023 and the Overall Arrangement of Audit Work in 2024.
- (5) The 3rd meeting of the eighth session of the Remuneration and Appraisal Committee was held through electronic means of communication on 20 March 2024 whereby the proposal in relation to implementation of the rules of the remuneration of Directors, supervisors and other senior management for 2023 was approved.
- (6) The 4th meeting of the eighth session of the Sustainable Development Committee was held through electronic means of communication on 20 March 2024, whereby the proposals in relation to the following matters were approved: (i) Report of Sustainable Development of Sinopec Corp. for the year 2023; (ii) Report on the Completion of HSE Work for the year 2023 and the Work Arrangements for the year 2024; (iii) Report on the Anti-corruption Compliance Work of Sinopec Corp. for the year 2023 and the Plan of 2024.
- (7) The 2nd meeting of the Special Meeting of Independent Directors of the eighth session of the Board was held by on-site meeting on 20 March 2024, whereby the proposal in relation to the continuing connected transactions between Sinopec Corp. and China Oil & Gas Pipeline Network Corporation for the year 2024 was approved. The Independent Directors signed annual reports of their personal performance and engaged in discussions focused on implementing the domestic reform requirements for the Independent Directors.
- (8) The 6th meeting of the eighth session of the Nomination Committee was held through electronic means of communication on 18 April 2024, whereby the proposals in relation to the following matters were approved: (i) Appointment of President; (ii) Appointment of Senior Vice President.
- (9) The 15th meeting of the eighth session of the Audit Committee was held through electronic means of communication on 28 April 2024, whereby the proposals in relation to the following matters were approved: (i) First Quarterly Report for 2024; (ii) Report on the Implementation of the Internal Audit Plan in the first quarter of 2024.
- (10) The 7th meeting of the eighth session of the Nomination Committee was held through electronic means of communication on 13 May 2024, whereby the proposal in relation to the Election of New Session of the Board was approved.
- (11) The 4th meeting of the eighth session of the Remuneration and Appraisal Committee was held through electronic means of communication on 13 May 2024 whereby the proposal in relation to the remuneration of the Directors of the ninth session of the Board and Supervisors of the ninth session of the Supervisory Committee was approved.
- (12) The 1st meeting of the ninth session of the Nomination Committee was held through electronic means of communication on 28 June 2024, whereby the proposals in relation to the following matters were approved: (i) the appointment of President, Secretary to the Board of Sinopec Corp.; (ii) the appointment of Senior Vice President, Chief Financial Officer, Vice President and other Senior Management of Sinopec Corp.
- (13) The 1st meeting of the ninth session of the Audit Committee was held through electronic means of communication on 28 June 2024, whereby the proposal in relation to the appointment of Chief Financial Officer of Sinopec Corp. was approved.
- (14) The 2nd meeting of the ninth session of the Audit Committee was held by on-site meeting on 21 August 2024, whereby the proposals in relation to the following matters were approved: (i) Notes on Financial Results and Business Performance for the first half of the year 2024; (ii) Special Report on the Deposit and Utilization of Raised Funds for the first half of the year 2024; (iii) Continuous Risk Assessment Report of Connected Transactions between Sinopec Corp. and Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited for the first half of the year 2024; (iv) Financial Statements for the first half of the year 2024; (v) Interim Report for 2024; (vi) Report on the Main Audit Work for the first half of 2024 and the Major Arrangement of Audit Work for the second half of 2024.

- (15) The 1st meeting of the Special Meeting of Independent Directors of the ninth session of the Board was held by on-site meeting on 21 August 2024, whereby the proposal in relation to the continuing connected transactions for the year 2025 to 2027 was approved.
- (16) The 1st meeting of the ninth session of the Sustainable Development Committee was held through electronic means of communication on 21 August 2024, whereby the proposal in relation to the Report on the Completion of HSE Work for the first half of 2024 and the Work Arrangements for the second half of 2024 was approved.
- (17) The 3rd meeting of the ninth session of the Audit Committee was held through electronic means of communication on 28 October 2024, whereby the proposals in relation to the following matters were approved: (i) Third Quarterly Report for 2024; (ii) Report on the Implementation of the Internal Audit Plan in the third quarter of 2024.

5 BOARD COMMITTEES ISSUED REVIEW OPINIONS TO THE BOARD WHEN PERFORMING THEIR DUTIES DURING THE REPORTING PERIOD, WITHOUT OBJECTION.

6 PERFORMANCE OF THE DIRECTORS

During the reporting period, The Directors of Sinopec Corp. fulfilled their duties diligently in accordance with the Articles of Association, attended Board meetings and meetings of the relevant Board committees (please refer to the Report of the Board of Directors in this annual report for their attendance of the meetings). The Directors reviewed proposals with due care, utilized their professional expertise to provide suggestions on the Company's development strategy, operations, reform and other significant matters, promoted scientific decision-making of the Board, and maintained timely and effective communication with the management, external auditors and internal audit department to strengthen internal control and risk prevention. In June 2024, Sinopec Corp. completed the election of the new session of the Board. The Directors of the ninth session of the Board have maintained diversity in terms of gender, background and professional skills. Independent Directors align with the company's overall business characteristics, corporate scale, and needs

for reform and development, further enriching the Board's competency matrix. The Directors actively participated in securities regulatory training, continuously enhancing their performance abilities of compliance. The newly appointed Independent Directors comprehensively and systematically understood the business development of the company and its various business sectors, conducted thematic research to subsidiaries and carried out on-site visit the upstream, midstream, and downstream industrial chain business in person, laying a solid foundation for scientifically informed decision-making. During the reporting period, Independent Directors held Special Meetings to review and approve connected transactions, protecting the minority shareholders' legitimate interests. None of the Directors had any objection to the Company's resolutions, and all the suggestions of Directors relevant to reform and development were accepted.

Pursuant to requirements of securities regulatory authority of China, Independent Directors of Sinopec Corp. reviewed the performance of the senior management of Sinopec Corp. who concurrently are senior management in China Petrochemical Corporation, and issued a special opinion as follows: "Mr. Zhao Dong, the President, Mr. Li Yonglin, Mr. Lv Lianggong, Mr. Niu Shuanwen and Mr. Wan Tao, Senior Vice Presidents, each of whom concurrently held position as senior management of China Petrochemical Corporation, have obtained the exemptions for holding concurrent position from CSRC. In 2024, Mr. Zhao Dong, Mr. Li Yonglin, Mr. Lv Lianggong, Mr. Niu Shuanwen and Mr. Wan Tao strictly abided by the provisions of laws and regulations, the Articles of Association and the service contracts, conscientiously fulfilled their duties of loyalty and diligence, implemented the resolutions of the Board, and devoted sufficient time and attention to organize production and operation. They protected the interests of the Company and its shareholders and have not prejudiced the legitimate interests of Sinopec Corp. and its shareholders due to holding aforesaid concurrent positions in China Petrochemical Corporation."

7 BUSINESS PERFORMANCE

The financial results of the Company for the year ended 31 December 2024, which were prepared in accordance with IFRS Accounting Standards and the financial position as at that date and the accompanying analysis

are set out from page 157 to page 212 in this annual report. A fair review of the Company's business, a discussion and analysis on business performance using financial key performance indicators and the material factors underlying our results and financial position during the reporting period, particulars of significant events affecting the Company and the outlook of the Company's business are discussed throughout this annual report and included in the Chapters "Chairman's Address", "Business Review and Prospects", "Management's Discussion and Analysis" and "Significant Events" of this annual report. All of the above discussions constitute parts of the report of the Board of Directors.

8 DIVIDEND

The profit distribution policy of Sinopec Corp. maintains consistency and steadiness and considers the long-term interests of the Company, overall interests of all the shareholders and the sustainable development of the Company. Sinopec Corp. gives priority to adopting cash dividends for profit distribution and is allowed to distribute an interim profit. When the net profits and retained earnings of the parent company are positive in current year and in the event that the cash flow of Sinopec Corp. can satisfy the normal operation and sustainable development, Sinopec Corp. should adopt cash dividends and the distribution profits in cash every year should be no less than 30% of the net profits of the parent company recorded during the corresponding year. On 22 October 2024, the extraordinary general meeting of the Company approved the resolution relating to "Dividend Distribution and Return Plan for the Next Three Years (2024-2026)". If the net profit of the parent company for the current year is positive, the retained earnings are positive and the Company's cash flow can satisfy the normal operation and sustainable development of the Company, the profit of the Company to be distributed by cash in each year shall not be less than 65% of the net profit attributable to equity shareholders of the Company under CASs or the profit attributable to shareholders of the Company under IFRS Accounting Standards (whichever is lower).

The profit distribution plan of the Company for the corresponding year shall be carried out in accordance with the policy and procedures stipulated in the Articles of Association and valid dividend distribution and return plan, taking into account the advice from the minority shareholders.

Proposals for dividend distribution

At the 5th meeting of the ninth session of the Board, the Board approved the proposal to distribute a final cash dividend of RMB0.14 (tax inclusive) per share for 2024. Taking into account the distributed interim dividend of RMB0.146 (tax inclusive) per share for the first half of 2024, the total dividend for the whole year is RMB0.286 (tax inclusive) per share.

The final cash dividend will be distributed on or before Friday, 27 June 2025 to all shareholders whose names appear on the register of members of Sinopec Corp. on the record date of Tuesday, 17 June 2025. In order to qualify for the final dividend for H shares, the holders of H shares must lodge all share certificates accompanied by the transfer documents with Computershare Hong Kong Investor Services Limited located at Shops 1712-1716, 17th Floor Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong before 4:30 p.m. on Tuesday, 10 June 2025 for registration. The H shares register and transfer of members of Sinopec Corp. will be closed from Wednesday, 11 June 2025 to Tuesday, 17 June 2025 (both dates inclusive). The dividend will be denominated and declared in RMB, and distributed to the domestic shareholders and investors participating in the Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Programmes in RMB and to the overseas shareholders in Hong Kong Dollar. The exchange rate for the dividend calculated in Hong Kong Dollar is based on the average benchmark exchange rate of RMB against Hong Kong Dollar as published by the People's Bank of China one week preceding the date of the declaration and distribution of such dividend.

In accordance with the Enterprise Income Tax Law of the People's Republic of China and its implementation regulations which came into effect on 1 January 2008, Sinopec Corp. is required to withhold and pay enterprise income tax at the rate of 10% on behalf of the non-resident enterprise shareholders whose names appear on the register of members for H Shares of Sinopec Corp. when distributing the cash dividends or issuing bonus shares by way of

capitalisation from retained earnings. Any Shares of the Sinopec Corp. which are not registered under the name of an individual shareholder, including those registered under HKSCC Nominees Limited, other nominees, agents or trustees, or other organisations or groups, shall be deemed as shares held by non-resident enterprise shareholders. On such basis, enterprise income tax shall be withheld from dividends payable to such shareholders. If holders of H Shares intend to change their shareholder status, please enquire about the relevant procedures with your agents or trustees. Sinopec Corp. will strictly comply with the law or the requirements of the relevant government authority to withhold and pay enterprise income tax on behalf of the relevant shareholders based on the registration of members for H shares of Sinopec Corp. as at the record date.

If the individual holders of H shares are residents of Hong Kong, Macau or countries which had an agreed tax rate of 10% for cash dividends or bonus shares by way of capitalisation from retained earnings with China under the relevant tax agreement, Sinopec Corp. should withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. If the individual holders of H Shares are residents of countries which had an agreed tax rate of less than 10% with China under relevant tax agreement, Sinopec Corp. shall withhold and pay individual income tax on behalf of the relevant shareholders at a rate of 10%. In that case, if the relevant individual holders of H Shares wish to reclaim the extra amount withheld due to the application of 10% tax rate, Sinopec Corp. would apply for the relevant agreed preferential tax treatment pursuant to the relevant tax agreement provided that the relevant shareholders submit the evidence required by the notice of the tax agreement to the share register of H Shares of Sinopec Corp. in a timely manner. Sinopec Corp. will assist with the tax refund after the approval of the competent tax authority. If the individual holders of H Shares are residents of countries which had an agreed tax rate of over 10% but less than 20% with China under the tax agreement, Sinopec Corp. shall withhold and pay the

individual income tax at the agreed actual rate in accordance with the relevant tax agreements. If the individual holders of H Shares are residents of countries which had an agreed tax rate of 20% with China, or which had not entered into any tax agreement with China, or otherwise, Sinopec Corp. shall withhold and pay the individual income tax at a rate of 20%.

Pursuant to the Notice on the Tax Policies Related to the Pilot Program of the Shanghai-Hong Kong Stock Connect (關於滬港股票市場交易互聯互通機制試點有關稅收政策的通知) (Caishui [2014] No. 81) and the Notice on the Tax Policies Related to the Pilot Program of the Shenzhen-Hong Kong Stock Connect (《關於深港股票市場交易互聯互通機制試點有關稅收政策的通知》) (Caishui [2016] No.127):

For dividends of domestic investors investing in the H Shares of Sinopec Corp. through Shanghai-Hong Kong and Shenzhen-Hong Kong Stock Connect Program, the Company shall withhold and pay income tax at the rate of 20% on behalf of individual investors and securities investment funds. The Company will not withhold or pay the income tax of dividends for domestic enterprise investors and those domestic enterprise investors shall report and pay the relevant tax by themselves. For dividends of investors of the Hong Kong Stock Exchange (including enterprises and individuals) investing in the A Shares of Sinopec Corp. through Shanghai-Hong Kong Stock Connect Program, the Company will withhold and pay income taxes at the rate of 10% on behalf of those investors and will report to the competent tax authorities for the withholding. For investors who are tax residents of other countries which have entered into a tax treaty with the PRC stipulating a dividend tax rate of lower than 10%, the enterprises and individuals may, or may entrust a withholding agent to, apply to the competent tax authorities for the entitlement of the rate under such tax treaty. Upon approval by the tax authorities, the amount paid in excess of the tax payable based on the tax rate according to such tax treaty will be refunded.

The dividend distribution and capital reserve capitalization declared by Sinopec Corp. in the past three years are as follows (in accordance with CASS):

	2024	2023	2022
Cash dividends (RMB/Share, tax inclusive)	0.286	0.345	0.355
Cash dividends paid in other ways (such as repurchase of shares) (RMB million, tax inclusive)	2,131	2,325	4,179
Total amount of cash dividends (including dividends paid in other ways) (RMB million, tax inclusive)	36,878	43,575	46,930
Net profits attributed to the shareholders of the listed company shown in the consolidated statement for the dividend year (RMB million)	50,313	60,463	67,082
Ratio of the dividends to the net profit attributed to the shareholders of the listed company in the consolidated statement (%)	73.3	72.1	70.0

Note: The final cash dividend for 2024 is subject to the approval at the 2024 annual general meeting.

The aggregate cash dividend declared by Sinopec Corp. during three years from 2022 to 2024 is RMB0.986 per share, with a total amount of RMB118.748 billion, the total paid amount for repurchase of shares was RMB8.635 billion, and the aggregate amount with cash dividend was RMB127.383 billion. The average net profit attributed to the shareholders of the Company in the three years was RMB59.286 billion. The total cash dividend and repurchase amount from 2022 to 2024 as a percentage of average net profit attributed to the shareholders was 214.86%. At the end of 2024, the retained earnings of the parent company were RMB106.517 billion.

9 RESPONSIBILITIES FOR THE COMPANY'S INTERNAL CONTROL

The Board is fully responsible for establishing and maintaining the internal control system related to the financial statements as well as ensuring its effective implementation. In 2024, the Board assessed and evaluated the internal control of Sinopec Corp. according to the Basic Standard for Enterprise Internal Control, Application Guidelines for Enterprise Internal Control and Assessment Guidelines for Enterprise Internal Control. There was no material defect in relation to the internal control system as of 31 December 2024. The internal control system of Sinopec Corp. related to the financial statements is sound and effective.

2024 Internal Control Assessment Report of Sinopec Corp. was reviewed and approved at the 5th meeting of the ninth session of the Board on 21 March 2025, and all members of the Board warrant that the contents of the report are true, accurate and complete, and there are no false representations, misleading statements or material omissions contained in the report.

10 DURING THE REPORTING PERIOD, THE COMPLIANCE OF ENVIRONMENTAL POLICIES BY THE COMPANY

During the reporting period, the Company complied with the environmental policy in all material aspects. Details with regard to the Company's environmental policies and performances are provided in the Chapter "Corporate Governance, Environment and Social Responsibilities" in this annual report as well as the 2024 Sustainability Report of Sinopec Corp.

11 DURING THE REPORTING PERIOD, THE COMPANY DID NOT VIOLATE LAWS OR REGULATIONS WHICH HAVE A MATERIAL IMPACT ON THE COMPANY

12 MAJOR SUPPLIERS AND CUSTOMERS

The Company maintained a stable cooperation relationship with major suppliers and customers. During the reporting period, the total value of the purchasing from the top five suppliers accounted for 44.61% of the total value of purchasing by the Company, among which, the purchasing value of the largest supplier accounted for 11.61% of the total annual purchasing value and the total value of the purchasing from the connected party Sinopec Group among the five largest supplier was RMB301.727 billion, accounted for 11.61% of the total value of purchasing by the Company.

The total revenue from the five largest customers of the Company was RMB184.423 billion, accounting for 6.00% of the total revenue of the Company for the year, among which the sales value to the connected party Sinopec Group among the five largest customers was RMB71.223 billion, accounting for 2.32% of the total revenue for the year.

During the reporting period, other than disclosed above, to the best knowledge of the Board of the Directors of the Company, none of the Directors of the Company, their close associates, and shareholders holding more than 5% of the shares of the Company had any interest in the top five suppliers or the top five customers of the Company. There were no suppliers, customers, employees or others on which the Company's success depends.

13 BANK LOANS AND OTHER BORROWINGS

Details of bank loans and other borrowings of the Company as of 31 December 2024 are set out in Note 30 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

14 FIXED ASSETS

During the reporting period, changes to the fixed assets of the Company are set out in Note 17 to the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

15 RESERVES

During the reporting period, the changes to the reserves of the Company are set out in the consolidated statement of changes in shareholders' equity in the financial statements prepared in accordance with IFRS Accounting Standards in this annual report.

16 DONATIONS

During the reporting period, the amount of charity donations made by the Company amounted to approximately RMB293 million.

17 PRE-EMPTIVE RIGHTS

Pursuant to the Articles of Association and the laws of the PRC, the shareholders of Sinopec Corp. are not entitled to any pre-emptive rights. Therefore, the existing shareholders cannot request Sinopec Corp. to issue shares to them on a preferential basis in proportion to their shareholdings.

18 REPURCHASE, SALES AND REDEMPTION OF SHARES**(1) Progress in the share repurchase**

On 30 May 2023 and 28 June 2024, the annual general meetings and shareholders class meetings of Sinopec Corp. considered and approved the Resolution to Grant to the Board a Mandate to Buy Back Domestic Shares and/or Overseas-listed Foreign Shares of Sinopec Corp., authorizing the Board (or the director authorised by the Board) to repurchase A shares or H shares not exceeding 10% of the issued number of A shares or H shares of Sinopec Corp. in issue.

The Board considered and approved the Plan on Repurchasing the Company's Shares by Centralized Bidding Transactions. For details, please refer to the announcements published by Sinopec Corp. on the website of the SSE on 28 August 2023 and 26 August 2024, respectively.

During the reporting period, Sinopec Corp. has repurchased 130,146,195 A shares, accounting for 0.11% of the total issued shares of Sinopec Corp. on 31 December 2024, the highest and lowest repurchase prices were RMB6.43 and RMB6.16 per share respectively, and the total amount paid was RMB816,001,427.20 (exclusive of transaction fees). For details, please refer to the Announcement on the Results of the Implementation of Share Repurchase published by Sinopec Corp. on the website of the SSE on 23 November 2024. The Company completed A shares repurchase on 22 November 2024, and finished the cancellation of all repurchased A shares on 27 November 2024. For details, please refer to the announcements published by Sinopec Corp. on the website of the SSE on 23 November 2024 and 27 November 2024, respectively.

During the reporting period, Sinopec Corp. has repurchased 328,126,000 H Shares, accounting for approximately 0.27% of the total issued shares of Sinopec Corp. on 31 December 2024, and the total amount paid was HK\$1,436,267,366.40 (exclusive of transaction fees), among which 39,866,000 H shares were repurchased in March 2024, and were cancelled on 2 July 2024. For details, please refer to the announcement published by Sinopec Corp. on the website of the Hong Kong Stock Exchange on 2 July 2024. 288,260,000 H shares were repurchased from September to December 2024, among which 288,122,000 H shares were cancelled on 30 December 2024. For details, please refer to the announcement published by Sinopec Corp. on the website of the Hong Kong Stock Exchange on 30 December 2024.

A Share Repurchase

Month	Repurchase Amount	Price per share		Total Amount (RMB)
		Highest (RMB/share)	Lowest (RMB/share)	
9	7,490,800	6.40	6.17	47,315,369.00
10	30,309,200	6.33	6.16	188,823,082.00
11	92,346,195	6.43	6.18	579,862,976.20

H Share Repurchase

Month	Repurchase Amount	Price per share		Total Amount (HK\$)
		Highest (HK\$/share)	Lowest (HK\$/share)	
3	39,866,000	4.48	4.36	176,703,167.40
9	111,192,000	4.89	4.31	506,261,070.60
10	15,370,000	4.41	4.34	67,233,397.00
11	125,756,000	4.47	4.09	532,312,348.00
12	35,942,000	4.50	4.13	153,757,383.40

(2) Progress in the share repurchase of subsidiaries

During the reporting period, Sinopec Shanghai Petrochemical Company Limited, as a subsidiary of the Sinopec Corp. repurchased its H shares. For details, please refer to the 2024 annual report published by Sinopec Shanghai Petrochemical Company Limited on the website of the SSE on 20 March 2025, and annual results announcement for the year 2024 on the website of the Hong Kong Stock Exchange on 19 March 2025.

Save as disclosed above, during the reporting period, neither Sinopec Corp. nor any of its subsidiaries repurchased, sold or redeemed any listed shares of Sinopec Corp. or its subsidiaries.

Directors) of Sinopec Corp. in the Sinopec Group during the reporting period, please refer to the Chapter "Corporate Governance, Environment and Social Responsibilities" in this annual report.

19 DIRECTORS' INTERESTS IN COMPETING BUSINESS

As at the end of the reporting period, the Company has resolved its competition with Sinopec Group in the chemical business. For details for the positions held by the Directors (excluding Independent Non-executive

20 DIRECTORS' INTERESTS IN CONTRACTS

No Director had a material interest, either directly or indirectly, in any contract of significance to the business of the Company to which Sinopec Corp. or any of its holding companies, subsidiaries or fellow subsidiaries was a party during the reporting period.

21 MANAGEMENT CONTRACTS

No contracts concerning management or administration of the whole or any substantial part of the business of the Company were entered into or existed during the reporting period.

22 PERMITTED INDEMNITY PROVISIONS

During the reporting period, Sinopec Corp. has purchased liability insurance for all Directors to minimise their risks arising from the performance of their duties. The permitted indemnity provisions are stipulated in such Directors' liability insurance in respect of the liabilities and costs associated with the potential legal proceedings that may be brought against such Directors.

23 EQUITY-LINKED AGREEMENTS

As of 31 December 2024, the Company has not entered into any equity-linked agreement.

24 OIL & GAS RESERVE APPRAISAL PRINCIPLES

The Company managed the estimation of crude oil and natural gas reserves through a two-tier management system. The RMC, at the headquarter level oversees the overall reserves estimation process including organisation, coordination, monitoring and major decision-making, and reviews the reserves estimation results of the Company. Each of our oilfield branches has a reserves management committee that manages and coordinates the reserves estimation, organises the estimation process and reviews the reserve estimation report at the branch level, being responsible to the RMC of the Company.

The RMC consists of the senior management of the Company, related departments of headquarter, senior management of Sinopec International Petroleum Exploration and Production Corporation and Production Research Institute of Sinopec. Mr. Niu Shuanwen, Senior Vice President of Sinopec Corp., is the Chairman of RMC. A majority of our RMC members hold master's or Ph.D. degrees, and have an average of more than 20 years of technical experience in relevant professional fields, such as geology, engineering and economics.

The reserves estimation of the Company was conducted in reference to the rules of the U.S. Securities and Exchange Commission, and are guided by procedural manuals and technical guidance formulated by ourselves. A number of working divisions at the production bureau level, including the exploration, development and financial divisions, are responsible for initial collection and compilation of information about reserves. Experts from exploration, development and economic divisions prepare the initial report on the reserves estimate which is then reviewed by the reserves management committee at the subsidiary level to ensure the qualitative and quantitative compliance with technical guidance as well as its accuracy and reasonableness. Professional supporting agency for reserves estimation of the Company has reviewed the estimates rules and parameter selection of our oilfield branches, and the final results have been approved by the RMC. The reserves estimation process is further facilitated by a specialised reserves database, which is improved and updated periodically.

25 CORE COMPETITIVENESS ANALYSIS

The Company is a large-scale integrated energy and petrochemical company with upstream, mid-stream and downstream operations, and has overall strong strength of scale. The Company is the largest supplier of refined oil and chemical products, and a major oil and gas producer in China. The Company is the world's largest refining company and second-largest chemical company, and ranks second globally in terms of the number of gas stations.

The integrated business structure of the Company carries strong advantages in synergy among its various business segments, contributing to the Company by tapping onto potentials in attaining an efficient and comprehensive utilisation of its resources, and endows the Company with relatively strong capabilities in risk resistance and sustaining profitability.

The Company enjoys a favourable positioning with its operations located close to the consumer markets. The steady growth in the Chinese economy is helpful to the

development of both refined oil business and chemical business of the Company; through continuously promoting specialized marketing, the Company's capability in international operations and market expansion has been further enhanced.

The Company owns a team of professionals with expertise in the production of oil and gas, operation of refineries and chemical plants, as well as marketing activities. The Company applies outstanding fine management measures with its remarkable capabilities in management of operations and enjoys an operational cost advantage in its downstream businesses.

The Company has formulated a well-established technology system and mechanism, and owns competent teams specialised in R&D covering a wide range of subjects. The Company establishes technological systems for exploration and development of oil and gas, refining, petrochemicals and utility. With its overall technologies reaching state of the art level in the global arena, and certain technologies taking the lead globally, the Company enjoys a strong technical strength.

The Company always attaches great importance to the fulfilment of corporate social responsibilities and carries out the green and clean development strategy to pursue a sustainable development. Moreover, the Company enjoys an outstanding "Sinopec" brand name, plays an important role in the national economy and is a renowned and reputable company in China.

The Company formulated a strategy for future green transition and development, accelerating the development of new energy with hydrogen energy as emphasis and high-end chemical materials, and focusing on building a globally leading clean energy and chemical company.

26 RISK FACTORS

In the course of its production and operations, Sinopec Corp. will actively take various measures to circumvent operational risks. However, in practice, it may not be possible to prevent the occurrence of all risks and uncertainties described below.

Risks with regard to the variations from macroeconomic situation: The business results of the Company are closely related to macroeconomic situation. The global economy experienced insufficient driving force and more uncertainty. The development of economy is increasingly constrained by climate change and environmental issues. The Company's business could also be adversely affected by other factors such as the impact on export due to carbon tariffs and trade protectionism from certain countries, and impact on the return of the investment of upstream projects and refining and storage projects which results from the uncertainty of geopolitics, international crude oil price and etc.

Risks with regard to the cyclical effects from the industry: The majority of the Company's operating income comes from the sales of refined oil products and petroleum and petrochemical products, and part of those businesses and their related products are cyclic and are sensitive to macro-economy, cyclic changes of regional and global economy, industry policies, the changes of the production capacity and output, demand of consumers, prices and supply of the raw materials, as well as prices and supply of the alternative products etc. Although the Company is an integrated company with upstream, midstream and downstream operations, it can only counteract the adverse influences of industry cycle to a certain extent.

Risks from the macro policies and government regulation: Although the Chinese government is gradually liberalizing the market entry regulations on petroleum and petrochemicals sector, the petroleum and petrochemical industries in China are still subject to entry regulations to a certain degree, which include: issuing exploration and mining permits in relation to crude oil and natural gas, issuing licenses in relation to exploration and development of crude oil and natural gas, issuing business licenses for trading crude oil and refined oil, issuing business licenses for trading hazardous chemicals, setting caps for retail prices of gasoline, diesel and other refined oil products, the imposition of the special oil income levy; the formulation of refined oil

import and export quotas and procedures, the formulation of safety, environmental protection and quality standards and the formulation of energy conservation policies, restrictions on high energy consumption and high pollution projects, etc. In addition, the changes which have occurred or might occur in macro and industry policies such as further opening up of crude oil import licenses and the right of tenure and the tightening control of export quota of refined oil; deepening the reform and improvement in pricing mechanism of natural gas, accelerating the exploration of upstream and downstream price linkage mechanisms, cost supervision of gas pipeline and equal access to third party and accelerating the establishment of a uniform gas energy metering and pricing system; the accelerating substitution of new energy, the excess of refined oil products resources, and the increasingly intense market competition; reform in resource tax and environmental tax; and the introduction of measures for energy conservation and carbon reduction in key areas to improve energy efficiency; and the transforming policy from "double control" of energy consumption to "double control" of carbon emissions and intensity, etc. Such factors might further impact the industry development and market environment, as well as the operations and profitability of the Company.

Risks with regard to the changes from environmental legislation requirements: The Company's production activities generate waste water, gases, solids and noise. The Company has built up the corresponding pollution prevention and risk control facilities to prevent and reduce the pollution. However, the relevant government authorities may issue and implement much stricter environmental protection laws and regulations, adopt much stricter environment protection standards. Under such situations, the Company may increase expenses in relation to the environment protection accordingly.

Risks from the uncertainties of obtaining additional oil and gas resources: The future sustainable development of the Company is dependent on our abilities in continuously discovering or acquiring additional oil and

natural gas resources to a certain extent. To obtain oil and natural gas resources, the Company faces some inherent risks associated with exploration and development and/or with acquisition activities of oil and gas resources, and the Company has to invest a large amount of money with no guarantee of certainty. If the Company fails to increase the reserves of crude oil and natural gas through further exploration, development and acquisition, the oil and natural gas reserves and production of the Company may decline over time which may adversely affect the Company's financial situation and operation performance.

Risks with regard to the external purchase of crude oil: A significant amount of crude oil as needed by the Company is satisfied through external purchases. In recent years, especially influenced by mismatch between supply and demand of crude oil, volatile geopolitics, slow global economic recovery and other factors, the prices of crude oil fluctuate sharply. Additionally, the supply of crude oil may even be interrupted due to some extreme major incidents in certain regions. Although the Company has taken flexible countermeasures, it may not fully avoid risks associated with any significant fluctuation of international crude oil prices and sudden disruption of supply of crude oil from certain regions.

Risks with regard to the operation and natural disasters: The petroleum and petrochemical industry is exposed to the high risks of inflammation, explosion, toxicity, harm and environmental pollution and is vulnerable to natural disasters such as extended weather. Such emergencies may cause impacts to the society, financial losses to the Company and grievous injuries to people. The Company has always been laying great emphasis on the safety production, and has implemented a strict HSE management system as an effort to avoid such risks as far as possible. Meanwhile, the main assets and inventories of the Company as well as the possibility of damage to a third party have been insured. However, such measures may not shield the Company from financial losses or adverse impact resulting from such emergencies.

Investment risks: Petroleum and chemical sector is a capital-intensive industry. Although the Company has adopted a prudent investment strategy, executed the investment management rules and negative investment lists effectively, conducted rigorous feasibility study and risk evaluation on each investment project, and organized special verifications in raw material market, technical scheme, profitability, safety and environmental protection, legal compliance, etc. on major structural adjustment and layout projects to ensure making decision rigorously and scientifically, certain investment risks will still exist due to major changes in factors such as market environment, industrial policies, prices of commodities, and construction period during the implementation of the projects.

Risks with regard to overseas business development and management: The Company engages in oil and gas exploration, refining and chemical, warehouse logistics and international trading businesses in some regions and countries overseas. The Company's overseas businesses and assets are subject to the jurisdiction of the host country's laws and regulations. In light of the complicated factors such as changes in international geopolitics, uncertainty of economic recovery, imbalance of global and regional economy, competitiveness of industry and trade structure, exclusiveness of regional trading blocs, polarization of benefits distribution in trade, and politicisation of economic and trade issues, and political society, economic finance, macro market, business environment, legal

compliance, HSE and other risks in the country where overseas business and assets are located, including sanctions, barriers to entry, instability in the financial and taxation policies, contract defaults, tax dispute, the Company's risks with regard to overseas business development and management could be increased.

Currency risks: At present, China implements an administered floating exchange rate regime based on market supply and demand which is regulated with reference to a basket of currencies in terms of the exchange rate of Renminbi. As the Company purchases a significant portion of crude oil in foreign currency which is based on US dollar-denominated prices, the realized price of crude oil is based on international crude oil price. Despite the fact that the price of the domestic refined oil products will change as the exchange rate of the Renminbi changes according to the pricing mechanism for the domestic refined oil products, and the price of other domestic petrochemical products will also be influenced by the price of the imported products, which to a large extent, smooths the impact of the Renminbi exchange rate on the processing and sales of the Company's crude oil refined products., the fluctuation of the Renminbi exchange rate will still have an effect on the income of the upstream sector.

Cyber-security risks: The Company has a well-established network safety system. The Company establishes an emergency response mechanism in relation to network security operation and information system,

builds an information platform of network security risk management and control, operated by professional network security team, and devotes significant resources to protecting the digital infrastructure and data of the Company against cyber-attacks. However, continuous attention should be paid to the coverage and efficiency of these protection measures. If our systems against cyber-security risk are proved to be insufficient or ineffective, the Company could be adversely affected by, among other things, disruptions to our business operations, and loss of key information, thus causing harm to our personnel, property, environment and reputation. As cyber-security attacks continue to evolve, the Company may be required to expend additional resources to enhance our protective measures against cyber-security breaches, in particular increase investment in new solutions and technologies such as data security solution, business security solution, artificial intelligence, cloud computing, and Internet of Things devices to improve the cyber-security protection level.

By Order of the Board
Ma Yongsheng
Chairman

Beijing, China, 21 March 2025

Dear Shareholders:

In 2024, the Supervisory Committee and each supervisor of Sinopec Corp. diligently performed their supervision responsibilities, actively participated in the supervision process of decision making, carefully reviewed and effectively supervised the major decisions of the Company, and endeavored to safeguard the interests of shareholders and the Company in accordance with the PRC Company Law and the Articles of Association of Sinopec Corp.

During the reporting period, the Supervisory Committee held five (5) meetings in total, mainly reviewed and approved the proposals in relation to the Company's annual report, financial statements, sustainability report, internal control assessment report and working report of the Supervisory Committee etc., and elected the Chairman of the ninth session of the Supervisory Committee. Details are as below:

On 22 March 2024, the 12th meeting of the eighth session of the Supervisory Committee was held, and the proposals in relation to the Financial Statements of Sinopec Corp. for 2023, Annual Report of Sinopec Corp. for 2023, Sustainability Report of Sinopec Corp. for 2023, Internal Control Assessment Report of Sinopec Corp. for 2023, Work Report of the Supervisory Committee of Sinopec Corp. for 2023, Work Report of the eighth session of Supervisory Committee of Sinopec Corp., and Work Plan of the Supervisory Committee of Sinopec Corp. for 2024 were reviewed and approved at the meeting.

On 28 April 2024, the 13th meeting of the eighth session of the Supervisory Committee was held, and the proposal in relation to the First Quarterly Report of Sinopec Corp. for the three months ended 31 March 2024 and Proposal on Replacing Pre-invested Self-raised Funds with Proceeds were reviewed and approved at the meeting.

On 28 June 2024, the 1st meeting of the ninth session of the Supervisory Committee was held, the proposal in relation to the Election of the Chairman of the Ninth Session of the Supervisory Committee of Sinopec Corp. was reviewed and approved, and Mr. Zhang Shaofeng was elected as the Chairman of the ninth session of the Supervisory Committee. (Due to change of working arrangement, Mr. Zhang Shaofeng resigned as Chairman of the Supervisory Committee of Sinopec Corp. on 15 January 2025)

On 23 August 2024, the 2nd meeting of the ninth session of Supervisory Committee was held, the Interim Financial Statements of Sinopec Corp. for 2024, the Interim Report of Sinopec Corp. for 2024, the Continuing Connected Transactions for the year 2025 to 2027, the Financial Business for the year 2025 to 2027 among Sinopec Corp., Sinopec Finance Co., Ltd. and Sinopec Century Bright Capital Investment Limited, the Dividend Distribution and Return Plan for the Next Three Years (2024-2026), and Special Report on the Deposit and Utilization of Raised Funds for the First Half of 2024 were reviewed and approved at the meeting.

On 28 October 2024, the 3rd meeting of the ninth session of the Supervisory Committee was held, and the Third Quarterly Report of Sinopec Corp. for the three months ended 30 September 2024 was reviewed and approved at the meeting.

In addition, the Company organised supervisors to attend the general meetings of shareholder and meetings of the Board. The company arranged all supervisors to participate in the training courses for directors and supervisors organized by the Beijing Listed Companies Association and the SSE in July and November 2024, further enhanced the ability and proficiency of supervisors in performing their responsibilities and duties.

In 2024, the recovery of global economy faced pressure, geopolitical risks rose, international crude oil prices fluctuated within a wide range, and the Company's production and operation encountered challenges. Through supervising Sinopec Corp.'s production and operation as well as financial management, the Supervisory Committee and all supervisors believed that Sinopec Corp. resolutely implemented the resolutions approved by the Board, vigorously implemented high-quality development actions, actively cultivated new quality productivity, and made every effort to expand markets, optimize operation, adjust structures, reduce costs, promote reforms, prevent risks, and accelerate the construction of world-class enterprise. New progress and achievements were made in all aspects of work. The Supervisory Committee had no objection to the supervised issues during the reporting period.

Firstly, the Board and the senior management of Sinopec Corp. performed their responsibilities and duties pursuant to relevant laws and regulations under the PRC Company Law and the Articles of Association, and made informed decisions on major issues. The senior management diligently executed the resolutions approved by the Board, strived to optimize the production and operation organization, coordinated the profitable operation of each segment, promoted regional collaboration, resulting in giving full play to achieve the annual target of business operations set by the Board. During the reporting period, the Supervisory Committee did not discover any behavior of any director or senior management which violated laws, regulations, the Articles of Association, or was detrimental to the interests of Sinopec Corp. or its shareholders.

Secondly, the annual reports and financial statements prepared by Sinopec Corp. for 2024 complied with the relevant regulation of domestic and overseas securities regulators, the disclosed information truly, accurately, completely and fairly reflected Sinopec Corp.'s financial results and operation performance. The dividend distribution plan was made after comprehensive consideration of the long-term interests of Sinopec Corp. and the interests of the shareholders. No violation of confidential provisions by persons who prepared and reviewed the financial report was found.

Thirdly, Sinopec Corp. further improved its internal management systems and internal control mechanisms, and the internal control system was effective. No material defect of internal control system of the Company was found.

Fourthly, the consideration for assets transactions made by Sinopec Corp. was fair and reasonable. Neither inside trading, damage to shareholders' interest nor losses of corporate assets were discovered.

Fifthly, all connected transactions of the Company were in compliance with the relevant rules and regulations of domestic and overseas listing exchanges. The pricing of all the connected transactions was fair and reasonable. No behavior detrimental to the interests of Sinopec Corp. or its shareholders was discovered.

In 2025, the Supervisory Committee and each supervisor will continue to follow the principle of due diligence and integrity, earnestly perform the duties of supervision as delegated by the shareholders, strictly review the significant decisions, strengthen the process control and supervision, increase the strength of inspection and supervision on branches and subsidiaries, protect Sinopec Corp.'s benefit and its shareholders' interests, and promote the high-quality development of Sinopec Corp. with high-quality supervision.

The Supervisory Committee of Sinopec Corp.

21 March 2025

CHANGES IN SHARE CAPITAL AND SHAREHOLDINGS OF PRINCIPAL SHAREHOLDERS

1 CHANGES IN THE SHARE CAPITAL

Unit: share

	Before change		Change (+, -)		After change	
	Amount	Percentage (%)	Amount ¹	Subtotal	Amount	Percentage (%)
I. Shares subject to lock-up restriction	–	–	2,390,438,247	2,390,438,247	2,390,438,247	1.97
1. State-owned shares	–	–	–	–	–	–
2. Shares held by state-owned legal persons	–	–	2,390,438,247	2,390,438,247	2,390,438,247	1.97
3. Shares held by other domestic investors	–	–	–	–	–	–
Among which:	–	–	–	–	–	–
domestic non-state-owned legal persons	–	–	–	–	–	–
domestic natural persons	–	–	–	–	–	–
4. Shares held by foreign investors	–	–	–	–	–	–
Among which:	–	–	–	–	–	–
foreign legal persons	–	–	–	–	–	–
foreign natural persons	–	–	–	–	–	–
II. Shares not subject to lock-up restriction	119,349,251,646	100	(458,134,195)	(458,134,195)	118,891,117,451	98.03
1. RMB-denominated ordinary shares	94,971,971,046	79.57	(130,146,195)	(130,146,195)	94,841,824,851	78.20
2. Domestically listed foreign shares	–	–	–	–	–	–
3. Overseas listed foreign shares	24,377,280,600	20.43	(327,988,000)	(327,988,000)	24,049,292,600	19.83
4. Others	–	–	–	–	–	–
III. Total	119,349,251,646	100	1,932,304,052	1,932,304,052	121,281,555,698	100

Note 1: During the reporting period, Sinopec Corp. repurchased and cancelled 130,146,195 A shares and 327,988,000 H shares and 2,390,438,247 A shares with lock-up restriction were issued by Sinopec Corp. to the controlling shareholder, China Petrochemical Corporation. Share repurchases increase basic earnings per share and net assets per share attributable to ordinary shareholders of the Company in the most recent year, while share issuance decreases them. During the reporting period, there was no stock dividends or conversion of capital reserve into shares.

2 NUMBER OF SHAREHOLDERS AND THEIR SHAREHOLDINGS

As of 31 December 2024, the total number of shareholders of Sinopec Corp. was 384,938 including 379,663 holders of A shares and 5,275 holders of H shares. As of 28 February 2025, the total number of shareholders of Sinopec Corp. was 452,822. Sinopec Corp. has complied with requirement for public float under the Hong Kong Listing Rules.

(1) The shareholdings of top ten shareholders, top ten shareholders with tradable shares (or shareholders with non-restricted shares) and shareholders with restricted shares as of 31 December 2024:

Unit: share

Name of shareholder	The shareholdings of top ten shareholders (excluding shares lent through refinancing) ²							Nature of Shareholders
	Change of shareholding ¹	Total number of shares held at the end of reporting period	Percentage (%)	Number of restricted shares held ³	Shares subject to pledges, marked or freezing Status	Amount		
China Petrochemical Corporation ⁴	2,428,230,807	83,062,059,096	68.49	2,390,438,247	None	–		State-owned share
HKSCC Nominees Limited ⁵	(315,010,115)	23,911,589,584	19.72	–	Unknown	Unknown		H share
中國證券金融股份有限公司	–	2,325,374,407	1.92	–	None	–		A share
中國石油天然氣集團有限公司	–	2,165,749,530	1.79	–	None	–		A share
香港中央結算有限公司	(133,036,440)	1,095,838,528	0.90	–	None	–		A share
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001滙	(48,576,643)	555,368,449	0.46	–	None	–		A share
國新投資有限公司	148,811,355	392,125,944	0.32	–	None	–		A share
中央匯金資產管理有限責任公司	–	315,223,600	0.26	–	None	–		A share
中國工商銀行－上證 50 交易型開放式指數證券投資基金	40,508,641	274,012,855	0.23	–	None	–		A share
中國工商銀行股份有限公司－華泰柏瑞滬深 300 交易型開放式指數證券投資基金	110,075,677	251,716,707	0.21	–	None	–		A share
Description of the special repurchase account among the top ten shareholders	None							
Description of the voting rights entrusted by or to, or waived by the above-mentioned shareholders	None							
Statement on related parties or parties acting in concert among the above-mentioned shareholders	Sinopec Corp. is not aware of any connected relationship or acting in concert among or between the above-mentioned top ten shareholders.							
Description of the shareholders holding preference shares with restored voting rights and their shareholding	None							

Note 1: As compared with the number of shares as of 31 December 2023.

Note 2: Compared to shareholders' holdings at the end of 2023, 中國工商銀行股份有限公司－華泰柏瑞滬深 300 交易型開放式指數證券投資基金 became one of top ten shareholders, while 國信證券股份有限公司 withdrew from top ten shareholders.

Note 3: In the reporting period, Sinopec Corp. completed the issuance of 2,390,438,247 A shares to China Petrochemical Corporation. For details, please refer to item "The Issuance of A Shares by Sinopec Corp. to the Target Subscriber" in the Chapter "Significant Events".

Note 4: Due to confidence in Sinopec Corp.'s development prospects, the controlling shareholder China Petrochemical Corporation increased its shareholdings of A shares and H shares of Sinopec Corp. by itself and its wholly-owned subsidiary, by an amount of not less than RMB1.0 billion (inclusive) and not more than RMB2.0 billion (inclusive) within 12 months since 11 November 2023 (the "Shareholding Increase Plan"). As of 10 November 2024, the Shareholding Increase Plan was completed and China Petrochemical Corporation and its wholly-owned subsidiary increased their shareholdings by 374,201,456 shares of Sinopec Corp. during the implementation period of the Shareholding Increase Plan. For details, please refer to the announcements published by Sinopec Corp. on China Securities Journal, Shanghai Securities News, Securities Times, the website of SSE on 11 November 2023, 6 December 2023, 20 January 2024, 12 September 2024, 21 October 2024, and 12 November 2024, and on the website of Hong Kong Stock Exchange on 10 November 2023, 18 December 2023, 19 January 2024, 11 September 2024 and 11 November 2024.

Note 5: Century Bright, an overseas wholly-owned subsidiary of China Petrochemical Corporation, held 1,042,664,000 H shares, accounting for 0.86% of the total issued share capital of Sinopec Corp. Those shareholdings were included in the total number of the shares held by HKSCC Nominees Limited.

Unit: share

The shareholdings of top ten shareholders with non-restricted shares ¹			
Name of shareholder	Number of non-restricted shares held	Class and number of shares	
		Class	Amount
China Petrochemical Corporation	80,671,620,849	RMB ordinary share	80,671,620,849
HKSCC Nominees Limited	23,911,589,584	Overseas listed foreign share	23,911,589,584
中國證券金融股份有限公司	2,325,374,407	RMB ordinary share	2,325,374,407
中國石油天然氣集團有限公司	2,165,749,530	RMB ordinary share	2,165,749,530
香港中央結算有限公司	1,095,838,528	RMB ordinary share	1,095,838,528
中國人壽保險股份有限公司－傳統－普通保險產品－005L－CT001滬	555,368,449	RMB ordinary share	555,368,449
國新投資有限公司	392,125,944	RMB ordinary share	392,125,944
中央匯金資產管理有限責任公司	315,223,600	RMB ordinary share	315,223,600
中國工商銀行－上證 50 交易型開放式指數證券投資基金	274,012,855	RMB ordinary share	274,012,855
中國工商銀行股份有限公司－華泰柏瑞滬深 300 交易型開放式指數證券投資基金	251,716,707	RMB ordinary share	251,716,707

Note 1: Compared to shareholders' holdings at the end of 2023, 中國工商銀行股份有限公司－華泰柏瑞滬深 300 交易型開放式指數證券投資基金 became one of top ten shareholders, while 國信證券股份有限公司 withdrew from top ten shareholders.

Shareholders holding more than 5% of the shares, top ten shareholders and top ten non-restricted shareholders have not participated in lending of shares through refinancing.

Unit: share

The shareholdings of shareholders with restricted shares					
No.	Name of shareholders with restricted shares	Number of restricted shares held	Trading of restricted shares		Undertakings
			Trading day	Amount	
1	China Petrochemical Corporation	2,390,438,247	18 March 2027	2,390,438,247	Not to transfer within 36 months from the completion of the issuance
Statement on related parties or parties acting in concert among the above-mentioned shareholders		None			

(2) Information disclosed by the shareholders of H shares in accordance with the SFO as of 31 December 2024

Name of shareholder	Status of shareholder	Number of shares interested	% of Sinopec Corp.'s issued voting shares (H Share)
BlackRock, Inc.	Interest of corporation controlled by the substantial shareholder	1,497,123,814(L)	6.23(L)
		3,392,000(S)	0.01(S)

(L): Long position, (S): Short position

3 ISSUANCE AND LISTING OF SECURITIES

(1) Issuance of securities during the reporting period

In the reporting period, Sinopec Corp. completed the issuance of 2,390,438,247 A shares to China Petrochemical Corporation. For details, please refer to item "The Issuance of A Shares by Sinopec Corp. to the Target Subscriber" in the Chapter "Significant Events" and "The shareholdings of shareholders with restricted shares" in the Chapter "Changes in Share Capital and Shareholdings of Principal Shareholders".

(2) Existing employee shares

There were no existing employee shares of Sinopec Corp. during the reporting period.

4 CHANGES IN THE CONTROLLING SHAREHOLDERS AND THE DE FACTO CONTROLLER

There was no change in the controlling shareholder or the de facto controller of Sinopec Corp. during the reporting period.

(1) Controlling shareholder

The controlling shareholder of Sinopec Corp. is China Petrochemical Corporation. Established in July 1998, China Petrochemical Corporation is a state-authorized investment organisation and a state-owned enterprise. The legal representative is Mr. Ma Yongsheng. Through re-organization in 2000, China Petrochemical Corporation injected its principal petroleum and petrochemical businesses into Sinopec Corp. and retained certain petrochemical facilities.

It provides well-drilling services, well-logging services, downhole operation services, services in connection with manufacturing and maintenance of production equipment, engineering construction service, and utility services including water and power and social services.

Shares of other listed companies directly held by China Petrochemical Corporation as of the end of the reporting period

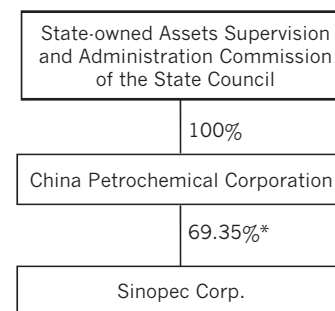
Name of Company	Number of Shares Held	Shareholding Percentage
SINOPEC Engineering (Group) Co., Ltd.	2,687,876,000	61.12%
Sinopec Oilfield Service Corporation	9,968,726,364	52.52%
Sinopec Oilfield Equipment Corporation	456,756,300	47.77%
China Merchants Energy Shipping Co., Ltd.	1,095,463,711	13.45%
PetroChina Company Limited	1,830,210,000	1.00%

(2) Other than HKSCC Nominees Limited, there was no other legal person shareholder holding 10% or more of the total issued share capital of Sinopec Corp.

(3) Basic information of the de facto controller

China Petrochemical Corporation is the de facto controller of Sinopec Corp.

(4) Diagram of the equity and controlling relationship between Sinopec Corp. and its de facto controller



* : Inclusive of 1,042,664,000 H shares held by Century Bright (overseas wholly-owned subsidiary of China Petrochemical Corporation) through HKSCC Nominees Limited.

1. INTERBANK BOND MARKET DEBT FINANCING INSTRUMENT OF NON-FINANCIAL ENTERPRISES

Bond name	The first medium-term notes in 2021	The first medium-term notes in 2024	The second medium-term notes in 2024	The third medium-term notes in 2024	The fourth medium-term notes in 2024	The first medium-term notes in 2025	The second medium-term notes in 2025	The third medium-term notes in 2025
Abbreviation	21中石化 MTN001	24中石化 MTN001	24中石化 MTN002	24中石化 MTN003	24中石化 MTN004	25中石化 MTN001	25中石化 MTN002	25中石化 MTN003
Code	102101386	102483276	102483277	102485444	102485443	102580205	102580206	102580639
Issuance date	2021/7/23	2024/7/30	2024/7/30	2024/12/16	2024/12/16	2025/1/13	2025/1/13	2025/2/18
Interest commencement date	2021/7/27	2024/7/31	2024/7/31	2024/12/17	2024/12/17	2025/1/14	2025/1/14	2025/2/19
Maturity date	2026/7/27	2034/7/31	2034/7/31	2026/12/17	2027/12/17	2030/1/14	2035/1/14	2045/2/19
Amount issued (RMB billion)	5	3.5	3.5	6	4	12	10	5
Outstanding balance (RMB billion)	5	3.5	3.5	6	4	12	10	5
Interest rate (%)	3.2	2.24	2.24	1.7	1.75	1.75	1.96	2
Principal and interest repayment	Interest is paid once a year. The principal will be paid at maturity with last instalment of interest.							
Investor Qualification Arrangement	Nationwide interbank bond market institutional investors							
Applicable trading mechanism	Circulated and transferred in nationwide interbank bond market							
Risk of suspension for listed trading (if any), and countermeasures	Not applicable							
Trading market	Nationwide interbank bond market							
Use of proceeds	Proceeds from the above-mentioned corporate bonds have been used for their designated purpose as disclosed in the corporate bond prospectus. All the proceeds have been completely used till now.							
Credit rating	Entity rating AAA, 20-year bond rating AAA							
Special terms for Issuer or investor option or investor protection, whether triggered or executed	Not applicable							
Guarantee, repayment scheme and other related events during the reporting period	No guarantee. No change on the repayment scheme							
Convening of corporate bond holders' meeting	During the reporting period, the bondholders' meeting was not convened							
Performance of corporate bonds trustee	Corporate bonds trustee has performed its duties in accordance with regulatory requirements							

Note: Please refer to offering circular published on the website of SSE (<http://www.sse.com.cn>), China Money Network (<http://www.chinamoney.com.cn>) and other websites for the name, office address, signing auditor, contact person and telephone number of the intermediary institutions providing services for the issuance and during the terms of the above-mentioned in interbank market debt financial instrument of non-financial enterprises and other disclosed information in the offering circular.

Principal accounting data and financial indicators for the two years ended 31 December 2024 (in accordance with CASs)

Principal data	31 December 2024	31 December 2023	Change	Reasons for change
Current ratio	0.78	0.83	(0.05)	Decrease in cash at bank and on hand, and decrease in accounts receivable
Quick ratio	0.40	0.44	(0.04)	Decrease in cash at bank and on hand, and decrease in accounts receivable
Liability-to-asset ratio	53.17%	52.70%	0.47 percentage points	The increase in total liabilities is greater than the increase in total assets
Loan repayment rate	100%	100%	–	
	2024	2023	Change	Reasons for change
Net profit attributable to equity shareholders of the Company excluding extraordinary gains and losses (RMB million)	48,057	60,692	(12,635)	The year-on-year decline in the profit due to the fluctuation with downward trends in crude oil prices, the acceleration of new energy substitution, and continuous release of new chemical production capacity
Net profit of the Company excluding extraordinary gains and losses (RMB million)	54,511	69,053	(14,542)	The year-on-year decline in the profit due to the fluctuation with downward trends in crude oil prices, the acceleration of new energy substitution, and continuous release of new chemical production capacity
EBITDA to total debt ratio	0.52	0.66	(0.14)	Decrease in profit before taxation and increase in total debt
EBITDA to interest coverage ratio	9.89	10.77	(0.88)	Decrease in profit before taxation and increase in interest expense
Interest coverage ratio	4.61	5.59	(0.98)	Decrease in profit before taxation and increase in interest expense
Cash interest coverage ratio	21.90	22.97	(1.07)	Decrease in cash flows from operating activities and increase in interest expense
Interest payment rate	100%	100%	–	

Note: Liability-to-asset ratio = total liabilities/total assets

During the reporting period, the Company paid in full and on time the interest accrued for the other bonds and debt financing instruments. As at 31 December 2024, the standby credit line provided by several domestic financial institutions to the Company was RMB722.3 billion in total, facilitating the Company to get such amount of unsecured loans. The Company has fulfilled all the relevant undertakings in the bond offering circular and had no significant matters which could influence the Company's operation and debt repayment ability.

On 18 April 2013, Sinopec Capital (2013) Limited, a wholly-owned overseas subsidiary of Sinopec Corp., issued senior notes guaranteed by the Company with four different maturities, 3 years, 5 years, 10 years and 30 years. The 3-year notes principal totalled USD0.75 billion, with an annual interest rate of 1.250% and had been repaid and delisted; the 5-year notes principal totalled USD1 billion, with an annual interest rate of 1.875% and had been repaid and delisted; the 10-year notes principal totalled USD1.25 billion, with an annual interest rate of 3.125% and had been repaid and delisted; and the 30-year notes principal totalled USD0.5 billion, with an annual interest rate of 4.250%. These notes were listed on the Hong Kong Stock Exchange on 25 April 2013, with interest payable semi-annually. The first payment of interest was made on 24 October 2013. During the reporting period, the Company has paid in full the current-period interests of notes with 30 years.

PRINCIPAL WHOLLY-OWNED AND CONTROLLED SUBSIDIARIES

On 31 December 2024, details of the principal wholly-owned and controlled subsidiaries of the Company were as follows:

Name of Company	Registered Capital RMB million	Percentage of Shares Held by Sinopec Corp. (%)	Total Assets RMB million	Net Assets RMB million	Net Profit/(Net Loss) RMB million	Principal Business
Sinopec International Petroleum Exploration and Production Limited	8,250	100	29,527	17,214	3,195	Investment in exploration, production and sale of petroleum and natural gas
Sinopec Great Wall Energy & Chemical Company Limited	22,761	100	48,712	21,267	(225)	Coal chemical industry investment management, production and sale of coal chemical products
Sinopec Yangzi Petrochemical Company Limited	15,651	100	28,451	11,664	(2,476)	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Yizheng Chemical Fibre Limited Liability Company	4,000	100	15,058	2,609	(1,183)	Production and sale of polyester chips and polyester fibres
Sinopec Lubricant Company Limited	3,374	100	9,381	5,619	290	Production and sale of refined petroleum products, lubricant base oil, and petrochemical materials
Sinopec Qingdao Petrochemical Company Limited	1,595	100	3,365	1,727	400	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Chemical Sales Company Limited	1,000	100	24,927	6,499	1,030	Marketing and distribution of petrochemical products
China International United Petroleum and Chemical Company Limited	5,000	100	198,427	68,990	8,855	Trading of crude oil and petrochemical products
Sinopec Overseas Investment Holding Limited	4,621 Million USD	100	34,895	26,177	957	Overseas investment and equity holding management
Sinopec Catalyst Company Limited	1,500	100	14,271	7,505	950	Production and sale of catalyst products
China Petrochemical International Company Limited	1,400	100	22,539	5,625	1,105	Trading of petrochemical products
Sinopec Beihai Refining and Chemical Limited Liability Company	5,294	98.98	17,461	13,586	840	Import and processing of crude oil, production, storage and sale of petroleum products and petrochemical products
Sinopec Qingdao Refining and Chemical Company Limited	5,153	85	20,854	14,501	1,466	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Hainan Refining and Chemical Company Limited	9,606	100	48,359	23,876	108	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Marketing Co., Limited	28,403	70.42	539,981	258,059	16,928	Marketing and distribution of refined petroleum products
Sinopec-SK (Wuhan) Petrochemical Company Limited	7,193	59	22,732	7,277	(2,333)	Production, sale, research and development of petroleum, petrochemical, ethylene and downstream by-products
Sinopec Kantons Holdings Limited	248 Million HKD	60.33	14,559	14,208	1,075	Oil jetty and nature gas pipeline
Sinopec Shanghai Gaoqiao Petroleum and Chemical Limited	10,000	55	31,375	21,706	(468)	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Shanghai Petrochemical Company Limited	10,799	51.14	41,769	25,144	323	Manufacturing of synthetic fibres, resin and plastics, intermediate petrochemical products and petroleum products
Fujian Petrochemical Company Limited	10,492	50	9,666	7,406	(2,634)	Manufacturing of plastics, intermediate petrochemical products and petroleum products
Sinopec Hunan Petrochemical Co., Ltd.	7,333	74.69	37,245	16,751	820	Crude oil processing and petroleum products manufacturing

Note 1: In 2024, all above subsidiaries are audited by KPMG Huazhen LLP or KPMG.

Note 2: The above total assets and net profit have been prepared in accordance with CASs. Except for Sinopec Kantons Holdings Limited and Sinopec Overseas Investment Holding Limited which are incorporated in Bermuda and Hong Kong SAR, respectively, all of the above wholly-owned and controlled subsidiaries are incorporated in the PRC. All of the above wholly-owned and controlling subsidiaries are limited liability companies except for Sinopec Shanghai Petrochemical Company Limited, Sinopec Marketing Co., Limited and Sinopec Kantons Holdings Limited. The Board of Directors considered that it would be redundant to disclose the particulars of all subsidiaries of Sinopec Corp. and, therefore, only those which have material impact on the results or assets of Sinopec Corp. are set out above.



KPMG Huazhen LLP
8th Floor, KPMG Tower
Oriental Plaza
1 East Chang An Avenue
Beijing 100738
China
Telephone +86 (10) 8508 5000
Fax +86 (10) 8518 5111
Internet kpmg.com/cn

畢馬威華振會計師事務所
(特殊普通合伙)
中國北京
東長安街1號
東方廣場畢馬威大樓8層
郵政編碼：100738
電話 +86 (10) 8508 5000
傳真 +86 (10) 8518 5111
網址 kpmg.com/cn

AUDITOR'S REPORT

畢馬威華振審字第2501667號

The Shareholders of China Petroleum & Chemical Corporation:

OPINION

We have audited the accompanying financial statements of China Petroleum & Chemical Corporation ("the Company"), which comprise the consolidated and company balance sheets as at 31 December 2024, the consolidated and company income statements, the consolidated and company cash flow statements, the consolidated and company statements of changes in shareholders' equity for the year then ended, and notes to the financial statements.

In our opinion, the accompanying financial statements present fairly, in all material respects, the consolidated and company financial position of the Company as at 31 December 2024, and the consolidated and company financial performance and cash flows of the Company for the year then ended in accordance with Accounting Standards for Business Enterprises issued by the Ministry of Finance of the People's Republic of China.

BASIS FOR OPINION

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Assessment of impairment of fixed assets relating to oil and gas producing activities

Refer to Note 3 (8) Oil and gas properties, (12) Impairment of other non-financial long-term assets, Note 13 Fixed assets, and Note 59 Principal accounting estimates and judgements to the financial statements

The Key Audit Matter

The Company reported fixed assets of Renminbi ("RMB") 717,105 million as at 31 December 2024, a portion of which related to oil and gas producing activities. The Company reported impairment losses of RMB211 million for the fixed assets relating to oil and gas producing activities for the year ended 31 December 2024.

The Company groups fixed assets relating to oil and gas producing activities into cash-generating units ("CGUs") for impairment assessment. The Company compares the carrying amount of individual CGU with its value in use, using a discounted cash flow forecast, which was prepared based on the future production profiles included in the oil and gas reserves reports, to determine the impairment loss to be recognised.

We identified assessment of impairment of fixed assets relating to oil and gas producing activities as a key audit matter. The value in use amounts of these CGUs are sensitive to the changes to future selling prices and production costs for crude oil and natural gas, future production profiles, and discount rates. Therefore a higher degree of subjective management judgment was required to evaluate the Company's impairment assessment of fixed assets relating to oil and gas producing activities.

How the matter was addressed in our audit

The following are the primary procedures we performed to address this key audit matter:

- we evaluated the design and tested the operating effectiveness of certain internal controls related to the process for impairment assessment of fixed assets relating to oil and gas producing activities;
- we assessed the competence, capabilities and objectivity of the Company's reserves specialists and evaluated the methodology adopted by them in estimating the oil and gas reserves against the recognised industry standards;
- we compared future selling prices for crude oil and natural gas used in the discounted cash flow forecasts with the Company's business plans and forecasts by external analysts;
- we compared future production costs and future production profiles used in the discounted cash flow forecasts with oil and gas reserves reports issued by the reserves specialists; and
- we involved valuation professionals with specialised skills and knowledge, who assisted in assessing the discount rates applied in the discounted cash flow forecasts against a discount rate range that was independently developed using publicly available market data for comparable companies in the same industry.



OTHER INFORMATION

The Company's management is responsible for the other information. The other information comprises all the information included in 2024 annual report of the Company, other than the financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

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

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

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

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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

As part of an audit in accordance with CSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



AUDITOR’S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS *(Continued)*

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Huazhen LLP
Beijing, China

Certified Public Accountants
Registered in the People’s
Republic of China

Yang Jie (Engagement Partner)

He Shu

21 March 2025

(A) FINANCIAL STATEMENTS PREPARED UNDER CHINA ACCOUNTING STANDARDS FOR BUSINESS ENTERPRISES

CONSOLIDATED BALANCE SHEET

As at 31 December 2024

	Notes	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Assets			
Current assets			
Cash at bank and on hand	5	146,799	164,960
Financial assets held for trading		4	3
Derivative financial assets	6	2,554	9,721
Accounts receivable	7	44,333	48,652
Receivables financing	8	2,613	2,221
Prepayments	9	6,429	5,067
Other receivables	10	32,123	26,089
Inventories	11	256,595	250,898
Other current assets		33,065	26,824
Total current assets		524,515	534,435
Non-current assets			
Long-term equity investments	12	246,819	234,608
Other equity instrument investments		416	450
Fixed assets	13	717,105	690,957
Construction in progress	14	208,747	180,250
Right-of-use assets	15	164,342	174,529
Intangible assets	16	137,983	138,181
Goodwill	17	6,493	6,472
Long-term deferred expenses	18	12,131	13,199
Deferred tax assets	19	18,777	20,110
Other non-current assets	20	47,443	33,483
Total non-current assets		1,560,256	1,492,239
Total assets		2,084,771	2,026,674
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans	22	48,231	59,815
Derivative financial liabilities	6	3,412	2,752
Bills payable	23	47,740	29,122
Accounts payable	24	208,857	229,878
Contract liabilities	25	127,697	127,239
Employee benefits payable	26	14,167	13,941
Taxes payable	27	38,497	40,008
Other payables	28	98,467	93,031
Non-current liabilities due within one year	29	64,602	30,457
Other current liabilities	30	21,567	20,833
Total current liabilities		673,237	647,076
Non-current liabilities			
Long-term loans	31	184,934	179,347
Debentures payable	32	25,562	8,513
Lease liabilities	33	154,904	163,864
Provisions	34	49,668	48,269
Deferred tax liabilities	19	7,324	7,817
Other non-current liabilities	35	12,849	13,133
Total non-current liabilities		435,241	420,943
Total liabilities		1,108,478	1,068,019
Shareholders' equity			
Share capital	36	121,282	119,349
Capital reserve	37	125,368	117,273
Less: treasury shares		1	-
Other comprehensive income	38	(987)	3,060
Specific reserve	39	2,549	2,597
Surplus reserves	40	227,663	223,134
Retained earnings		344,048	340,381
Total equity attributable to shareholders of the Company		819,922	805,794
Non-controlling interests		156,371	152,861
Total shareholders' equity		976,293	958,655
Total liabilities and shareholders' equity		2,084,771	2,026,674

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

BALANCE SHEET

As at 31 December 2024

	Notes	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Assets			
Current assets			
Cash at bank and on hand		30,024	65,753
Financial assets held for trading		4	3
Derivative financial assets		72	482
Accounts receivable	7	22,239	27,878
Receivables financing		1,074	367
Prepayments	9	2,423	1,760
Other receivables	10	49,654	50,940
Inventories		67,751	67,922
Other current assets		40,075	33,852
Total current assets		213,316	248,957
Non-current assets			
Long-term equity investments	12	440,565	413,572
Other equity instrument investments		15	14
Fixed assets	13	310,814	305,494
Construction in progress	14	85,166	70,306
Right-of-use assets	15	77,896	84,589
Intangible assets		8,265	8,312
Long-term deferred expenses		4,259	4,652
Deferred tax assets		5,601	6,567
Other non-current assets		54,867	47,004
Total non-current assets		987,448	940,510
Total assets		1,200,764	1,189,467
Liabilities and shareholders' equity			
Current liabilities			
Short-term loans		38,966	39,413
Derivative financial liabilities		148	251
Bills payable		5,081	5,014
Accounts payable		72,883	81,628
Contract liabilities		9,832	9,079
Employee benefits payable		8,152	8,366
Taxes payable		19,161	22,103
Other payables		236,548	250,472
Non-current liabilities due within one year		32,710	16,100
Other current liabilities		964	912
Total current liabilities		424,445	433,338
Non-current liabilities			
Long-term loans		104,050	108,427
Debentures payable		21,989	4,993
Lease liabilities		80,887	86,399
Provisions		41,102	40,077
Other non-current liabilities		1,660	1,684
Total non-current liabilities		249,688	241,580
Total liabilities		674,133	674,918
Shareholders' equity			
Share capital		121,282	119,349
Capital reserve		69,181	61,814
Less: treasury shares		1	–
Other comprehensive income		365	700
Specific reserve		1,624	1,673
Surplus reserves		227,663	223,134
Retained earnings		106,517	107,879
Total shareholders' equity		526,631	514,549
Total liabilities and shareholders' equity		1,200,764	1,189,467

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million
Operating income	41	3,074,562	3,212,215
Less: Operating costs	41	2,598,935	2,709,656
Taxes and surcharges	42	267,315	272,921
Selling and distribution expenses	45	61,422	61,164
General and administrative expenses	46	58,021	59,664
Research and development expenses	47	15,215	13,969
Financial expenses	43	11,174	9,922
Including: Interest expenses		18,601	18,069
Interest income		5,935	6,828
Exploration expenses, including dry holes	48	9,375	11,055
Add: Other income	49	12,253	10,905
Investment income	50	15,889	5,811
Including: Income from investment in associates and joint ventures		10,314	8,177
(Losses)/gains from changes in fair value	51	(4,147)	467
Credit impairment (losses)/reversals		(108)	243
Impairment losses	52	(6,702)	(8,772)
Asset disposal gains		1,967	4,226
Operating profit		72,257	86,744
Add: Non-operating income	53	2,226	1,970
Less: Non-operating expenses	54	3,970	2,598
Profit before taxation		70,513	86,116
Less: Income tax expense	55	12,966	16,070
Net profit		57,547	70,046
Classification by going concern:			
Net profit from continuing operations		57,547	70,046
Net profit from discontinued operations		–	–
Classification by ownership:			
Shareholders of the Company		50,313	60,463
Non-controlling interests		7,234	9,583
Basic earnings per share (RMB/share)	65	0.415	0.505
Diluted earnings per share (RMB/share)	65	0.415	0.505
Other comprehensive income	38		
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		(3,003)	2,501
Items that will not be reclassified to profit or loss			
Other comprehensive income not reclassifiable to profit or loss		(6)	(8)
Items that may be reclassified subsequently to profit or loss			
Other comprehensive income that can be reclassified to profit or loss under the equity method		(3,058)	(4,287)
Cash flow hedges		(1,374)	5,145
Foreign currency translation differences		1,435	1,651
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		17	(1,912)
Total other comprehensive income net of tax		(2,986)	589
Total comprehensive income		54,561	70,635
Attributable to:			
Shareholders of the Company		47,310	62,964
Non-controlling interests		7,251	7,671

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

INCOME STATEMENT

For the year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million
Operating income	41	1,061,965	1,206,728
Less: Operating costs	41	850,450	962,889
Taxes and surcharges		146,116	167,354
Selling and distribution expenses		1,718	1,934
General and administrative expenses		22,434	24,038
Research and development expenses		13,457	12,201
Financial expenses		12,531	11,319
Including: Interest expenses		20,545	19,187
Interest income		8,074	8,027
Exploration expenses, including dry holes		8,003	9,371
Add: Other income		6,542	7,839
Investment income	50	37,228	34,870
Including: Income from investment in associates and joint ventures		3,641	4,552
(Losses)/gains from changes in fair value		(17)	284
Credit impairment losses		(6)	(4)
Impairment losses		(4,304)	(5,057)
Asset disposal gains		812	1,006
Operating profit		47,511	56,560
Add: Non-operating income		856	710
Less: Non-operating expenses		2,262	2,197
Profit before taxation		46,105	55,073
Less: Income tax expense		810	3,830
Net profit		45,295	51,243
Classification by going concern:			
Net profit from continuing operations		45,295	51,243
Net profit from discontinued operations		–	–
Other comprehensive income			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Changes in fair value of other equity instrument investments		1	2
<i>Items that may be reclassified subsequently to profit or loss</i>			
Other comprehensive income that can be converted into profit or loss under the equity method		227	(63)
Cash flow hedges		33	420
Total other comprehensive income net of tax		261	359
Total comprehensive income		45,556	51,602

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		3,504,042	3,577,814
Refund of taxes and levies		7,934	11,530
Other cash received relating to operating activities		127,105	165,002
Sub-total of cash inflows		3,639,081	3,754,346
Cash paid for goods and services		(2,852,274)	(2,919,751)
Cash paid to and for employees		(109,030)	(107,021)
Payments of taxes and levies		(339,210)	(326,774)
Other cash paid relating to operating activities		(189,207)	(239,325)
Sub-total of cash outflows		(3,489,721)	(3,592,871)
Net cash flow from operating activities	57(a)	149,360	161,475
Cash flows from investing activities:			
Cash received from disposal of investments		475	1,580
Cash received from returns on investments		11,543	10,886
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		1,864	5,363
Net cash received from disposal of subsidiaries and other business units		3	–
Other cash received relating to investing activities	57(d)	90,760	95,917
Sub-total of cash inflows		104,645	113,746
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(139,206)	(171,493)
Cash paid for acquisition of investments		(10,604)	(5,918)
Net cash paid for the acquisition of subsidiaries and other business entities		–	(110)
Other cash paid relating to investing activities	57(e)	(116,075)	(92,090)
Sub-total of cash outflows		(265,885)	(269,611)
Net cash flow used in investing activities		(161,240)	(155,865)
Cash flows from financing activities:			
Cash received from capital contributions		15,458	1,509
Including: Cash received from non-controlling shareholders' capital contributions to subsidiaries		3,463	1,509
Cash received from borrowings	57(g)	672,450	699,410
Other cash received relating to financing activities		1,290	420
Sub-total of cash inflows		689,198	701,339
Cash repayments of borrowings		(628,052)	(599,954)
Cash paid for dividends, profits distribution or interest		(56,164)	(56,734)
Including: Subsidiaries' cash payments for distribution of dividends or profits to non-controlling shareholders		(6,144)	(7,977)
Other cash paid relating to financing activities	57(f)	(24,219)	(21,919)
Sub-total of cash outflows		(708,435)	(678,607)
Net cash flow (used in)/generated from financing activities		(19,237)	22,732
Effects of changes in foreign exchange rate		653	(21)
Net (decrease)/increase in cash and cash equivalents	57(b)	(30,464)	28,321
Add: Cash and cash equivalents at the beginning of the year		121,759	93,438
Cash and cash equivalents at the end of the year	57(c)	91,295	121,759

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

CASH FLOW STATEMENT

For the year ended 31 December 2024

	Notes	2024 RMB million	2023 RMB million
Cash flows from operating activities:			
Cash received from sale of goods and rendering of services		1,188,366	1,328,613
Refund of taxes and levies		6,153	7,396
Other cash received relating to operating activities		61,516	49,015
Sub-total of cash inflows		1,256,035	1,385,024
Cash paid for goods and services		(852,765)	(988,689)
Cash paid to and for employees		(51,877)	(52,767)
Payments of taxes and levies		(175,336)	(173,711)
Other cash paid relating to operating activities		(120,986)	(92,621)
Sub-total of cash outflows		(1,200,964)	(1,307,788)
Net cash flow from operating activities		55,071	77,236
Cash flows from investing activities:			
Cash received from disposal of investments		24,062	4,241
Cash received from returns on investments		32,054	21,550
Net cash received from disposal of fixed assets, intangible assets and other long-term assets		369	1,360
Other cash received relating to investing activities		10,709	45,932
Sub-total of cash inflows		67,194	73,083
Cash paid for acquisition of fixed assets, intangible assets and other long-term assets		(66,072)	(80,398)
Cash paid for acquisition of investments		(31,154)	(21,595)
Other cash paid relating to investing activities		(51,332)	(23,481)
Sub-total of cash outflows		(148,558)	(125,474)
Net cash flow used in investing activities		(81,364)	(52,391)
Cash flows from financing activities:			
Cash received from capital contributions		11,995	–
Cash received from borrowings		166,580	169,988
Other cash received relating to financing activities		279,937	226,040
Sub-total of cash inflows		458,512	396,028
Cash repayments of borrowings		(137,205)	(99,656)
Cash paid for dividends or interest		(50,046)	(48,816)
Other cash paid relating to financing activities		(281,905)	(231,193)
Sub-total of cash outflows		(469,156)	(379,665)
Net cash flow (used in)/generated from financing activities		(10,644)	16,363
Effects of changes in foreign exchange rate		(14)	35
Net (decrease)/increase in cash and cash equivalents		(36,951)	41,243
Add: Cash and cash equivalents at the beginning of the year		64,471	23,228
Cash and cash equivalents at the end of the year		27,520	64,471

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity attributable to equity shareholders of the Company RMB million	Non-controlling interests RMB million	Total shareholders' equity RMB million
Balance at 1 January 2023	119,896	118,875	-	3,072	2,813	218,009	325,806	788,471	151,986	940,457
Change for the year										
1. Net profit	-	-	-	-	-	-	60,463	60,463	9,583	70,046
2. Other comprehensive income (Note 38)	-	-	-	2,501	-	-	-	2,501	(1,912)	589
Total comprehensive income	-	-	-	2,501	-	-	60,463	62,964	7,671	70,635
Amounts transferred to initial carrying amount of hedged items	-	-	-	(2,513)	-	-	-	(2,513)	(142)	(2,655)
Transactions with owners, recorded directly in shareholders' equity:										
3. Decrease of shareholders' capital:										
- Purchase of own shares (Note 36)	(547)	(1,778)	-	-	-	-	-	(2,325)	-	(2,325)
4. Appropriations of profits:										
- Appropriations for surplus reserves (Note 40)	-	-	-	-	-	5,125	(5,125)	-	-	-
- Distributions to shareholders (Note 56)	-	-	-	-	-	-	(40,760)	(40,760)	-	(40,760)
5. Contributions to subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	2,209	2,209
6. Transaction with non-controlling interests	-	-	-	-	-	-	-	-	(213)	(213)
7. Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(8,573)	(8,573)
Total transactions with owners, recorded directly in shareholders' equity	(547)	(1,778)	-	-	-	5,125	(45,885)	(43,085)	(6,577)	(49,662)
8. Net increase in specific reserve for the year	-	-	-	-	(216)	-	-	(216)	(32)	(248)
9. Other equity movements under the equity method	-	220	-	-	-	-	-	220	-	220
10. Others	-	(44)	-	-	-	-	(3)	(47)	(45)	(92)
Balance at 31 December 2023	119,349	117,273	-	3,060	2,597	223,134	340,381	805,794	152,861	958,655
Balance at 1 January 2024	119,349	117,273	-	3,060	2,597	223,134	340,381	805,794	152,861	958,655
Change for the year										
1. Net profit	-	-	-	-	-	-	50,313	50,313	7,234	57,547
2. Other comprehensive income (Note 38)	-	-	-	(3,003)	-	-	-	(3,003)	17	(2,986)
Total comprehensive income	-	-	-	(3,003)	-	-	50,313	47,310	7,251	54,561
Amounts transferred to initial carrying amount of hedged items	-	-	-	(1,029)	-	-	-	(1,029)	91	(938)
Transactions with owners, recorded directly in shareholders' equity:										
3. Shareholders' increase and decrease of capital:										
- Common shares invested by shareholders (Note 36)	2,391	9,597	-	-	-	-	-	11,988	-	11,988
- Purchase of own shares (Note 36)	-	-	(2,131)	-	-	-	-	(2,131)	-	(2,131)
- Cancellation of repurchased own shares (Note 36)	(458)	(1,672)	2,130	-	-	-	-	-	-	-
4. Appropriations of profits:										
- Appropriation of surplus reserve (Note 40)	-	-	-	-	-	4,529	(4,529)	-	-	-
- Distributions to shareholders (Note 56)	-	-	-	-	-	-	(42,108)	(42,108)	-	(42,108)
5. Contributions and reduction to subsidiaries from non-controlling interests	-	970	-	-	-	-	-	970	1,266	2,236
6. Transaction with non-controlling interests	-	(1,078)	-	-	-	-	-	(1,078)	1,180	102
7. Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(6,024)	(6,024)
Total transactions with owners, recorded directly in shareholders' equity	1,933	7,817	(1)	-	-	4,529	(46,637)	(32,359)	(3,578)	(35,937)
8. Net increase in specific reserve for the year	-	-	-	-	(48)	-	-	(48)	1	(47)
9. Transfer of other comprehensive income to retained earnings	-	-	-	(15)	-	-	15	-	-	-
10. Other equity movements under the equity method	-	(68)	-	-	-	-	-	(68)	(10)	(78)
11. Others	-	346	-	-	-	-	(24)	322	(245)	77
Balance at 31 December 2024	121,282	125,368	(1)	(987)	2,549	227,663	344,048	819,922	156,371	976,293

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2024

	Share capital RMB million	Capital reserve RMB million	Less: Treasury shares RMB million	Other comprehensive income RMB million	Specific reserve RMB million	Surplus reserves RMB million	Retained earnings RMB million	Total shareholders' equity RMB million
Balance at 1 January 2023	119,896	63,628	-	827	1,745	218,009	102,522	506,627
Change for the year								
1. Net profit	-	-	-	-	-	-	51,243	51,243
2. Other comprehensive income	-	-	-	359	-	-	-	359
Total comprehensive income	-	-	-	359	-	-	51,243	51,602
Amounts transferred to initial carrying amount of hedged items	-	-	-	(486)	-	-	-	(486)
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' decrease of capital:								
— Purchase of own shares (Note 36)	(547)	(1,778)	-	-	-	-	-	(2,325)
4. Appropriations of profits:								
— Appropriations for surplus reserves (Note 40)	-	-	-	-	-	5,125	(5,125)	-
— Distributions to shareholders (Note 56)	-	-	-	-	-	-	(40,760)	(40,760)
Total transactions with owners, recorded directly in shareholders' equity	(547)	(1,778)	-	-	-	5,125	(45,885)	(43,085)
5. Net increase in specific reserve for the year	-	-	-	-	(72)	-	-	(72)
6. Other equity movements under the equity method	-	(36)	-	-	-	-	-	(36)
7. Others	-	-	-	-	-	-	(1)	(1)
Balance at 31 December 2023	119,349	61,814	-	700	1,673	223,134	107,879	514,549
Balance at 1 January 2024	119,349	61,814	-	700	1,673	223,134	107,879	514,549
Change for the year								
1. Net profit	-	-	-	-	-	-	45,295	45,295
2. Other comprehensive income	-	-	-	261	-	-	-	261
Total comprehensive income	-	-	-	261	-	-	45,295	45,556
Amounts transferred to initial carrying amount of hedged items	-	-	-	(596)	-	-	-	(596)
Transactions with owners, recorded directly in shareholders' equity:								
3. Shareholders' increase and decrease of capital:								
— Common shares invested by shareholders (Note 36)	2,391	9,597	-	-	-	-	-	11,988
— Purchase of own shares (Note 36)	-	-	(2,131)	-	-	-	-	(2,131)
— Cancellation of repurchased own shares (Note 36)	(458)	(1,672)	2,130	-	-	-	-	-
4. Appropriations of profits:								
— Appropriation of surplus reserve (Note 40)	-	-	-	-	-	4,529	(4,529)	-
— Distributions to shareholders (Note 56)	-	-	-	-	-	-	(42,108)	(42,108)
Total transactions with owners, recorded directly in shareholders' equity	1,933	7,925	(1)	-	-	4,529	(46,637)	(32,251)
5. Net increase in specific reserve for the year	-	-	-	-	(49)	-	-	(49)
6. Other equity movements under the equity method	-	43	-	-	-	-	-	43
7. Others	-	(601)	-	-	-	-	(20)	(621)
Balance at 31 December 2024	121,282	69,181	(1)	365	1,624	227,663	106,517	526,631

These financial statements have been approved for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The accompanying notes form part of these financial statements.

1 STATUS OF THE COMPANY

China Petroleum & Chemical Corporation (the “Company”) was established on 25 February 2000 as a joint stock limited company. The company is registered in Beijing, the People’s Republic of China, and the headquarter is located in Beijing, the People’s Republic of China. The approval date of the financial report is 21 March 2025.

According to the State Council’s approval to the “Preliminary Plan for the Reorganisation of China Petrochemical Corporation” (the “Reorganisation”), the Company was established by China Petrochemical Corporation, which transferred its core businesses together with the related assets and liabilities at 30 September 1999 to the Company. Such assets and liabilities had been valued jointly by China United Assets Appraisal Corporation, Beijing Zhong Zheng Appraisal Company, CIECC Assets Appraisal Corporation and Zhong Fa International Properties Valuation Corporation. The net asset value was determined at RMB98,249,084,000. The valuation was reviewed and approved by the Ministry of Finance (the “MOF”) (Cai Ping Zi [2000] No. 20 “Comments on the Review of the Valuation Regarding the Formation of a Joint Stock Limited Company by China Petrochemical Corporation”).

In addition, pursuant to the notice Cai Guan Zi [2000] No. 34 “Reply to the Issue Regarding Management of State-Owned Equity by China Petroleum and Chemical Corporation” issued by the MOF, 68.8 billion domestic state-owned shares with a par value of RMB1.00 each were issued to Sinopec Group Company, the amount of which is equivalent to 70% of the above net asset value transferred from Sinopec Group Company to the Company in connection with the reorganisation.

Pursuant to the notice Guo Jing Mao Qi Gai [2000] No. 154 “Reply on the Formation of China Petroleum and Chemical Corporation”, the Company obtained the approval from the State Economic and Trade Commission on 21 February 2000 for the formation of a joint stock limited company.

The Company took over the exploration, development and production of crude oil and natural gas, refining, chemicals and related sales and marketing business of Sinopec Group Company after the establishment of the Company.

The Company and its subsidiaries (the “Group”) engage in the oil and gas and chemical operations and businesses, including:

- (1) the exploration, development and production of crude oil and natural gas;
- (2) the refining, transportation, storage and marketing of crude oil and petroleum product; and
- (3) the production and sale of chemical.

Details of the Company’s principal subsidiaries are set out in Note 60.

2 BASIS OF PREPARATION

(1) Statement of compliance of China Accounting Standards for Business Enterprises (“CASs”)

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business Enterprises – Basic Standards, specific standards and relevant regulations (hereafter referred as CASs collectively) issued by the MOF on or after 15 February 2006. These financial statements also comply with the disclosure requirements of “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares, No.15: General Requirements for Financial Reports” revised in 2023 by the China Securities Regulatory Commission (“CSRC”). These financial statements present truly and completely the consolidated and company financial position as at 31 December 2024, and the consolidated and company financial performance and the consolidated and company cash flows for the year ended 31 December 2024.

These financial statements are prepared on a basis of going concern.

(2) Accounting period

The accounting year of the Group is from 1 January to 31 December.

(3) Measurement basis

The financial statements of the Group have been prepared under the historical cost convention, except for the assets and liabilities set out below:

- Financial assets held for trading (see Note 3(11))
- Other equity instrument investments (see Note 3(11))
- Derivative financial instruments (see Note 3(11))
- Receivables financing (see Note 3(11))

(4) Functional currency and presentation currency

The functional currency of the Company’s and most of its subsidiaries are Renminbi. The Company and its subsidiaries determine their functional currency according to the main economic environment in where they operate. The Group’s consolidated financial statements are presented in Renminbi. Some of subsidiaries use other currency as the functional currency. The Company translates the financial statements of subsidiaries from their respective functional currencies into Renminbi (see Note 3(2)) if the subsidiaries’ functional currencies are not Renminbi.

2 BASIS OF PREPARATION (Continued)

(5) Materiality criteria: Determination method and selection basis

Item	Materiality criteria
Principal joint ventures and associates	The carrying amount of long-term equity investments \geq RMB4,000 million
Principal construction in progress	The carrying amount of construction in progress \geq RMB4,000 million
Goodwill	The carrying amount of goodwill \geq RMB4,000 million
Principal non-wholly-owned subsidiary	The amount of non-controlling interests \geq RMB4,000 million

3 MATERIAL ACCOUNTING POLICIES

The Group determines specific accounting policies and accounting estimates based on the characteristics of production and operational activities, mainly reflected in the accounting for allowance for financial assets (Note 3(11)), valuation of inventories (Note 3(4)), depreciation of fixed assets and depletion of oil and gas properties (Notes 3(7), (8)), measurement of provisions (Note 3(16)), etc.

Principal accounting estimates and judgements of the Group are set out in Note 59.

(1) Accounting treatment of business combination involving entities under common control and not under common control

(a) Business combination involving entities under common control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets and liabilities that the acquirer receives in the acquisition are accounted for at the acquiree's carrying amount on the acquisition date. The difference between the carrying amount of the acquired net assets and the carrying amount of the consideration paid for the acquisition (or the total nominal value of shares issued) is recognised in the share premium of capital reserve, or the retained earnings in case of any shortfall in the share premium of capital reserve. Any costs directly attributable to the combination shall be recognised in profit or loss for the current period when occurred. The expense incurred for equity securities and debt securities issued as the consideration of the combination is recognised in the initial cost of the securities. The combination date is the date on which the acquirer effectively obtains control of the acquiree.

(b) Business combination involving entities not under common control

A business combination involving entities or businesses not under common control is a business combination in which all of the combining entities or businesses are not ultimately controlled by the same party or parties both before and after the business combination. Difference between the consideration paid by the Group as the acquirer, comprises of the aggregate of the fair value at the acquisition date of assets given, liabilities incurred or assumed, and equity securities issued by the acquirer in exchange for control of the acquiree, and the Group's interest in the fair value of the identifiable net assets of the acquiree, is recognised as goodwill (Note 3(10)) if it is an excess, otherwise in the profit or loss. The expense incurred for equity securities and debt securities issued as the consideration of the combination is recognised in the initial cost of the securities. Any other expense directly attributable to the business combination is recognised in the profit or loss for the year. The difference between the fair value and the book value of the assets given is recognised in profit or loss. The acquiree's identifiable assets, liabilities and contingent liabilities, if satisfying the recognition criteria, are recognised by the Group at their fair value at the acquisition date. The acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

(c) Criteria for determining control and method for the preparation of consolidated financial statements

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control means an entity is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Where the Company combines a subsidiary during the reporting period through a business combination involving entities under common control, the financial statements of the subsidiary are included in the consolidated financial statements as if the combination had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established. Therefore the opening balances and the comparative figures of the consolidated financial statements are restated. In the preparation of the consolidated financial statements, the subsidiary's assets, liabilities and results of operations are included in the consolidated balance sheet and the consolidated income statement, respectively, based on their carrying amounts in the subsidiary's financial statements, from the date that common control was established.

Where the Company acquires a subsidiary during the reporting year through a business combination involving entities not under common control, the identifiable assets, liabilities and results of operations of the subsidiaries are consolidated into consolidated financial statements from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

Where the Company acquired a non-controlling interest from a subsidiary's non-controlling shareholders, the difference between the investment cost and the newly acquired interest into the subsidiary's identifiable net assets at the acquisition date is adjusted to the capital reserve (capital surplus) in the consolidated balance sheet. Where the Company partially disposed an investment of a subsidiary that do not result in a loss of control, the difference between the proceeds and the corresponding share of the interest into the subsidiary is adjusted to the capital reserve (capital surplus) in the consolidated balance sheet. If the credit balance of capital reserve (capital surplus) is insufficient, any excess is adjusted to the share premium of capital reserve, or the retained earnings.

3 MATERIAL ACCOUNTING POLICIES (Continued)

(1) Accounting treatment of business combination involving entities under common control and not under common control (Continued)

(c) Criteria for determining control and method for the preparation of consolidated financial statements (Continued)

In a business combination involving entities not under common control achieved in stages, the Group remeasures its previously held equity interest in the acquiree on the acquisition date. The difference between the fair value and the net book value is recognised as investment income for the year. If other comprehensive income was recognised regarding the equity interest previously held in the acquiree before the acquisition date, the relevant other comprehensive income is transferred to investment income in the period in which the acquisition occurs.

Where control of a subsidiary is lost due to partial disposal of the equity investment held in a subsidiary, or any other reasons, the Group derecognises assets, liabilities, non-controlling interests and other equity items related to the subsidiary. The remaining equity investment is remeasured to fair value at the date in which control is lost. The sum of consideration received from disposal of equity investment and the fair value of the remaining equity investment, net of the fair value of the Group's previous share of the subsidiary's identifiable net assets recorded from the acquisition date, is recognised in investment income in the period in which control is lost. Other comprehensive income related to the previous equity investment in the subsidiary, is transferred to investment income when control is lost. Other comprehensive income related to the equity investment of the original subsidiary shall be converted into the current investment income in the event of loss of control.

Non-controlling interest is presented separately in the consolidated balance sheet within shareholders' equity. Net profit or loss attributable to non-controlling shareholders is presented separately in the consolidated income statement below the net profit line item.

The excess of the loss attributable to the non-controlling interests during the period over the non-controlling interests' share of the equity at the beginning of the reporting period is deducted from non-controlling interests.

Where the accounting policies and accounting period adopted by the subsidiaries are different from those adopted by the Company, adjustments are made to the subsidiaries' financial statements according to the Company's accounting policies and accounting period. Intra-group balances and transactions, and any unrealised profit or loss arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised losses resulting from intra-group transactions are eliminated in the same way as unrealised gains but only to the extent that there is no evidence of impairment.

The unrealised profit or loss arising from the sale of assets by the Company to its subsidiaries is eliminated in full against the net profit attributed to shareholders; the unrealised profit or loss from the sale of assets by subsidiaries to the Company is eliminated according to the distribution ratio between shareholders of the parent company and non-controlling interests. For sale of assets that occurred between subsidiaries, the unrealised gains and losses is eliminated according to the distribution ratio for its subsidiaries seller between net profit attributable to shareholders of the parent company and non-controlling interests.

(2) Transactions in foreign currencies and translation of financial statements in foreign currencies

Foreign currency transactions are, on initial recognition, translated into Renminbi at the spot exchange rates quoted by the People's Bank of China ("PBOC rates") at the transaction dates.

Foreign currency monetary items are translated at the PBOC rates at the balance sheet date. Exchange differences, except for those directly related to the acquisition, construction or production of qualified assets, are recognised as income or expenses in the income statement. Non-monetary items denominated in foreign currency measured at historical cost are not translated. Non-monetary items denominated in foreign currency that are measured at fair value are translated using the exchange rates at the date when the fair value was determined. The difference between the translated amount and the original currency amount is recognised as other comprehensive income, if it is classified as other equity instrument investments; or charged to the income statement if it is measured at fair value through profit or loss.

The assets and liabilities of foreign operation are translated into Renminbi at the spot exchange rates at the balance sheet date. The equity items, excluding "Retained earnings", are translated into Renminbi at the spot exchange rates at the transaction dates. The income and expenses of foreign operation are translated into Renminbi at the spot exchange rates or an exchange rate that approximates the spot exchange rates on the transaction dates. The resulting exchange differences are separately presented as other comprehensive income in the balance sheet within equity. Upon disposal of a foreign operation, the cumulative amount of the exchange differences recognised in which relate to that foreign operation is transferred to profit or loss in the year in which the disposal occurs.

3 MATERIAL ACCOUNTING POLICIES (Continued)

(3) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, short-term and highly liquid investments which are readily convertible into known amounts of cash and are subject to an insignificant risk of change in value.

(4) Inventories

(a) Inventories categories

Inventories include raw materials, work in progress, semi-finished goods, finished goods and reusable materials. Reusable materials include low-value consumables, packaging materials and other materials, which can be used repeatedly but do not meet the definition of fixed assets. Reusable materials are amortised in full when received for use. The amounts of the amortisation are included in the cost of the related assets or profit or loss.

Inventories are initially measured at cost. Cost includes the cost of purchase and processing, and other expenditures incurred in bringing the inventories to their present location and condition. The cost of inventories is mainly calculated using the weighted average method. In addition to the cost of purchase of raw material, work in progress and finished goods include direct labour and an appropriate allocation of manufacturing overhead costs.

(b) Criteria for recognition and method of provision for diminution in value of inventories

At the balance sheet date, inventories are stated at the lower of cost and net realisable value.

Any excess of the cost over the net realisable value of each item of inventories is recognised as a provision for diminution in the value of inventories and included in the current period profit and loss. Net realisable value is the estimated selling price in the normal course of business less the estimated costs of completion and the estimated costs necessary to make the sale and relevant taxes. The net realisable value of materials held for use in the production is measured based on the net realisable value of the finished goods in which they will be incorporated. The net realisable value of the quantity of inventory held to satisfy sales or service contracts is measured based on the contract price. If the quantities held by the Group are more than the quantities of inventories specified in sales contracts, the net realisable value of the excess portion of inventories is measured based on general selling prices.

(c) Inventory system

Inventories are recorded by perpetual method.

(5) Long-term equity investments

(a) Investment in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method. Except for cash dividends or profits distributions declared but not yet distributed that have been included in the price or consideration paid in obtaining the investments, the Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income irrespective of whether these represent the net profit realised by the investee before or after the investment. Investments in subsidiaries are stated at cost less impairment losses (see Note 3(12)) in the balance sheet. At initial recognition, such investments are measured as follows:

The initial investment cost of a long-term equity investment obtained through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity at the combination date. The difference between the initial investment cost and the carrying amounts of the consideration given is adjusted to share premium in capital reserve. If the balance of the share premium is insufficient, any excess is adjusted to the share premium of capital reserve, or the retained earnings.

For a long-term equity investment obtained through a business combination not involving enterprises under common control, the initial investment cost comprises the aggregate of the fair values of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree. For a long-term equity investment obtained through a business combination not involving enterprises under common control, if it is achieved in stages, the initial cost comprises the carrying value of previously-held equity investment in the acquiree immediately before the acquisition date, and the additional investment cost at the acquisition date.

An investment in a subsidiary acquired otherwise than through a business combination is initially recognised at actual purchase cost if the Group acquires the investment by cash, or at the fair value of the equity securities issued if an investment is acquired by issuing equity securities, or at the value stipulated in the investment contract or agreement if an investment is contributed by investors.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

(5) Long-term equity investments *(Continued)*

(b) Investment in joint ventures and associates

A joint venture is an incorporated entity over which the Group, based on legal form, contractual terms and other facts and circumstances, has joint control with the other parties to the joint venture and rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the Group and the parties sharing control.

An associate is the investee that the Group has significant influence on their financial and operating policies. Significant influence represents the right to participate in the financial and operating policy decisions of the investee but is not control or joint control over the establishment of these policies. The Group generally considers the following circumstances in determining whether it can exercise significant influence over the investee: whether there is representative appointed to the board of directors or equivalent governing body of the investee; whether to participate in the investee's policy-making process; whether there are significant transactions with the investees; whether there is management personnel sent to the investee; whether to provide critical technical information to the investee.

An investment in a joint ventures or an associate is accounted for using the equity method, unless the investment is classified as held for sale.

The initial cost of investment in joint ventures and associates is stated at the consideration paid except for cash dividends or profits distributions declared but unpaid at the time of acquisition and therefore included in the consideration paid should be deducted if the investment is made in cash. Under the circumstances that the long-term investment is obtained through non-monetary asset exchange, the initial cost of the investment is stated at the fair value of the assets exchanged if the transaction has commercial substance, the difference between the fair value of the assets exchanged and its carrying amount is charged to profit or loss; or stated at the carrying amount of the assets exchanged if the transaction lacks commercial substance.

The Group's accounting treatments when adopting the equity method include:

Where the initial investment cost of a long-term equity investment exceeds the Group's interest in the fair value of the investee's identifiable net assets at the date of acquisition, the investment is initially recognised at the initial investment cost. Where the initial investment cost is less than the Group's interest in the fair value of the investee's identifiable net assets at the time of acquisition, the investment is initially recognised at the investor's share of the fair value of the investee's identifiable net assets, and the difference is charged to profit or loss.

After the acquisition of the investment, the Group recognises its share of the investee's net profits or losses and other comprehensive income as investment income or losses and other comprehensive income, and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profits distributions, the carrying amount of the investment is reduced by that attributable to the Group.

The Group recognises its share of the investee's net profits or losses after making appropriate adjustments to align the accounting policies or accounting periods with those of the Group based on the fair values of the investee's net identifiable assets at the time of acquisition. Under the equity accounting method, unrealised profits and losses resulting from transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in the associates or joint ventures. Unrealised losses resulting from transactions between the Group and its associates or joint ventures are fully recognised in the event that there is an evidence of impairment.

The Group discontinues recognising its share of net losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that is in substance forms part of the Group's net investment in the associate or the joint venture is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. However, if the Group has incurred obligations for additional losses and the conditions on recognition of provision are satisfied in accordance with the accounting standard on contingencies, the Group continues recognising the investment losses and the provision. Where net profits are subsequently made by the associate or joint venture, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The Group adjusts the carrying amount of the long-term equity investment for changes in owners' equity of the investee other than those arising from net profits or losses and other comprehensive income, and recognises the corresponding adjustment in capital reserve.

(c) The impairment assessment method and provision accrual on investment

The impairment assessment and provision accrual on investments in subsidiaries, associates and joint ventures are stated in Note 3(12).

3 MATERIAL ACCOUNTING POLICIES (Continued)**(6) Leases**

A lease is a contract that a lessor transfers the right to use an identified asset for a period of time to a lessee in exchange for consideration.

(a) As Lessee

The Group recognises a right-of-use asset at the commencement date, and recognises the lease liability at the present value of the lease payments that are not paid at that date. The lease payments include fixed payments, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lease term reflects the Group exercising that option, etc. Variable payments that are based on a percentage of sales are not included in the lease payments, and should be recognised in profit or loss when incurred. Lease liabilities to be paid within one year (including one year) from balance sheet date is presented in non-current liabilities due within one year.

Right-of-use assets of the Group mainly comprise land. Right-of-use assets are measured at cost which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee, less any lease incentives received. The Group depreciates the right-of-use assets over the shorter of the asset's useful life and the lease term on a straight-line basis. When the recoverable amount of a right-of-use asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount.

Payments associated with short-term leases with lease terms within 12 months and leases for which the underlying assets are individually of low value when it is new (the individual lease asset has a relatively low value when brand new) are recognised on a straight-line basis over the lease term as an expense in profit or loss or as cost of relevant assets, instead of recognising right-of-use assets and lease liabilities.

(b) As Lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

When the Group leases self-owned plants and buildings, equipment and machinery, lease income from an operating lease is recognised on a straight-line basis over the period of the lease. The Group recognises variable lease income which is based on a certain percentage of sales as rental income when occurred.

(7) Fixed assets and construction in progress

Fixed assets represent the tangible assets held by the Group using in the production of goods, rendering of services and for operation and administrative purposes with useful life over one year.

Fixed assets are stated in the balance sheet at cost less accumulated depreciation and impairment losses (see Note 3(12)). Construction in progress is stated in the balance sheet at cost less impairment losses (see Note 3(12)).

The cost of a purchased fixed asset comprises the purchase price, related taxes, and any directly attributable expenditure for bringing the asset to working condition for its intended use. The cost of self-constructed assets includes the cost of materials, direct labour, capitalised borrowing costs (see Note 3(20)), and any other costs directly attributable to bringing the asset to working condition for its intended use. According to legal or contractual obligations, costs of dismantling and removing the items and restoring the site on which the related assets located are included in the initial cost.

Construction in progress is transferred to fixed assets when the asset is ready for its intended use. No depreciation is provided against construction in progress.

The criteria and timing for each type of construction in progress to be transferred to fixed assets are as follows:

Category	Criteria and time point for transfer to fixed assets
Plants and buildings	Asset management relevant departments complete on-site inspection and acceptance with conditions for use.
Equipment, machinery and others	(1) A single set of equipment can be put into operation separately and produce qualified products independently of other equipment or processes, and the relevant departments have issued a commissioning report; (2) Combined devices can be successfully commissioned jointly and produce qualified products normally, and the relevant departments will issue a commissioning report; (3) The supporting facilities are completed with the joint device as a whole and reach the point of the intended usable state; (4) The petrol station has completed on-site acceptance by the relevant management department; (5) The petrol filling station has completed on-site acceptance by the relevant departments and passed the relevant special acceptance by the local law enforcement authorities; (6) Fixed assets not required to be installed have passed acceptance by relevant departments; (7) The long-distance pipeline reaches the conditions for oil injection or section oil injection operation, and the relevant management departments of the enterprise complete the on-site acceptance and pass the relevant special acceptance by the local law enforcement departments.

When an enterprise sells products or by-products produced before a fixed asset is available for its intended use, the proceeds and related cost are accounted for in accordance with CAS 14 – Revenue and CAS 1 – Inventories respectively, and recognised in profit or loss for the current period.

3 MATERIAL ACCOUNTING POLICIES (Continued)**(7) Fixed assets and construction in progress** (Continued)

Where the individual component parts of an item of fixed asset have different useful lives or provide benefits to the Group in different patterns thus necessitating use of different depreciation rates or methods, each part is recognised as a separate fixed asset.

The subsequent costs including the cost of replacing part of an item of fixed assets are recognised in the carrying amount of the item if the recognition criteria are satisfied, and the carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of fixed assets are recognised in profit or loss as incurred.

The Group terminates the recognition of an item of fixed asset when it is in a state of disposal or it is estimated that it is unable to generate any economic benefits through use or disposal. Gains or losses arising from the retirement or disposal of an item of fixed asset are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised in profit or loss on the date of retirement or disposal.

Other than oil and gas properties, the cost of fixed assets less residual value and accumulated impairment losses is depreciated using the straight-line method over their estimated useful lives, unless the fixed asset is classified as held for sale. The estimated useful lives and the estimated rate of residual values adopted for respective classes of fixed assets are as follows:

	Estimated useful life	Estimated rate of residual value
Plants and buildings	12-50 years	3%
Equipment, machinery and others	4-30 years	3%

Useful lives, residual values and depreciation methods are reviewed at least each year end.

(8) Oil and gas properties

Oil and gas assets refer to the ownership or control of mining interests and the formation of oil and gas wells and related auxiliary equipment through oil and gas exploration and development activities.

For mining rights and interests, if proven economically recoverable reserves are discovered in the mining area within the year, the expenses incurred in the current period should be capitalized. If no proven economically recoverable reserves are found in the mining area within the year, the expenses incurred in the current period should be temporarily capitalized; When reserves are subsequently discovered, they should be transferred within the oil and gas assets.

For completed exploration wells that have completed exploration tasks, obtained industrial oil and gas flow, and can be economically and effectively included in oil and gas production management, the actual expenses for drilling the well, production costs, and disposal fees determined according to the disposal plan will be converted into oil and gas assets when it is put into production (reaching a usable state), and an estimated liability for oil and gas asset disposal fees will be calculated; Exploration tasks have been completed, and exploration wells that have not obtained industrial oil and gas flow have been identified. If they are economically and effectively utilized for other purposes (co associated resources, injection wells, etc.), the actual expenses and production costs of drilling the well will be converted into corresponding assets when it is put into production (reaching a usable state); Exploration tasks have been completed, and exploration wells that have not obtained industrial oil and gas flow, or exploration wells that have obtained industrial oil and gas flow but do not have the conditions for oil and gas production and cannot be economically and effectively included in oil and gas production management (including other economically and effectively utilized methods), shall be written off. The actual drilling and exploration expenses of the well shall be included in the current period's profit and loss. For unfinished exploration wells, the drilling support of the well shall be listed as under construction within one year after completion; After one year of completion, it is still uncertain whether the well has obtained industrial oil and gas flow. If further exploration activities of the well are already in progress or have clear plans and are about to be implemented, the expenditure of the well will continue to be included in the construction project. Otherwise, the actual expenditure of the well will be recognized in the current profit and loss.

For the development well, if it is determined to obtain industrial oil and gas flow and can be economically and effectively included in oil and gas production management, the actual expenses, production costs, and disposal fees determined according to the disposal plan of the well will be converted into oil and gas assets when it is put into production (reaching a usable state), and an estimated liability for oil and gas asset disposal fees will be calculated.

For auxiliary equipment related to oil and gas assets, they will be converted into oil and gas assets when the project is completed and reaches the predetermined usable state.

The estimation of the future demolition costs of oil and gas assets by our group is based on current industry practices, taking into account expected demolition methods and referring to the estimates of engineers. The relevant demolition costs are discounted to present value based on the pre tax risk-free rate of return and capitalized as part of the value of oil and gas assets, which are subsequently amortized.

The capitalization cost of proven oil and gas assets is amortized based on production and oil and gas reserves using the production method.

3 MATERIAL ACCOUNTING POLICIES (Continued)**(9) Intangible assets**

Intangible assets, where the estimated useful life is finite, are stated in the balance sheet at cost less accumulated amortisation and provision for impairment losses (see Note 3(12)). For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortised on a straight-line basis over the expected useful lives, unless the intangible assets are classified as held for sale.

The useful life, basis of determination and amortization method of each intangible asset are as follows:

Item	Useful life Basis of determination	Amortization method
Land use rights	Title registration period	Straight-line method
Patents	Expected years of economic benefits	Straight-line method
Non-patented technology	Expected years of economic benefits	Straight-line method
Operating rights	Contractual period	Straight-line method
Others	Expected years of economic benefits	Straight-line method

An intangible asset is regarded as having an indefinite useful life and is not amortised when there is no foreseeable limit to the year over which the asset is expected to generate economic benefits for the Group.

Useful lives and amortisation methods are reviewed at least each year end.

For the sales of products or by-products produced during the research and development process, the group shall conduct accounting treatment for the relevant income and costs in accordance with the *Accounting Standards for Business Enterprises No. 14 – Revenue*, *Accounting Standards for Business Enterprises No. 1 – Inventory*, and include in the current profit and loss.

(10) Goodwill

The initial cost of goodwill represents the excess of cost of acquisition over the acquirer's interest in the fair value of the identifiable net assets of the acquiree under the business combination involving entities not under common control.

Goodwill is not amortised and is stated at cost less accumulated impairment losses (see Note 3(12)). On disposal of an asset group or a set of asset groups, any attributable amount of purchased goodwill is written off and included in the calculation of the profit or loss on disposal.

(11) Financial Instruments

Financial instruments, refer to the contracts that form one party's financial assets and form the financial liabilities or equity instruments of the other party. The Group recognises a financial asset or a financial liability when the Group enters into and becomes a party to the underlining contract of the financial instrument.

(a) Financial assets**(i) Classification and measurement**

The Group classifies financial assets into different categories depending on the business model for managing the financial assets and the contractual terms of cash flows of the financial assets: (1) financial assets measured at amortised cost, (2) financial assets measured at fair value through other comprehensive income, (3) financial assets measured at fair value through profit or loss. A contractual cash flow characteristic which could have only a de minimis effect, or could have an effect that is more than de minimis but is not genuine, does not affect the classification of the financial asset.

Financial assets are initially recognised at fair value. For financial assets measured at fair value through profit or loss, the relevant transaction costs are recognised in profit or loss. The transaction costs for other financial assets are included in the initially recognised amount. However, accounts receivable arising from sales of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Group.

Debt instruments

The debt instruments held by the Group refer to the instruments that meet the definition of financial liabilities from the perspective of the issuer, and are measured in the following ways:

– Measured at amortised cost:

The business model for managing such financial assets by the Group are held for collection of contractual cash flows. The contractual cash flow characteristics are to give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is recognised using the effective interest rate method. The financial assets include cash at bank and on hand and receivables.

– Measured at fair value through other comprehensive income:

The business model for managing such financial assets by the Group are held for collection of contractual cash flows and for selling the financial assets, the contractual cash flow characteristics of such financial assets are consistent with the basic lending arrangements. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income calculated using the effective interest rate method, which are recognised in profit or loss. The financial assets include receivables financing.

3 MATERIAL ACCOUNTING POLICIES (Continued)**(11) Financial Instruments** (Continued)**(a) Financial assets** (Continued)**(i) Classification and measurement** (Continued)*Equity instruments*

Equity instruments that the Group has no power to control, jointly control or exercise significant influence over, are measured at fair value through profit or loss and presented as financial assets held for trading.

In addition, the Group designates some equity instruments that are not held for trading as financial assets at fair value through other comprehensive income, and presented in other equity instrument investments. The relevant dividends of these financial assets are recognised in profit or loss. When derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to retained earnings.

(ii) Impairment• *Expected credit losses measurement*

The Group recognises a loss allowance for expected credit losses on financial assets measured at amortised cost and receivables financing measured at fair value through other comprehensive income.

The Group measures and recognises expected credit losses, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions.

The Group measures the expected credit losses of financial instruments on different stages at each balance sheet date. For financial instruments that have no significant increase in credit risk since the initial recognition, on first stage, the Group measures the loss allowance at an amount equal to 12-month expected credit losses. If there has been a significant increase in credit risk since the initial recognition of a financial instrument but credit impairment has not occurred, on second stage, the Group recognises a loss allowance at an amount equal to lifetime expected credit losses. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognises a loss allowance at an amount equal to lifetime expected credit losses.

For financial instruments that have low credit risk at the balance sheet date, the Group assumes that there is no significant increase in credit risk since the initial recognition, and measures the loss allowance at an amount equal to 12-month expected credit losses.

For financial instruments on the first stage and the second stage, and that have low credit risk, the Group calculates interest income according to carrying amount without deducting the impairment allowance and effective interest rate. For financial instruments on the third stage, interest income is calculated according to the carrying amount minus amortised cost after the provision of impairment allowance and effective interest rate.

For accounts receivable and receivables financing arising from ordinary business activities such as sales of goods and rendering of services, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

The Group recognises the loss allowance accrued or written back in profit or loss.

• *Allowance for doubtful accounts on receivables*

(a) The type of portfolio for which provision for bad debts is made according to the credit risk characteristics and the basis for its determination

Receivables items	Basis of determination
Accounts receivable	Based on the historical experience of the Group, there are significant differences in losses across different operating segments. Therefore the Group estimates the allowance for doubtful accounts of the accounts receivable of each operating segment as a separate portfolio respectively.
Other receivables	The Group's other receivables mainly include security deposits and deposits receivable, receivables from related parties, dividends receivable, etc. Based on their credit risk, the Group estimates the allowance for doubtful accounts of the other receivables for different ages as a separate portfolio respectively.
Receivables financing	The Group's receivables financing consists of bank acceptance bills held for dual purposes. Due to the high credit ratings of the accepting banks, the Group treats all receivables financing as a single portfolio.

(b) *According to the criteria for judging the individual provision for bad debts*

For accounts receivable, other receivables and receivables financing, the Group usually measures its loss allowance according to the combination of credit risk characteristics. If the credit risk characteristics of a counterparty are significantly different from those of other counterparties in the portfolio, or if the credit risk characteristics of the counterparty change significantly, the amount receivable from the counterparty shall be exposed to provision measurement and/or recognition on a separate basis.

3 MATERIAL ACCOUNTING POLICIES (Continued)

(11) Financial Instruments (Continued)

(a) Financial assets (Continued)

(iii) Derecognition

The Group derecognises a financial asset when a) the contractual right to receive cash flows from the financial asset expires; b) the Group transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset; c) the financial assets have been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but the Group has not retained control.

On derecognition of other equity instrument investments, the difference between the carrying amounts and the sum of the consideration received and any cumulative gain or loss previously recognised in other comprehensive income, is recognised in retained earnings. While on derecognition of other financial assets, this difference is recognised in profit or loss.

(b) Financial liabilities

The Group, at initial recognition, classifies financial liabilities as either financial liabilities subsequently measured at amortised cost or financial liabilities at fair value through profit or loss.

The Group's financial liabilities are mainly financial liabilities measured at amortised cost, including bills payable, accounts payable, other payables, loans and debentures payable, etc. These financial liabilities are initially measured at the amount of their fair value after deducting transaction costs and use the effective interest rate method for subsequent measurement.

Where the present obligations of financial liabilities are completely or partially discharged, the Group derecognises these financial liabilities or discharged parts of obligations. The differences between the carrying amounts and the consideration received are recognised in profit or loss.

Financial guarantee liabilities

Financial guarantees are contracts that requires the Group to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the original or modified terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm's length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group's policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

(c) Determination of fair value

If there is an active market for financial instruments, the quoted price in the active market is used to measure fair values of the financial instruments. If no active market exists for financial instruments, valuation techniques are used to measure fair values. In valuation, the Group adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it, and selects input values that are consistent with the asset or liability characteristics considered by market participants in the transaction of relevant assets or liabilities, and gives priority to relevant observable input values. Use of unobservable input values where relevant observable input values cannot be obtained or are not practicable.

(d) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised initially at fair value. At each balance sheet date, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedge accounting.

Hedge accounting is a method which recognises the offsetting effects on profit or loss of changes in the fair values of the hedging instrument and the hedged item in the same accounting period, to represent the effect of risk management activities.

Hedged items are the items that expose the Group to risks of changes in future cash flows and that are designated as being hedged and that must be reliably measurable. The Group's hedged items include a forecast transaction that is settled with an undetermined future market price and exposes the Group to risk of variability in cash flows, etc.

A hedging instrument is a designated derivative whose changes in cash flows are expected to offset changes in the cash flows of the hedged item.

3 MATERIAL ACCOUNTING POLICIES (Continued)

(11) Financial Instruments (Continued)

(d) Derivative financial instruments and hedge accounting (Continued)

The hedging relationship meets all of the following hedge effectiveness requirements:

- (1) There is an economic relationship between the hedged item and the hedging instrument, which share a risk and that gives rise to opposite changes in fair value that tend to offset each other.
- (2) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (3) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation shall not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

– Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss. As long as a cash flow hedge meets the qualifying criteria for hedge accounting, the hedging relationship shall be accounted for as follows. The cash flow hedge reserve is adjusted to the lower of the following in absolute amounts:

- The cumulative gain or loss on the hedging instrument from inception of the hedge;
- The cumulative change in present value of the expected future cash flows on the hedged item from inception of the hedge.

The gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity shall remove that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income.

For cash flow hedges, other than those covered by the preceding two policy statements, that amount shall be reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment in the same period or periods during which the hedged expected future cash flows affect profit or loss.

If the amount that has been accumulated in the cash flow hedge reserve is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, the Group immediately reclassify the amount that is not expected to be recovered into profit or loss.

When the hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting (ie the entity no longer pursues that risk management objective), or when a hedging instrument expires or is sold, terminated, exercised, or there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship or no longer meets the criteria for hedge accounting, the Group discontinues prospectively the hedge accounting treatments. If the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and shall be accounted for as cash flow hedges. If the hedged future cash flows are no longer expected to occur, that amount shall be immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur, if the hedged future cash flows are still expected to occur, that amount shall remain in the cash flow hedge reserve and shall be accounted for as cash flow hedges.

– Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognized asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

3 MATERIAL ACCOUNTING POLICIES (Continued)

(12) Impairment of other non-financial long-term assets

Internal and external sources of information are reviewed at each balance sheet date for indications that the following assets, including fixed assets, construction in progress, right-of-use assets, goodwill, intangible assets, long-term deferred expenses and investments in subsidiaries, associates and joint ventures may be impaired.

Assets are tested for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. The recoverable amounts of goodwill and intangible assets with uncertain useful lives are estimated annually no matter there are any indications of impairment. Goodwill is tested for impairment together with related asset units or groups of asset units.

An asset unit is the smallest identifiable group of assets that generates cash inflows largely independent of the cash inflows from other assets or groups of assets. An asset unit comprises related assets that generate associated cash inflows. In identifying an asset unit, the Group primarily considers whether the asset unit is able to generate cash inflows independently as well as the management style of production and operational activities, and the decision for the use or disposal of asset.

The recoverable amount is the greater of the fair value less costs to sell and the present value of expected future cash flows generated by the asset (or asset unit, set of asset units).

Fair value less costs to sell of an asset is based on its selling price in an arm's length transaction less any direct costs attributable to the disposal. Present value of expected future cash flows is the estimation of future cash flows to be generated from the use of and upon disposal of the asset, discounted at an appropriate pre-tax discount rate over the asset's remaining useful life.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount. The amount by which the carrying amount is reduced is recognised as an impairment loss in profit or loss. A provision for impairment loss of the asset is recognised accordingly. Impairment losses related to an asset unit or a set of asset units first reduce the carrying amount of any goodwill allocated to the asset unit or set of asset units, and then reduce the carrying amount of the other assets in the asset unit or set of asset units on a pro rata basis. However, the carrying amount of an impaired asset will not be reduced below the highest of its individual fair value less costs to sell (if determinable), the present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognised, it is not reversed in a subsequent period.

(13) Long-term deferred expenses

Long-term deferred expenses are amortised on a straight-line basis over their beneficial periods

(14) Employee benefits

Employee benefits are all forms of considerations and compensation given in exchange for services rendered by employees, including short-term compensation, post-employment benefits, termination benefits and other long term employee benefits.

(a) Short-term compensation

Short term compensation includes salaries, bonuses, allowances and subsidies, employee benefits, medical insurance premiums, work-related injury insurance premium, maternity insurance premium, contributions to housing fund, unions and education fund and short-term absence with payment etc. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the short-term compensation actually incurred as a liability and charge to the cost of an asset or to profit or loss in the same period, and non-monetary benefits are valued with the fair value.

(b) Post-employment benefits

The Group classifies post-employment benefits into either Defined Contribution Plan (DC plan) or Defined Benefit Plan (DB plan). DC plan means the Group only contributes a fixed amount to an independent fund and no longer bears other payment obligation; DB plan is post-employment benefits other than DC plan. In this reporting period, the post-employment benefits of the Group primarily comprise basic pension insurance and unemployment insurance and both of them are DC plans.

Basic pension insurance

Employees of the Group participate in the social insurance system established and managed by local labor and social security department. The Group makes basic pension insurance to the local social insurance agencies every month, at the applicable benchmarks and rates stipulated by the government for the benefits of its employees. After the employees retire, the local labor and social security department has obligations to pay them the basic pension. When an employee has rendered service to the Group during an accounting period, the Group shall recognise the accrued amount according to the above social security provisions as a liability and charge to the cost of an asset or to profit or loss in the same period.

(c) Termination benefits

When the Group terminates the employment relationship with employees before the employment contracts expire, or provides compensation as an offer to encourage employees to accept voluntary redundancy, a provision for the termination benefits provided is recognised in profit or loss under the conditions of both the Group has a formal plan for the termination of employment or has made an offer to employees for voluntary redundancy, which will be implemented shortly; and the Group is not allowed to withdraw from termination plan or redundancy offer unilaterally.

3 MATERIAL ACCOUNTING POLICIES *(Continued)*

(15) Income tax

Current tax and deferred tax are recognised in profit or loss except to the extent that they relate to business combinations and items recognised directly in equity (including other comprehensive income).

Current tax is the expected tax payable calculated at the applicable tax rate on taxable income for the year, plus any adjustment to tax payable in respect of previous years.

At the balance sheet date, current tax assets and liabilities are offset if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets and deferred tax liabilities arise from deductible and taxable temporary differences respectively, being the differences between the carrying amounts of assets and liabilities for financial reporting purposes and their tax bases, which include deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is not recognised for temporary differences arising from the initial recognition of assets or liabilities in a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and does not give rise to equal taxable and deductible temporary differences. Deferred tax is also not recognised for taxable temporary differences arising from the initial recognition of goodwill.

At the balance sheet date, deferred tax is measured based on the tax consequences that would follow from the expected manner of recovery or settlement of the carrying amounts of the assets and liabilities, using tax rates enacted at the balance sheet date that are expected to be applied in the period when the asset is recovered or the liability is settled.

The carrying amount of a deferred tax asset is reviewed at each balance sheet date, and is reduced to the extent that it is no longer probable that the related tax benefits will be utilised. Such reductions are reversed to the extent that it becomes probable that sufficient taxable profits will be available.

At the balance sheet date, deferred tax assets and liabilities are offset if all the following conditions are met:

- the same taxable entity; or
- different taxable entities which intend either to settle the current tax liabilities and current tax assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or deferred tax assets are expected to be settled or recovered.

(16) Provisions

Provisions are recognised when the Group has a present obligation as a result of a contingent event, it is probable that an outflow of economic benefits will be required to settle the obligations and a reliable estimate can be made. Where the effect of time value of money is material, provisions are determined by discounting the expected future cash flows.

Provisions for future dismantlement costs are initially recognised based on the present value of the future costs expected to be incurred in respect of the Group's expected dismantlement and abandonment costs at the end of related oil and gas exploration and development activities. Any subsequent change in the present value of the estimated costs, other than the change due to passage of time which is regarded as interest costs, is reflected as an adjustment to the provision of oil and gas properties.

Loss-making contracts exist when the costs of performing contractual obligations inevitably exceed the expected economic benefits in the contracts entered into by the Group. The projected liability for loss-making contracts is calculated at the present value of the lesser of the expected cost of termination and the net cost of continuing to perform the contract. The cost of performing a contract includes the allocation of incremental costs for the performance of the contract and other costs directly related to the performance of the contract.

(17) Specific reserve

The Group recognises a safety fund in the specific reserve pursuant to relevant government regulations, with a corresponding increase in the costs of the related products or expenses.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. When the safety fund is subsequently used for the construction or acquisition of fixed assets, the Group recognises the capitalised expenditure incurred as the cost of the fixed assets when the related assets are ready for their intended use. In such cases, the specific reserve is reduced by the amount that corresponds to the cost of the fixed assets and the credit side is recognised in the accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

3 MATERIAL ACCOUNTING POLICIES *(Continued)***(18) Revenue recognition**

Revenue arises in the course of the Group's ordinary activities, and increases in economic benefits in the form of inflows that result in an increase in equity, other than those relating to contributions from equity participants.

The Group sells crude oil, natural gas, petroleum and chemical products, etc. Revenue is recognised according to the expected consideration amount, when a customer obtains control over the relevant goods or services. To determine whether a customer obtains control of a promised asset, the Group shall consider indicators of the transfer of control, which include, but are not limited to:

- the Group has a present right to payment for the asset;
- the Group has transferred physical possession of the asset to the customer;
- the customer has the significant risks and rewards of ownership of the asset;
- the customer has accepted the asset.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is determined according to the established amount or proportion.

The circumstances in which the Group is able to control the goods before transferring them to customers include:

- The Group acquires control of the goods or other assets from a third party and then transfers them to the customer;
- The Group is able to lead third parties to provide services to customers on behalf of the Group;
- After the Group acquires control of a product from a third party, it transfers the product to a customer by integrating the product with other products into a combination of products through the provision of significant services;

In determining whether the Group has control over the Goods before the transfer of the Goods to the Customer, the Group takes into account all relevant facts and circumstances, including:

- The Group bears the primary responsibility for the transfer of goods to customers;
- The Group assumes the inventory risk of the goods before or after the transfer of the goods;
- The Group reserves the right to determine the price of the products it trades at its own discretion.

(19) Government grants

Government grants are non-reciprocal transfers of monetary or non-monetary assets from the government to the Group except for capital contributions from the government in the capacity as an investor in the Group.

Government grants are recognised when there is reasonable assurance that the grants will be received and the Group is able to comply with the conditions attaching to them. Government grants in the form of monetary assets are recorded based on the amount received or receivable, whereas non-monetary assets are measured at fair value.

Government grants received in relation to assets are recorded as deferred income, and recognised evenly in profit or loss over the assets' useful lives. Government grants received in relation to revenue are recorded as deferred income, and recognised as income in future periods as compensation when the associated future expenses or losses arise; or directly recognised as income in the current period as compensation for past expenses or losses.

(20) Borrowing costs

Borrowing costs incurred on borrowings for the acquisition, construction or production of qualified assets are capitalised into the cost of the related assets in the capitalisable period.

Except for the above, other borrowing costs are recognised as financial expenses in the income statement when incurred.

(21) Repairs and maintenance expenses

Repairs and maintenance (including overhauling expenses) expenses are recognised in profit or loss when incurred.

3 MATERIAL ACCOUNTING POLICIES (Continued)

(22) Environmental expenditures

Environmental expenditures that relate to current ongoing operations or to conditions caused by past operations is expensed as incurred. Liabilities related to future remediation costs are recorded when environmental assessments and/or cleanups are probable and the costs can be reliably estimated. As facts concerning environmental contingencies become known to the Group, the Group reassesses its position both with respect to accrued liabilities and other potential exposures.

(23) Research and development costs

Research costs and development costs that cannot meet the capitalisation criteria are recognised in profit or loss when incurred.

(24) Dividends

Dividends and distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the balance sheet date, are not recognised as a liability at the balance sheet date and are separately disclosed in the notes to the financial statements. Dividends are recognised as a liability in the period in which they are declared.

(25) Related parties

If a party has the power to control, jointly control or exercise significant influence over another party, or vice versa, or where two or more parties are subject to common control, joint control from another party, they are considered to be related parties, except for the two parties significantly influenced by a party. Related parties may be individuals or enterprises. Where enterprises are subject to state control but are otherwise unrelated, they are not related parties.

In addition to the related parties stated above, the Company determines related parties based on the disclosure requirements of Administrative Procedures on the Information Disclosures of Listed Companies issued by the CSRC.

(26) Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organisation, management requirements and internal reporting system. An operating segment is a component of the Group that meets the following respective conditions:

- engage in business activities from which it may earn revenues and incur expenses;
- whose operating results are regularly reviewed by the Group's management to make decisions about resource to be allocated to the segment and assess its performance; and
- for which financial information regarding financial position, results of operations and cash flows are available.

Inter-segment revenues are measured on the basis of actual transaction price for such transactions for segment reporting, and segment accounting policies are consistent with those for the consolidated financial statements.

(27) Changes in significant accounting policies

In 2024, the Group has adopted the revised accounting requirements and guidance under CASs newly issued by the Ministry of Finance ("MOF") as follows:

"The provision on the Classification of Liabilities as Current or Non-current" in CAS Bulletin No. 17 (Caikuai [2023] No. 21) ("CAS Bulletin No. 17").

In accordance with CAS Bulletin No. 17, when classifying the liquidity of liabilities, the Group only considers whether it has a substantial right to defer the settlement of liabilities to more than one year after the balance sheet date ("Right to Defer the Settlement of Liabilities") at the balance sheet date, without taking into account the subjective likelihood of the Group exercising such rights.

For liabilities arising from the Group's loan arrangements, if the Group's Right to Defer the Settlement of Liabilities depends on whether the Group has complied with the conditions stipulated in the loan arrangements ("Contractual Conditions"), the Group classifies the liquidity of the relevant liabilities by considering only the impact of the Contractual Conditions to be followed by the Group on or before the balance sheet date, without considering the impact of Contractual Conditions that the Group should comply with after the balance sheet date.

For liabilities settled by the Group through the delivery of its own equity instruments at the option of the counterparty, if the Group classifies such options as equity instruments and recognises them separately as equity components of compound financial instruments in accordance with the provisions of CAS No. 37 – Presentation of Financial Instruments, the liquidity classification of such liability will not be affected. Conversely, if such options cannot be classified as equity instruments, the liquidity classification of the liability will be affected.

The adoption of this provision does not have a material impact on the Group's financial position and results of operations.

4 TAXATION

Major types of tax applicable to the Group are value-added tax, resources tax, consumption tax, income tax, crude oil special gain levy, Levy for mineral rights concessions, city construction tax, education surcharge and local education surcharge etc.

Tax rate of products is presented as below:

Type of taxes	Tax rate	Tax basis and method
Value Added Tax (the "VAT")	13%, 9%, 6%	Based on taxable value added amount. Tax payable is calculated using the taxable sales amount multiplied by the applicable tax rate less current period's deductible VAT input.
Resource Tax	6%	Based on the revenue from sales of crude oil and natural gas.
Consumption Tax	RMB 2,109.76 per tonnage for Gasoline, RMB1,411.20 per tonnage for Diesel, RMB2,105.20 per tonnage for Naphtha, RMB1,948.64 per tonnage for Solvent oil, RMB1,711.52 per tonnage for Lubricant oil, RMB1,218.00 per tonnage for Fuel oil, and RMB1,495.20 per tonnage for Jet fuel oil.	Based on quantities
Corporate Income Tax	5% to 50%	Based on taxable income.
Crude Oil Special Gain Levy	20% to 40%	Based on the sales of domestic crude oil at prices higher than a specific level.
Levy for mineral rights concessions	Oil, gas, shale gas, Natural gas hydrates 0.8% onshore, 0.6% offshore, coal bed methane 0.3%, mineral salts (rock salt) 2.8%	Based on revenue from sales of mineral products
City Maintenance and Construction Tax	1%, 5% or 7%	Based on the actual paid VAT and consumption tax.
Education surcharges	3%	Based on the actual paid VAT and consumption tax.
Local Education surcharges	2%	Based on the actual paid VAT and consumption tax.

5 CASH AT BANK AND ON HAND

The Group

	At 31 December 2024			At 31 December 2023		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Cash on hand						
Renminbi			1			1
Cash at bank						
Renminbi			50,313			87,278
US Dollar	3,490	7.1884	25,087	1,169	7.0827	8,277
Hong Kong Dollar	4,343	0.9260	4,021	3,584	0.9062	3,248
EUR	1	7.5257	4	1	7.8592	4
Others			940			185
			80,366			98,993
Deposits at related parities						
Renminbi			8,390			7,602
US Dollar	7,987	7.1884	57,416	8,196	7.0827	58,050
EUR	29	7.5257	222	10	7.8592	76
Others			405			239
			66,433			65,967
Total			146,799			164,960

Deposits at related parties represent deposits placed at Sinopec Finance Company Limited and Sinopec Century Bright Capital Investment Limited. Deposits interest is calculated based on market rate.

At 31 December 2024, time deposits with financial institutions of the Group amounted to RMB54,285 million (31 December 2023: RMB41,778 million), security deposit and other restricted deposits totally amounted to RMB1,219 million (31 December 2023: RMB1,423 million), which was not reported as cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

6 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and hedge accounting. See Note 64(c).

	31 December 2024 RMB Million		31 December 2023 RMB Million	
	Derivative financial assets	Derivative financial liabilities	Derivative financial assets	Derivative financial liabilities
Commodity derivatives	2,538	3,381	9,715	2,720
Financial derivatives	16	31	6	32
	2,554	3,412	9,721	2,752

7 ACCOUNTS RECEIVABLE

	The Group		The Company	
	At 31 December 2024 RMB million	At 31 December 2023 RMB million	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Accounts receivable	48,515	52,668	22,337	27,949
Less: Allowance for doubtful accounts	4,182	4,016	98	71
Total	44,333	48,652	22,239	27,878

Ageing analysis on accounts receivable is as follows:

	The Group				The Company			
	At 31 December 2024				At 31 December 2023			
	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %
Within one year	43,813	90.3	114	0.3	48,261	91.6	74	0.2
Between one and two years	466	1.0	62	13.3	326	0.6	47	14.4
Between two and three years	154	0.3	57	37.0	116	0.3	62	53.4
Over three years	4,082	8.4	3,949	96.7	3,965	7.5	3,833	96.7
Total	48,515	100.0	4,182		52,668	100.0	4,016	

	The Company				The Company			
	At 31 December 2024				At 31 December 2023			
	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %	Amount RMB million	Percentage to total accounts receivable %	Allowance RMB million	Percentage of allowance to accounts receivable balance %
Within one year	21,389	95.8	11	0.1	27,387	98.0	4	–
Between one and two years	691	3.1	2	0.3	319	1.1	1	0.3
Between two and three years	33	0.1	6	18.2	24	0.1	5	20.8
Over three years	224	1.0	79	35.3	219	0.8	61	27.9
Total	22,337	100.0	98		27,949	100.0	71	

As at 31 December 2024 and 31 December 2023, the total amounts of the top five accounts receivable of the Group are set out below:

	At 31 December 2024	At 31 December 2023
Total amount (RMB million)	8,304	15,137
Percentage to the total balance of accounts receivable	17.1%	28.7%
Allowance for doubtful accounts	2,238	2,204

As at 31 December 2024, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB13,527 million (31 December 2023: RMB12,767 million).

7 ACCOUNTS RECEIVABLE (Continued)

Sales are generally on a cash term. Credit is generally only available for major customers with well-established trading records. Amounts due from China Petrochemical Corporation ("Sinopec Group Company") and fellow subsidiaries are repayable under the same terms.

Accounts receivables relate to a wide range of customers for whom there is no recent history of default. Information about the impairment of accounts receivable and the Group exposure to credit risk can be found in Note 64.

During 2024 and 2023, the Group and the Company had no individually significant accounts receivable been fully or substantially provided allowance for doubtful accounts.

During 2024 and 2023, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

Ageing started from the overdue date of accounts receivable. The Group always measured the provision for impairment of accounts receivable based on the amount equivalent to the expected credit loss during the entire duration. The ECLs were calculated based on historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of ECL rates by the operating segment and geographical location.

31 December 2024	Gross carrying amount RMB million	Impairment provision on individual basis		Impairment provision on provision matrix basis		Loss allowance RMB million
		Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted-average loss rate	Impairment provision RMB million	
Current and within 1 year past due	43,813	6,048	4	0.3%	110	114
1 to 2 years past due	466	366	32	30.0%	30	62
2 to 3 years past due	154	53	1	55.4%	56	57
Over 3 years past due	4,082	3,670	3,537	100.0%	412	3,949
Total	48,515	10,137	3,574		608	4,182

31 December 2023	Gross carrying amount RMB million	Impairment provision on individual basis		Impairment provision on provision matrix basis		Loss allowance RMB million
		Carrying amount RMB million	Impairment provision on individual basis RMB million	Weighted-average loss rate	Impairment provision RMB million	
Current and within 1 year past due	48,261	8,958	4	0.2%	70	74
1 to 2 years past due	326	139	1	24.6%	46	47
2 to 3 years past due	116	34	25	45.1%	37	62
Over 3 years past due	3,965	3,599	3,467	100.0%	366	3,833
Total	52,668	12,730	3,497		519	4,016

8 RECEIVABLES FINANCING

Receivables financing represents mainly the bills of acceptance issued by banks for sales of goods and products and certain trade accounts receivable. The business model of financial assets is achieved both by collecting contractual cash flows and selling of these assets.

At 31 December 2024, the Group considers that its bills of acceptance issued by banks do not pose a significant credit risk and will not cause any significant loss due to the default of drawers.

At 31 December 2024, the Group's derecognised but outstanding bills due to endorsement or discount amounted to RMB71,762 million (2023: RMB49,616 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

9 PREPAYMENTS

	The Group		The Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
	RMB million	RMB million	RMB million	RMB million
Prepayments	6,497	5,242	2,431	1,767
Less: Allowance for doubtful accounts	68	175	8	7
Total	6,429	5,067	2,423	1,760

Ageing analysis of prepayments is as follows:

	The Group				The Company			
	At 31 December 2024				At 31 December 2023			
	Amount	Percentage to total	Allowance	Percentage of allowance to prepayments balance	Amount	Percentage to total	Allowance	Percentage of allowance to prepayments balance
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
Within one year	6,032	92.8	–	–	4,373	83.4	–	–
Between one and two years	170	2.6	6	3.5	568	10.8	86	15.1
Between two and three years	174	2.7	3	1.7	112	2.1	24	21.4
Over three years	121	1.9	59	48.8	189	3.7	65	34.4
Total	6,497	100.0	68		5,242	100.0	175	

	The Company				The Company			
	At 31 December 2024				At 31 December 2023			
	Amount	Percentage to total	Allowance	Percentage of allowance to prepayments balance	Amount	Percentage to total	Allowance	Percentage of allowance to prepayments balance
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
Within one year	2,300	94.6	–	–	1,726	97.7	–	–
Between one and two years	122	5.0	1	0.8	29	1.6	–	–
Between two and three years	1	0.1	–	–	–	–	–	–
Over three years	8	0.3	7	87.5	12	0.7	7	58.3
Total	2,431	100.0	8		1,767	100.0	7	

At 31 December 2024 and 31 December 2023, the total amounts of the top five prepayments of the Group are set out below:

	At 31 December 2024	At 31 December 2023
Total amount (RMB million)	1,715	1,041
Percentage to the total balance of prepayments	26.4%	19.9%

10 OTHER RECEIVABLES

	The Group		The Company	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
	RMB million	RMB million	RMB million	RMB million
Other receivables	33,712	27,761	50,533	51,843
Less: Allowance for doubtful accounts	1,589	1,672	879	903
Total	32,123	26,089	49,654	50,940

Other receivables mainly include security deposits and deposits.

Ageing analysis of other receivables is as follows:

	The Group				The Company			
	At 31 December 2024				At 31 December 2023			
	Amount	Percentage to total other receivables	Allowance	Percentage of allowance to other receivables balance	Amount	Percentage to total other receivables	Allowance	Percentage of allowance to other receivables balance
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
Within one year	21,101	62.7	6	–	17,121	61.7	13	0.1
Between one and two years	2,409	7.1	30	1.2	313	1.1	34	10.9
Between two and three years	106	0.3	22	20.8	152	0.5	43	28.3
Over three years	10,096	29.9	1,531	15.2	10,175	36.7	1,582	15.5
Total	33,712	100.0	1,589		27,761	100.0	1,672	

	The Company				The Company			
	At 31 December 2024				At 31 December 2023			
	Amount	Percentage to total other receivables	Allowance	Percentage of allowance to other receivables balance	Amount	Percentage to total other receivables	Allowance	Percentage of allowance to other receivables balance
	RMB million	%	RMB million	%	RMB million	%	RMB million	%
Within one year	43,241	85.6	–	–	36,754	70.9	–	–
Between one and two years	2,215	4.4	2	0.1	6,676	12.9	5	0.1
Between two and three years	1,560	3.0	5	0.3	2,118	4.1	3	0.1
Over three years	3,517	7.0	872	24.8	6,295	12.1	895	14.2
Total	50,533	100.0	879		51,843	100.0	903	

At 31 December 2024 and at 31 December 2023, the total amounts of the top five other receivables of the Group are set out below:

	At 31 December 2024	At 31 December 2023
Total amount (RMB million)	22,121	14,545
Ageing	Within one year, one to two years, two to three years and over three years	Within one year, one to two years, two to three years and over three years
Percentage to the total balance of other receivables	65.6%	52.4%
Allowance for doubtful accounts	72	72

During the year ended 31 December 2024 and 2023, the Group and the Company had no individually significant other receivables been fully or substantially provided allowance for doubtful accounts.

During the year ended 31 December 2024 and 2023, the Group and the Company had no individually significant write-off or recovery of doubtful debts which had been fully or substantially provided for in prior years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

11 INVENTORIES

The Group

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Raw materials	134,970	138,143
Work in progress	20,282	20,375
Finished goods	103,249	95,227
Spare parts and consumables	3,359	2,994
	261,860	256,739
Less: Provision for diminution in value of inventories	5,265	5,841
Total	256,595	250,898

At 31 December 2024, the provision for diminution in value of inventories of the Group was primarily due to the costs of finished goods and raw materials were higher than net realisable value.

12 LONG-TERM EQUITY INVESTMENTS

The Group

	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2024	74,399	164,129	(3,920)	234,608
Additions for the year	13,982	2,378	–	16,360
Share of profits less losses under the equity method	(2,252)	12,566	–	10,314
Change of other comprehensive income under the equity method	(2,034)	(1,473)	–	(3,507)
Other equity movements under the equity method	(41)	(37)	–	(78)
Dividends declared	(2,126)	(9,116)	–	(11,242)
Disposals for the year	(110)	(824)	–	(934)
Foreign currency translation differences	341	337	(30)	648
Movement of provision for impairment	–	–	6	6
Other movements	588	56	–	644
Balance at 31 December 2024	82,747	168,016	(3,944)	246,819

The Company

	Investments in subsidiaries RMB million	Investments in joint ventures RMB million	Investments in associates RMB million	Provision for impairment losses RMB million	Total RMB million
Balance at 1 January 2024	320,406	23,604	77,491	(7,929)	413,572
Additions for the year	24,249	2,014	481	–	26,744
Share of profits less losses under the equity method	–	(811)	4,452	–	3,641
Change of other comprehensive income under the equity method	–	–	227	–	227
Other equity movements under the equity method	–	(34)	77	–	43
Dividends declared	–	(941)	(2,681)	–	(3,622)
Disposals for the year	(40)	–	(1)	–	(41)
Movement of provision for impairment	–	–	–	1	1
Balance at 31 December 2024	344,615	23,832	80,046	(7,928)	440,565

For the year ended 31 December 2024, the Group and the Company had no individually significant long-term investment impairment.

Details of the Company's principal subsidiaries are set out in Note 60.

12 LONG-TERM EQUITY INVESTMENTS (Continued)

Principal joint ventures and associates of the Group are as follows:

(a) Principal joint ventures and associates

Name of investees	Principal place of business	Register location	Legal representative	Principal activities	Registered Capital RMB million	Percentage of equity/voting right directly or indirectly held by the Company
1. Joint ventures						
Fujian Refining & Petrochemical Company Limited ("FREP")	PRC	PRC	Zhang Xiguo	Manufacturing refining oil products	14,758	50.00%
BASF-YPC Company Limited ("BASF-YPC")	PRC	PRC	Gu Yuefeng	Manufacturing and distribution of petrochemical products	13,141	40.00%
Taihu Limited ("Taihu")	Russia	Cyprus	NA	Crude oil and natural gas extraction	USD25,000	49.00%
Sinopec SABIC Tianjin Petrochemical Company Limited ("Sinopec SABIC Tianjin")	PRC	PRC	ALSHAIKH, AHMED TRAIS S	Manufacturing and distribution of petrochemical products	10,520	50.00%
Shanghai SECCO Petrochemical Company Limited. ("Shanghai SECCO")	PRC	PRC	Wang Jingyi	Manufacturing and distribution of petrochemical products	3,115	50.00%
2. Associates						
China Oil & Gas Pipeline Network Corporation ("PipeChina") (Note)	PRC	PRC	Zhang Wei	Operation of oil and natural gas pipelines and auxiliary facilities	500,000	14.00%
Sinopec Finance Company Limited ("Sinopec Finance")	PRC	PRC	Cheng Zhong	Provision of non-banking financial services	18,000	49.00%
Sinopec Capital Co., Ltd. ("Sinopec Capital")	PRC	PRC	Zhou Meiyun	Project management, equity investment management, investment consulting, self-owned equity management	10,000	49.00%
Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic Energy")	PRC	PRC	Meng Wei	Mining coal and manufacturing of coal-chemical products	17,516	38.75%
China National Aviation Fuel Supply Co., Ltd. ("Aviation Fuel")	PRC	PRC	Bian Hui	Wholesale of gasoline, kerosene, and diesel within the civil aviation system	3,800	29.00%

Joint ventures and associates above are limited companies.

Note: Sinopec is able to exercise significant influence in PipeChina since Sinopec has a member in PipeChina's Board of Directors and has a member in PipeChina's Management Board.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

12 LONG-TERM EQUITY INVESTMENTS (Continued)

(b) Major financial information of principal joint ventures

Summarised balance sheet and reconciliation to their carrying amounts in respect of the Group's principal joint ventures:

	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December	December	December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets										
Cash and cash equivalents	3,704	3,258	1,553	2,051	933	654	538	2,974	1,025	1,563
Other current assets	10,676	13,017	5,648	4,615	6,811	4,864	4,462	2,455	2,253	3,106
Total current assets	14,380	16,275	7,201	6,666	7,744	5,518	5,000	5,429	3,278	4,669
Total non-current assets	11,873	11,752	8,206	9,000	9,726	12,254	16,087	17,345	26,928	26,386
Current liabilities										
Current financial liabilities	(907)	(827)	(6)	(25)	(51)	(42)	(5,088)	(3,900)	(1,681)	(3,582)
Other current liabilities	(12,064)	(12,115)	(1,743)	(1,963)	(718)	(2,243)	(2,168)	(2,262)	(2,298)	(2,256)
Total current liabilities	(12,971)	(12,942)	(1,749)	(1,988)	(769)	(2,285)	(7,256)	(6,162)	(3,979)	(5,838)
Non-current liabilities										
Non-current financial liabilities	(4,781)	(2,738)	–	–	(118)	(139)	(4,060)	(5,152)	(6,424)	(4,303)
Other non-current liabilities	(239)	(223)	(137)	(123)	(1,054)	(914)	(568)	(603)	(896)	(1,097)
Total non-current liabilities	(5,020)	(2,961)	(137)	(123)	(1,172)	(1,053)	(4,628)	(5,755)	(7,320)	(5,400)
Net assets	8,262	12,124	13,521	13,555	15,529	14,434	9,203	10,857	18,907	19,817
Net assets attributable to owners of the company	8,262	12,124	13,521	13,555	15,105	14,034	9,203	10,857	18,907	19,817
Net assets attributable to non-controlling interests	–	–	–	–	424	400	–	–	–	–
Share of net assets from joint ventures	4,131	6,062	5,408	5,422	7,401	6,876	4,602	5,429	9,454	9,909
Carrying Amounts	4,131	6,062	5,408	5,422	7,401	6,876	4,602	5,429	9,454	9,909

Summarised income statement

	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Turnover	46,674	60,091	20,433	19,381	17,613	14,090	24,407	22,915	21,776	17,426
Interest income	167	136	37	67	1,044	720	54	113	23	72
Interest expense	(320)	(315)	(2)	(4)	(56)	(61)	(157)	(204)	(208)	(199)
(Loss)/profit before taxation	(3,691)	(1,215)	384	430	2,916	1,666	(1,647)	(1,832)	(1,212)	(2,551)
Income tax expense	(171)	346	(98)	(108)	(584)	(292)	(7)	423	302	642
(Loss)/profit for the year	(3,862)	(869)	286	322	2,332	1,374	(1,654)	(1,409)	(910)	(1,909)
Other comprehensive income	–	–	–	–	(1,237)	(9,531)	–	–	–	–
Total comprehensive income	(3,862)	(869)	286	322	1,095	(8,157)	(1,654)	(1,409)	(910)	(1,909)
Dividends declared by joint ventures	–	–	128	1,060	–	–	–	–	–	–
Share of net (loss)/profit from joint ventures	(1,931)	(435)	114	129	1,111	660	(827)	(704)	(455)	(955)
Share of other comprehensive income from joint ventures	–	–	–	–	(586)	(4,535)	–	–	–	–

The share of profit and other comprehensive income of the Group in the year 2024 in all individually immaterial joint ventures accounted for using equity method in aggregate was loss RMB264 million (2023: loss RMB2,296 million) and loss RMB1,448 million (2023: loss RMB544 million) respectively. As at 31 December 2024, the carrying amount of all individually immaterial joint ventures accounted for using equity method in aggregate was RMB48,650 million (2023: RMB37,621 million).

12 LONG-TERM EQUITY INVESTMENTS (Continued)

(c) Major financial information of principal associates

Summarised balance sheet and reconciliation to their carrying amounts in respect of the Group's principal associates:

	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31
	December	December	December	December	December	December	December	December	December	December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets	70,803	118,631	132,724	148,026	17,592	15,098	2,713	3,672	21,747	25,394
Non-current assets	857,411	821,864	71,744	66,093	513	409	46,377	48,615	15,847	14,158
Current liabilities	(111,879)	(130,331)	(168,058)	(179,459)	(172)	(74)	(6,499)	(7,464)	(14,213)	(17,200)
Non-current liabilities	(218,629)	(225,296)	(1,004)	(906)	(2,659)	(1,275)	(14,086)	(17,563)	(1,543)	(1,533)
Net assets	597,706	584,868	35,406	33,754	15,274	14,158	28,505	27,260	21,838	20,819
Net assets attributable to shareholders of the Company	548,484	536,607	35,406	33,754	15,274	14,158	28,505	27,260	19,290	18,488
Net assets attributable to non-controlling interests	49,222	48,261	-	-	-	-	-	-	2,548	2,331
Share of net assets from associates	76,788	75,125	17,349	16,539	7,484	6,937	11,045	10,563	5,594	5,362
Carrying Amounts	76,788	75,125	17,349	16,539	7,484	6,937	11,045	10,563	5,594	5,362

Summarised income statement

	PipeChina		Sinopec Finance		Sinopec Capital		ZTHC Energy		Aviation Fuel	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Turnover	119,800	120,943	5,903	5,988	4	4	16,691	15,676	189,250	181,290
Profit for the year	34,010	34,054	2,204	2,205	490	888	2,569	2,752	2,271	2,515
Other comprehensive income	-	-	448	(182)	21	52	-	-	-	-
Total comprehensive income	34,010	34,054	2,652	2,023	511	940	2,569	2,752	2,271	2,515
Dividends declared by associates	2,553	2,306	490	490	174	188	513	966	363	638
Share of profit from associates	4,174	4,035	1,080	1,080	240	435	995	1,066	595	656
Share of other comprehensive income from associates	-	-	220	(89)	10	25	-	-	-	-

The share of profit and other comprehensive income of the Group in the year 2024 in all individually immaterial associates accounted for using equity method in aggregate was RMB5,482 million (2023: RMB4,506 million) and loss RMB1,703 million (2023: RMB1,540 million) respectively. As at 31 December 2024, the carrying amount of all individually immaterial associates accounted for using equity method in aggregate was RMB48,913 million (2023: RMB48,763 million).

(d) Long-term equity investment impairment assessment

As at 31 December 2024, there are indicators of impairment in the long-term equity investment in Shanghai SECCO. The recoverable amount of this long-term equity investment is estimated based on a value-in-use calculation. The projected future cash flows primarily take into account the five-year profit forecast for Shanghai SECCO approved by the management, which is adjusted based on the historical performance of Shanghai SECCO and relevant industry trends, with cash flows remaining stable after five years. The pre-tax discount rate of 11.08% (2023: 11.29%) is calculated based on the weighted average cost of capital. The result of value-in-use calculation indicates that there is no impairment loss in this long-term equity investment as at 31 December 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

13 FIXED ASSETS

The Group

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Fixed assets (a)	717,083	690,897
Fixed assets pending for disposal	22	60
Total	717,105	690,957

(a) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2024	158,385	896,453	1,171,364	2,226,202
Additions for the year	427	1,989	2,895	5,311
Transferred from construction in progress	8,215	49,479	62,446	120,140
Reclassifications	1,915	(855)	(1,060)	-
Decreases for the year	(1,194)	(168)	(18,618)	(19,980)
Exchange adjustments	47	677	63	787
Balance at 31 December 2024	167,795	947,575	1,217,090	2,332,460
Less: Accumulated depreciation:				
Balance at 1 January 2024	71,761	676,150	687,220	1,435,131
Additions for the year	5,277	34,001	55,033	94,311
Reclassifications	887	(824)	(63)	-
Decreases for the year	(570)	(131)	(13,939)	(14,640)
Exchange adjustments	25	620	42	687
Balance at 31 December 2024	77,380	709,816	728,293	1,515,489
Less: Provision for impairment losses:				
Balance at 1 January 2024	4,690	53,396	42,088	100,174
Additions for the year	276	137	1,866	2,279
Reclassifications	8	(4)	(4)	-
Decreases for the year	(180)	(4)	(2,424)	(2,608)
Exchange adjustments	-	43	-	43
Balance at 31 December 2024	4,794	53,568	41,526	99,888
Net book value:				
Balance at 31 December 2024	85,621	184,191	447,271	717,083
Balance at 31 December 2023	81,934	166,907	442,056	690,897

The Company

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Fixed assets (b)	310,796	305,439
Fixed assets pending for disposal	18	55
Total	310,814	305,494

13 FIXED ASSETS (Continued)

(b) Fixed assets

	Plants and buildings RMB million	Oil and gas properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2024	51,178	720,488	506,242	1,277,908
Additions for the year	1	1,548	334	1,883
Transferred from construction in progress	1,444	38,142	21,859	61,445
Reclassifications	575	(776)	201	–
Transferred from subsidiaries	46	53	899	998
Transferred to subsidiaries	(1,932)	(1,998)	(13,624)	(17,554)
Decreases for the year	(513)	(87)	(13,056)	(13,656)
Balance at 31 December 2024	50,799	757,370	502,855	1,311,024
Accumulated depreciation:				
Balance at 1 January 2024	28,542	544,606	329,340	902,488
Additions for the year	1,471	25,737	20,347	47,555
Reclassifications	365	(760)	395	–
Transferred from subsidiaries	9	39	107	155
Transferred to subsidiaries	(1,179)	(170)	(8,519)	(9,868)
Decreases for the year	(346)	(80)	(8,226)	(8,652)
Balance at 31 December 2024	28,862	569,372	333,444	931,678
Provision for impairment losses:				
Balance at 1 January 2024	2,439	45,711	21,831	69,981
Reclassifications	24	137	897	1,058
Additions for the year	1	(1)	–	–
Transferred to subsidiaries	(119)	(1)	(526)	(646)
Decreases for the year	(93)	(2)	(1,748)	(1,843)
Balance at 31 December 2024	2,252	45,844	20,454	68,550
Net book value:				
Balance at 31 December 2024	19,685	142,154	148,957	310,796
Balance at 31 December 2023	20,197	130,171	155,071	305,439

The additions to oil and gas properties of the Group and the Company for the year ended 31 December 2024 included RMB1,989 million (2023: RMB1,681 million) and RMB1,548 million (2023: RMB1,344 million), respectively of the estimated dismantlement costs for site restoration.

In 2024, the impairment loss on fixed assets was mainly due to the impairment loss of the exploration and development segment of RMB211 million (2023: RMB785 million), the impairment loss of the chemical segment of RMB1,547 million (2023: RMB1,280 million), the impairment loss of the refining segment of RMB230 million (2023: RMB191 million), and the impairment loss of the marketing and distribution segment of RMB218 million (2023: RMB235 million).

Among them, oil and gas properties and other fixed assets provided impairment losses of RMB137 million and RMB74 million respectively, which were mainly related to the decline in oil and gas reserves of individual oilfields and the high extraction costs. The recoverable amount used for impairment assessment of fixed assets in the E&P segment is determined based on the present value of the expected future cash flows of the relevant asset group. The duration of the prediction period and the production of crude oil and natural gas during the prediction period are determined based on the results of proven reserves; The sales prices of crude oil and natural gas during the forecast period are determined based on a comprehensive analysis of the energy supply and demand relationship, China's low-carbon transformation development requirements, and the domestic and international economic situation. The recoverable amounts were determined based on the present values of the expected future cash flows of the assets using a pre-tax discount rate 7.06%-15.82% (2023: 7.86%-15.94%). Further future downward revisions to the Group's oil or nature gas price outlook would lead to further impairments which, in aggregate, are likely to be material. It is estimated that a general decrease of 5% in oil price, with all other variables held constant, would result in additional impairment loss on the Group's properties, plant and equipment relating to oil and nature gas producing activities by approximately RMB1,552 million (2023: RMB1,418 million). It is estimated that a general increase of 5% in operating cost, with all other variables held constant, would result in additional impairment loss on the Group's properties, plant and equipment relating to oil and gas producing activities by approximately RMB782 million (2023: RMB634 million). It is estimated that a general increase of 5% in discount rate, with all other variables held constant, would result in additional impairment loss on the Group's properties, plant and equipment relating to oil and gas producing activities by approximately RMB1 million (2023: RMB8 million).

The impairment provisions for the chemical and refining divisions are related to the refining and chemical production equipment, mainly due to individual production units being shut down due to sustained lower than expected economic performance or having a clear shutdown plan in place, resulting in their book value being written down to their recoverable amount. The impairment provisions for the marketing and distribution segment is mainly due to the fact that the gas station is closed, resulting in their book value being written down to their recoverable amount. The recoverable amount mainly considers the profit forecast approved by the management for a five-year period, which refers to the historical operating performance of relevant refining and chemical production facilities and is adjusted according to the development trends of the refining and chemical industry. The predicted cash flow after five years will remain stable, and the pre tax discount rate is calculated based on the weighted average cost of capital, which is 8.00%-16.76% (2023: 10.30% to 16.50%).

At 31 December 2024 and 31 December 2023, the Group and the Company had no individually significant fixed assets which were temporarily idle or pending for disposal, or individually significant fully depreciated fixed assets which were still in use.

Details of the determination method for impairment of fixed assets are set out in Note 59.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

14 CONSTRUCTION IN PROGRESS

	The Group RMB million	The Company RMB million
Cost:		
Balance at 1 January 2024	182,991	70,703
Additions for the year	159,694	81,751
Disposals for the year	(41)	(2)
Dry hole costs written off	(4,955)	(4,429)
Transferred to fixed assets	(120,140)	(61,445)
Reclassification to other assets	(5,971)	(1,017)
Exchange adjustments	27	–
Balance at 31 December 2024	211,605	85,561
Provision for impairment losses:		
Balance at 1 January 2024	2,741	397
Additions for the year	134	–
Decreases for the year	(41)	(2)
Exchange adjustments	24	–
Balance at 31 December 2024	2,858	395
Net book value:		
Balance at 31 December 2024	208,747	85,166
Balance at 31 December 2023	180,250	70,306

At 31 December 2024, material construction in progress projects of the Group are as follows:

Project name	Budgeted amount RMB million	Balance at 1 January 2024 RMB million	Net change for the year RMB million	Balance at 31 December 2024 RMB million	Percentage of project investment to budgeted amount	Source of funding	Accumulated interest capitalised at 31 December 2024 RMB million
Zhenhai Refining and Chemical Refining and High-end Synthetic New Material Project	41,673	17,512	12,716	30,228	77.53%	Bank loans & self-financing	440
Expand the 1.5 million tons/year ethylene and downstream high-end new material industry agglomeration project	24,939	2,700	1,700	4,400	16.63%	Bank loans & self-financing	1

15 RIGHT-OF-USE ASSETS

The Group

	Land RMB million	Others RMB million	Total RMB million
Cost :			
Balance at 1 January 2024	170,102	57,643	227,745
Additions for the year	7,132	10,187	17,319
Decreases for the year	(11,325)	(6,968)	(18,293)
Balance at 31 December 2024	165,909	60,862	226,771
Accumulated depreciation:			
Balance at 1 January 2024	27,423	25,793	53,216
Additions for the year	6,697	9,419	16,116
Decreases for the year	(1,899)	(5,004)	(6,903)
Balance at 31 December 2024	32,221	30,208	62,429
Net book value:			
Balance at 31 December 2024	133,688	30,654	164,342
Balance at 31 December 2023	142,679	31,850	174,529

The Company

	Land RMB million	Others RMB million	Total RMB million
Cost :			
Balance at 1 January 2024	96,340	4,578	100,918
Additions for the year	96	1,603	1,699
Decreases for the year	(4,154)	(1,043)	(5,197)
Balance at 31 December 2024	92,282	5,138	97,420
Accumulated depreciation:			
Balance at 1 January 2024	13,542	2,787	16,329
Additions for the year	3,218	1,557	4,775
Decreases for the year	(590)	(990)	(1,580)
Balance at 31 December 2024	16,170	3,354	19,524
Net book value:			
Balance at 31 December 2024	76,112	1,784	77,896
Balance at 31 December 2023	82,798	1,791	84,589

Depreciation of the right-of-use assets of the Group and Company charged for the year ended 31 December 2024 are RMB15,932 million (2023: RMB14,829 million) and RMB4,774 million (2023: RMB4,700 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

16 INTANGIBLE ASSETS

The Group

	Land use rights RMB million	Patents RMB million	Non-patent technology RMB million	Operation rights RMB million	Others RMB million	Total RMB million
Cost:						
Balance at 1 January 2024	124,341	5,235	5,974	54,186	25,445	215,181
Additions for the year	5,991	137	364	281	1,279	8,052
Decreases for the year	(513)	(274)	(441)	(596)	(715)	(2,539)
Balance at 31 December 2024	129,819	5,098	5,897	53,871	26,009	220,694
Accumulated amortisation:						
Balance at 1 January 2024	34,558	3,940	4,312	27,641	5,305	75,756
Additions for the year	3,663	178	250	2,130	1,024	7,245
Decreases for the year	(134)	(112)	(441)	(387)	(349)	(1,423)
Balance at 31 December 2024	38,087	4,006	4,121	29,384	5,980	81,578
Provision for impairment losses:						
Balance at 1 January 2024	258	485	123	361	17	1,244
Additions for the year	2	3	–	75	2	82
Decreases for the year	(2)	(162)	–	(27)	(2)	(193)
Balance at 31 December 2024	258	326	123	409	17	1,133
Net book value:						
Balance at 31 December 2024	91,474	766	1,653	24,078	20,012	137,983
Balance at 31 December 2023	89,525	810	1,539	26,184	20,123	138,181

Amortisation of the intangible assets of the Group charged for the year ended 31 December 2024 is RMB6,730 million (2023: RMB6,641 million).

17 GOODWILL

Goodwill is allocated to the following Group's cash-generating units:

Name of investees	Principal activities	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Sinopec Zhenhai Refining and Chemical Branch	Manufacturing of intermediate petrochemical products and petroleum products	4,043	4,043
Other units allocated		2,450	2,429
Total		6,493	6,472

The Group's goodwill impairment assessment is carried out in conjunction with its related asset group or combination of asset groups, and the recoverable amounts of goodwill are estimated annually based on value in use calculations, which is consistent with prior years. These calculations use cash flow projections based on five-year financial budgets approved by management for a goodwill-related asset group or a combination of asset groups, with cash flow remaining stable after five years. The cash flow forecasts use sales volumes, selling price and discount rates as key assumptions, with sales volumes based on production capacity and/or actual sales volumes for periods prior to the budget period, selling prices based on management's expectations of future international crude oil and petrochemical price trends, and pre-tax discount rates based on weighted average cost of capital, which ranged from 10.7% to 11.8%(2023: 11.3% to 13.1%). Based on the result of the impairment assessment of goodwill, no major impairment loss was recognised.

18 LONG-TERM DEFERRED EXPENSES

Long-term deferred expenses primarily represent catalysts expenditures and improvement expenditures of leased fixed assets.

19 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities before the consolidated elimination adjustments are as follows:

	Deferred tax assets		Deferred tax liabilities	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
	RMB million	RMB million	RMB million	RMB million
Receivables and inventories	4,294	3,721	(49)	(20)
Payables	2,649	2,715	–	–
Cash flow hedges	41	16	(667)	(1,142)
Fixed assets	17,529	17,965	(31,560)	(26,669)
Tax value of losses carried forward	12,256	9,036	–	–
Other equity instrument investments	139	137	(4)	(7)
Intangible assets	1,296	1,084	(93)	(92)
Lease liabilities and Right-of-use assets	40,876	44,334	(36,594)	(40,422)
Others	2,457	2,792	(1,117)	(1,155)
Deferred tax assets/(liabilities)	81,537	81,800	(70,084)	(69,507)

The consolidated elimination amount between deferred tax assets and liabilities are as follows:

	At 31 December 2024	At 31 December 2023
	RMB million	RMB million
Deferred tax assets	62,760	61,690
Deferred tax liabilities	62,760	61,690

Deferred tax assets and liabilities after the offsetting adjustments are as follows:

	At 31 December 2024	At 31 December 2023
	RMB million	RMB million
Deferred tax assets	18,777	20,110
Deferred tax liabilities	7,324	7,817

At 31 December 2024, certain subsidiaries of the Company did not recognise deferred tax of deductible loss carried forward of RMB28,197 million (2023: RMB24,783 million), of which RMB5,070 million (2023: RMB5,496 million) was incurred for the year ended 31 December 2024, because it was not probable that the related tax benefit will be realised. These deductible losses carried forward of RMB3,349 million, RMB5,310 million, RMB8,972 million, RMB5,496 million and RMB5,070 million will expire in 2025, 2026, 2027, 2028, 2029 and after, respectively.

Periodically, management performed assessment on the probability that future taxable profit will be available over the period which the deferred tax assets can be realised or utilised. In assessing the probability, both positive and negative evidence was considered, including whether it is probable that the operations will have sufficient future taxable profits over the periods which the deferred tax assets are deductible or utilised and whether the tax losses result from identifiable causes which are unlikely to recur.

20 OTHER NON-CURRENT ASSETS

Other non-current assets mainly represent long-term receivables, prepayments for construction projects, prepayments for purchases of equipment and time deposits with maturities over one year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

21 DETAILS OF IMPAIRMENT LOSSES

At 31 December 2024, impairment losses of the Group are analysed as follows:

	Note	Balance at 1 January 2024 RMB million	Provision for the year RMB million	Written back for the year RMB million	Written off for the year RMB million	Other increase/ (decrease) RMB million	Balance at 31 December 2024 RMB million
Allowance for doubtful accounts							
Included: Accounts receivable	7	4,016	151	(31)	(12)	58	4,182
Prepayments	9	175	3	(128)	–	18	68
Other receivables	10	1,672	78	(81)	(80)	–	1,589
Other non-current assets		899	–	(9)	–	14	904
Total		6,762	232	(249)	(92)	90	6,743
Inventories	11	5,841	4,599	(179)	(5,001)	5	5,265
Long-term equity investments	12	3,920	–	–	(2)	26	3,944
Fixed assets	13	100,174	2,206	–	(2,599)	107	99,888
Construction in progress	14	2,741	134	–	(33)	16	2,858
Intangible assets	16	1,244	72	–	(188)	5	1,133
Goodwill	17	7,861	–	–	–	–	7,861
Others		63	–	(5)	–	(3)	55
Total		128,606	7,243	(433)	(7,915)	246	127,747

The reasons for recognising impairment losses are set out in the respective notes of respective assets.

22 SHORT-TERM LOANS

The Group's short-term loans represent:

	At 31 December 2024			At 31 December 2023		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Short-term bank loans			44,369			51,175
– Renminbi loans			44,369			51,175
Short-term loans from Sinopec Group Company and fellow subsidiaries			3,862			8,640
– Renminbi loans			1,459			7,628
– US Dollar loans	334	7.1884	2,403	143	7.0827	1,012
Total			48,231			59,815

At 31 December 2024, the Group's interest rates on short-term loans were from interest 1.45% to 5.42% (2023: 1.08% to 6.39%) per annum. The majority of the above loans are by credit.

At 31 December 2024 and 31 December 2023, the Group had no significant overdue short-term loans.

23 BILLS PAYABLE

Bills payable primarily represented bank accepted bills for the purchase of material, goods and products. Bills payable were due within one year.

At 31 December 2024 and 31 December 2023, the Group had no overdue unpaid bills.

24 ACCOUNTS PAYABLE

Accounts payable primarily represent goods payable or material payable.

25 CONTRACT LIABILITIES

As at 31 December 2024 and 31 December 2023, the Group's contract liabilities primarily represent advances from customers. Related performance obligations are expected to be satisfied and revenue is recognised within one year.

26 EMPLOYEE BENEFITS PAYABLE

(1) Employee benefits payable:

	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
Short-term employee benefits	13,891	101,454	(101,232)	14,113
Post-employment benefits – defined contribution plans	44	14,874	(14,871)	47
Termination benefits	6	165	(164)	7
Total	13,941	116,493	(116,267)	14,167

(2) Short-term employee benefits

	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
Salaries, bonuses, allowances	11,585	74,013	(73,724)	11,874
Staff welfare	1,625	7,653	(7,657)	1,621
Social insurance	334	7,083	(7,089)	328
Included: Medical insurance	331	6,375	(6,381)	325
Work-related injury insurance	2	583	(583)	2
Maternity insurance	1	125	(125)	1
Housing fund	35	7,544	(7,543)	36
Labour union fee, staff and workers' education fee	275	2,597	(2,647)	225
Other short-term employee benefits	37	2,564	(2,572)	29
	13,891	101,454	(101,232)	14,113

(3) Post-employment benefits – defined contribution plans

	Balance at the beginning of the year	Accrued during the year	Decreased during the year	Balance at the end of the year
Basic pension insurance	35	9,870	(9,866)	39
Unemployment insurance	1	381	(381)	1
Annuity	8	4623	(4,624)	7
Total	44	14,874	(14,871)	47

27 TAXES PAYABLE

The Group

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Value-added tax payable	2,535	2,989
Consumption tax payable	18,860	18,275
Income tax payable	1,706	1,455
Mineral resources compensation fee payable	–	2
Levy for mineral rights concessions	7,114	7,385
Other taxes	8,282	9,902
Total	38,497	40,008

28 OTHER PAYABLES

At 31 December 2024 and 31 December 2023, other payables of the Group over one year primarily represented payables for constructions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

29 NON-CURRENT LIABILITIES DUE WITHIN ONE YEAR

The Group's non-current liabilities due within one year represent:

	At 31 December 2024			At 31 December 2023		
	Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Long-term bank loans						
– Renminbi loans			43,246			2,813
Long-term loans from Sinopec Group Company and fellow subsidiaries						
– Renminbi loans			822			3,797
Long-term loans due within one year			44,068			6,610
Debentures payable due within one year						
– Renminbi debentures			165			4,546
Lease liabilities due within one year			17,831			17,536
Others			2,538			1,765
Non-current liabilities due within one year			64,602			30,457

At 31 December 2024 and 31 December 2023, the Group had no significant overdue long-term loans.

30 OTHER CURRENT LIABILITIES

As at 31 December 2024, other current liabilities mainly represent RMB13,351 million (31 December 2023: RMB13,310 million) output VAT to be transferred.

31 LONG-TERM LOANS

The Group's long-term loans represent:

	Interest rate and final maturity	At 31 December 2024			At 31 December 2023		
		Original currency million	Exchange rates	RMB million	Original currency million	Exchange rates	RMB million
Long-term bank loans							
– Renminbi loans	Interest rates ranging from interest 1.08% to 3.90% per annum at 31 December 2024 (2023: 1.08% to 4.80%) with maturities through 2039			204,840			157,298
– US Dollar loans	Interest rates at 0.00% per annum at 31 December 2024 (2023: 0.00%) with maturities through 2031	6	7.1884	46	7	7.0827	51
Less: Portion with one year (note 29)				(43,246)			(2,813)
Long-term bank loans				161,640			154,536
Long-term loans from Sinopec Group Company and fellow subsidiaries							
– Renminbi loans	Interest rates ranging from interest 2.20% to 4.50% per annum at 31 December 2024 (2023: 1.08% to 4.99%) with maturities through 2038			24,116			28,608
Less: Portion with one year (note 29)				(822)			(3,797)
Long-term loans from Sinopec Group Company and fellow subsidiaries				23,294			24,811
Total				184,934			179,347

The maturity analysis of the Group's long-term loans is as follows:

	At 31 December 2024	At 31 December 2023
	RMB million	RMB million
Between one and two years	81,436	66,265
Between two and five years	67,514	84,656
After five years	35,984	28,426
Total	184,934	179,347

Long-term loans are carried at amortised costs.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

32 DEBENTURES PAYABLE

The Group

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Debentures payable:		
– Corporate Bonds (Note)	25,727	13,059
Less: Portion within one year (Note 29)	165	4,546
Total	25,562	8,513

Note: These corporate bonds are carried at amortised cost. At 31 December 2024, USD denominated corporate bonds were equivalent to RMB3,607 million, and RMB denominated corporate bonds were RMB22,120 million (31 December 2023: USD denominated corporate bonds of RMB3,520 million, and RMB denominated corporate bonds of RMB9,541 million).

33 LEASE LIABILITY

The Group

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Lease liabilities	172,735	181,400
Deduct: Portion of lease liabilities within one year (Note 29)	17,831	17,536
Total	154,904	163,864

34 PROVISIONS

Provisions primarily represent provision for future dismantlement costs of oil and gas properties. The Group has established certain standardised measures for the dismantlement of its retired oil and gas properties by making reference to the industry practices and is thereafter constructively obligated to take dismantlement measures of its retired oil and gas properties. Movement of provision of the Group's obligations for the dismantlement of its retired oil and gas properties is as follows:

	The Group RMB million
Balance at 1 January 2024	45,222
Provision for the year	1,989
Accretion expenses	779
Decrease for the year	(1,497)
Foreign currency translation differences	35
Balance at 31 December 2024	46,528

35 OTHER NON-CURRENT LIABILITIES

Other non-current liabilities primarily represent long-term payables, special payables and deferred income.

36 SHARE CAPITAL

The Group

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Registered, issued and fully paid:		
97,232,263,098 listed A shares (2023: 94,971,971,046) of RMB1.00 each	97,233	94,972
24,049,292,600 listed H shares (2023: 24,377,280,600) of RMB1.00 each	24,049	24,377
Total	121,282	119,349

The Company was established on 25 February 2000 with a registered capital of 68.8 billion domestic state-owned shares with a par value of RMB1.00 each. Such shares were issued to Sinopec Group Company in consideration for the assets and liabilities transferred to the Company (Note 1).

Pursuant to the resolutions passed at an Extraordinary General Meeting held on 25 July 2000 and approvals from relevant government authorities, the Company is authorised to increase its share capital to a maximum of 88.3 billion shares with a par value of RMB1.00 each and offer not more than 19.5 billion shares with a par value of RMB1.00 each to investors outside the PRC. Sinopec Group Company is authorised to offer not more than 3.5 billion shares of its shareholdings in the Company to investors outside the PRC. The shares sold by Sinopec Group Company to investors outside the PRC would be converted into H shares.

In October 2000, the Company issued 15,102,439,000 H shares with a par value of RMB1.00 each, representing 12,521,864,000 H shares and 25,805,750 American Depositary Shares ("ADSs", each representing 100 H shares), at prices of HKD1.59 per H share and USD20.645 per ADS, respectively, by way of a global initial public offering to Hong Kong SAR and overseas investors. As part of the global initial public offering, 1,678,049,000 state-owned ordinary shares of RMB1.00 each owned by Sinopec Group Company were converted into H shares and sold to Hong Kong SAR and overseas investors.

In July 2001, the Company issued 2.8 billion listed A shares with a par value of RMB1.00 each at RMB4.22 by way of a public offering to natural persons and institutional investors in the PRC.

During the year ended 31 December 2010, the Company issued 88,774 listed A shares with a par value of RMB1.00 each, as a result of exercise of 188,292 warrants entitled to the Bonds with Warrants.

During the year ended 31 December 2011, the Company issued 34,662 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2012, the Company issued 117,724,450 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

On 14 February 2013, the Company issued 2,845,234,000 listed H shares ("the Placing") with a par value of RMB1.00 each at the Placing Price of HKD8.45 per share. The aggregate gross proceeds from the Placing amounted to approximately HKD24,042,227,300.00 and the aggregate net proceeds (after deduction of the commissions and estimated expenses) amounted to approximately HKD23,970,100,618.00.

In June 2013, the Company issued 21,011,962,225 listed A shares and 5,887,716,600 listed H shares as a result of bonus issues of 2 shares converted from the retained earnings, and 1 share transferred from capital reserve for every 10 existing shares.

During the year ended 31 December 2013, the Company issued 114,076 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2014, the Company issued 1,715,081,853 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2015, the Company issued 2,790,814,006 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2022, the Company repurchased 442,300,000 listed A shares and 732,502,000 listed H shares respectively at a price of RMB4.06 per share to RMB4.50 per share for the repurchase of listed A shares, with a total amount of RMB1,888,163,981.61, and a price of HKD3.06 per share to HKD3.75 per share for the repurchase of listed H shares, with a total amount of HKD2,499,261,860.00, which had been cancelled in the year ended 31 December 2022.

During the year ended 31 December 2023, the Company repurchased 143,500,000 listed A shares and 403,656,000 listed H shares respectively at a price of RMB5.29 per share to RMB6.17 per share for the repurchase of listed A shares, with a total amount of RMB816,009,269.44, and a price of HKD3.78 per share to HKD4.56 per share for the repurchase of listed H shares, with a total amount of HKD1,646,392,242.20, which had been cancelled in the year ended 31 December 2023.

36 SHARE CAPITAL (Continued)**The Group** (Continued)

Pursuant to the resolutions of the 15th meeting of the 8th session of the board of directors held on 24 March 2023 and the 2022 Annual General Meeting of Shareholders held on 30 May 2023, and with the approval for registration by the China Securities Regulatory Commission in the Reply on Agreeing to the Registration of China Petroleum & Chemical Corporation to Issue Shares to Specific Targets (Zheng Jian Xu Ke [2024] No. 110(證監許可[2024]110 號)), the Company was approved to issued 2,390,438,247 listed A shares (par value of RMB1.00 per share at an issue price of RMB5.02 per share) to Sinopec Group Company on 18 March 2024. The total amount of raised funds is RMB11,999,999,999.94. After deducting the total amount of RMB12,671,221.04 (excluding VAT) of recommendation and underwriting expenses and other issuance expenses, the net amount of raised funds is RMB11,987,328,778.90, which is included in the share capital of RMB2,390,438,247.00 and capital reserve of RMB9,596,890,531.90.

During the year ended 31 December 2024, the Company repurchased 130,146,195 listed A shares and 328,126,000 listed H shares respectively at a price of RMB6.16 per share to RMB6.43 per share for the repurchase of listed A shares, with a total amount of RMB816,001,427.20, and a price of HKD4.09 per share to HKD4.89 per share for the repurchase of listed H shares, with a total amount of HKD1,436,267,366.40. The 130,146,195 listed A shares and 327,988,000 listed H shares repurchased from 26 March to 18 December 2024 had been canceled, while the 138,000 listed H shares repurchased on 30 December 2024 had not been canceled in the year ended 31 December 2024.

All A shares and H shares rank pari passu in all material aspects.

Capital management

Management optimises the structure of the Group's capital, which comprises of equity, debts and bonds. In order to maintain and adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans and bonds. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion) and debentures payable, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion) and debentures payable, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 31 December 2024, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 20.4% (2023: 18.9%) and 53.2% (2023: 52.7%), respectively.

The schedule of the contractual maturities of loans and commitments are disclosed in Notes 31,32 and 61, respectively.

There were no changes in the management's approach to capital management of the Group during the year. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

37 CAPITAL RESERVE

The movements in capital reserve of the Group are as follows:

	RMB million
Balance at 1 January 2024	117,273
Common shares invested by shareholders	9,597
Cancellation of treasury shares	(1,672)
Minority shareholder investment	970
Transactions with minority shareholders	(1,078)
Other equity movements under the equity method	(68)
Others	346
Balance at 31 December 2024	125,368

Capital reserve represents mainly: (a) the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from Sinopec Group Company in connection with the Reorganisation; (b) share premiums derived from issuances of H shares and A shares by the Company and excess of cash paid by investors over their proportionate shares in share capital, the proportionate shares of unexercised portion of the Bond with Warrants at the expiration date, and the amount transferred from the proportionate liability component and the derivative component of the converted portion of the 2011 Convertible Bonds; (c) difference between consideration paid for the combination of entities under common control and the transactions with non-controlling interests over the carrying amount of the net assets acquired.

38 OTHER COMPREHENSIVE INCOME

The Group

(a) The changes of other comprehensive income in consolidated income statement

	Before-tax amount RMB million	2024 Tax effect RMB million	Net-of-tax amount RMB million
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the year	(1,193)	243	(950)
Less: Reclassification adjustments for amounts transferred to the consolidated income statement	562	(30)	532
Subtotal	(1,755)	273	(1,482)
Changes in fair value of other equity instrument investments	(8)	5	(3)
Other comprehensive loss that can be converted into profit or loss under the equity method	(3,507)	–	(3,507)
Foreign currency translation differences	2,006	–	2,006
Other comprehensive income	(3,264)	278	(2,986)

	Before-tax amount RMB million	2023 Tax effect RMB million	Net-of-tax amount RMB million
Cash flow hedges:			
Effective portion of changes in fair value of hedging instruments recognised during the year	7,420	(1,075)	6,345
Less: Reclassification adjustments for amounts transferred to the consolidated income statement	1,245	(234)	1,011
Subtotal	6,175	(841)	5,334
Changes in fair value of other equity instrument investments	(13)	5	(8)
Other comprehensive loss that can be converted into profit or loss under the equity method	(6,683)	–	(6,683)
Foreign currency translation differences	1,946	–	1,946
Other comprehensive income	1,425	(836)	589

(b) The change of each item in other comprehensive income

	Other comprehensive income that can be converted into profit or loss under the equity method RMB million	Changes in fair value of other equity instrument investments RMB million	Cash flow hedges RMB million	Foreign currency translation differences I RMB million	Subtotal RMB million	Non-controlling interests RMB million	Total other comprehensive income RMB million
1 January 2023	(4,155)	(83)	3,024	4,286	3,072	(1,051)	2,021
Changes in 2023	(4,287)	(8)	2,632	1,651	(12)	(2,054)	(2,066)
31 December 2023	(8,442)	(91)	5,656	5,937	3,060	(3,105)	(45)
1 January 2024	(8,442)	(91)	5,656	5,937	3,060	(3,105)	(45)
Changes in 2024	(3,058)	(21)	(2,403)	1,435	(4,047)	108	(3,939)
31 December 2024	(11,500)	(112)	3,253	7,372	(987)	(2,997)	(3,984)

As at 31 December 2024, cash flow hedge reserve amounted to a gain of RMB3,338 million (31 December 2023: a gain of RMB5,758 million), of which a gain of RMB3,253 million was attribute to shareholders of the Company (31 December 2023: a gain of RMB5,656 million).

39 SPECIFIC RESERVE

In accordance with the Administrative Measures for the Extraction and Use of Production Safety Expenses of Enterprises issued by the Ministry of Finance and the Ministry of Emergency Management of the PRC, the Group mainly extracts a certain percentage of production safety expenses from its net profit on a monthly basis based on the operating revenues of the businesses to which the Measures are applicable or the output of raw minerals mined in the PRC, which is included in the special reserve. Production safety expenses are specifically used to perfect and improve the production safety conditions of the enterprise or project, and any expenditure that is in line with the scope of use of production safety expenses shall be charged to the production safety expenses withdrawn. The assets formed by the use of production safety expenses are included in the relevant asset management. The balance of the current year's production safety expenses is carried forward for use in the following year.

40 SURPLUS RESERVES

Movements in surplus reserves are as follows:

	Statutory surplus reserve RMB million	The Group Discretionary surplus reserves RMB million	Total RMB million
Balance at 1 January 2024	106,134	117,000	223,134
Appropriation of surplus reserve	4,529	–	4,529
Balance at 31 December 2024	110,663	117,000	227,663

The PRC Company Law and Articles of Association of the Company have set out the following profit appropriation plans:

- 10% of the net profit is transferred to the statutory surplus reserve. In the event that the reserve balance reaches 50% of the registered capital, no transfer is needed;
- After the transfer to the statutory surplus reserve, a transfer to discretionary surplus reserve can be made upon the passing of a resolution at the shareholders' meeting.

41 OPERATING INCOME AND OPERATING COSTS

	The Group		The Company	
	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million
Income from principal operations	3,015,321	3,146,873	1,035,143	1,173,747
Income from other operations	59,241	65,342	26,822	32,981
Operating income	3,074,562	3,212,215	1,061,965	1,206,728
Operating costs	2,598,935	2,709,656	850,450	962,889

The income from principal operations mainly represents revenue from the sales of refined petroleum products, chemical products, crude oil and natural gas. The income from other operations mainly represents revenue from sale of materials, services providing, rental income and others.

Operating costs primarily represent the products cost related to the principal operations. The Group's segmental information is set out in Note 63.

The Group's operating income is mainly composed of sales revenue from the products as follows:

	2024	2023
	RMB million	RMB million
Income from principal operations	3,015,321	3,146,873
Included: Gasoline	847,815	861,453
Diesel	653,111	722,307
Crude oil	365,045	412,488
Chemical feedstock	41,994	38,039
Basic organic chemicals	219,608	210,216
Synthetic resin	124,780	132,625
Kerosene	231,214	216,456
Natural gas	91,015	79,681
Synthetic fiber monomers and polymers	42,880	34,059
Others (i)	397,859	439,549
Income from other operations	59,241	65,342
Included: Sale of materials and others	57,785	63,990
Rental income	1,456	1,352
Total	3,074,562	3,212,215

Notes:

- Others are primarily liquefied petroleum gas and other refinery and chemical byproducts and joint products and so on.
- The above operating incomes, except rental income, are all income from contracts.

42 TAXES AND SURCHARGES

The Group

	2024	2023
	RMB million	RMB million
Consumption tax	215,245	215,483
City construction tax	18,010	17,478
Special oil income levy	5,112	6,223
Education surcharge	13,255	12,847
Resources tax	8,466	8,230
Levy for mineral rights concessions	1,574	7,412
Others	5,653	5,248
Total	267,315	272,921

The applicable tax rate of the taxes and surcharges are set out in Note 4.

43 FINANCIAL EXPENSES

The Group

	2024	2023
	RMB million	RMB million
Interest expenses incurred	10,525	9,807
Less: Capitalised interest expenses	1,470	1,788
Add: Interest expense on lease liabilities	8,767	8,951
Net interest expenses	17,822	16,970
Accretion expenses (Note 34)	779	1,099
Interest income	(5,935)	(6,828)
Net foreign exchange gains	(1,492)	(1,319)
Total	11,174	9,922

The interest rates per annum at which borrowing costs were capitalised during the year ended 31 December 2024 by the Group ranged from 2.00% to 3.90%(2023: 1.70% to 4.25%).

44 CLASSIFICATION OF EXPENSES BY NATURE

The operating costs, selling and distribution expenses, general and administrative expenses, research and development expenses and exploration expenses (including dry holes) in consolidated income statement classified by nature are as follows:

	2024	2023
	RMB million	RMB million
Purchased crude oil, products and operating supplies and expenses	2,449,614	2,569,412
Personnel expenses	110,187	108,017
Depreciation, depletion and amortisation	120,714	113,750
Exploration expenses (including dry holes)	9,375	11,055
Other expenses	53,078	53,274
Total	2,742,968	2,855,508

45 SELLING AND DISTRIBUTION EXPENSES

Selling expenses mainly include wages and salaries of sales staff, depreciation and amortization of sales equipment and related systems, etc.

46 GENERAL AND ADMINISTRATIVE EXPENSES

Administrative expenses mainly include salaries of administrative personnel, depreciation and amortization of office facilities, office systems and software, and repair costs.

47 RESEARCH AND DEVELOPMENT EXPENSES

The research and development expenditures are mainly used for the replacement of resources in upstream, optimising structure and operation upgrades in refining sector, structured adjustment of materials and products in chemical segment.

48 EXPLORATION EXPENSES

Exploration expenses include geological and geophysical expenses and written-off of unsuccessful dry hole costs.

49 OTHER INCOME

Classified by characteristic	2024 RMB million	2023 RMB million
Government grants	12,026	10,553
Others	227	352
Total	12,253	10,905

Other income are mainly the government grants related to the business activities.

50 INVESTMENT INCOME

	The Group 2024 RMB million	2023 RMB million	The Company 2024 RMB million	2023 RMB million
Income from investment of subsidiaries accounted for under cost method	–	–	31,965	29,431
Income from investment accounted for under equity method	10,314	8,177	3,641	4,552
Investment income from disposal of business and long-term equity investments	97	303	3	15
Dividend income from holding of other equity instrument investments	55	10	1	6
Investment income/(loss) from holding/disposal of financial assets and liabilities and derivative financial instruments at fair value through profit or loss	4,031	(4,575)	–	263
Gain from ineffective portion of cash flow hedges	875	1,380	353	(809)
Others	517	516	1,265	1,412
Total	15,889	5,811	37,228	34,870

51 INCOME FROM CHANGES IN FAIR VALUE

The Group

	2024 RMB million	2023 RMB million
Net fair value losses on financial assets and financial liabilities at fair value through loss	(4,143)	(159)
Unrealised or gains from ineffective portion cash flow hedges, net	43	649
Others	(47)	(23)
Total	(4,147)	467

52 IMPAIRMENT LOSSES

The Group

	2024 RMB million	2023 RMB million
Prepayments	(125)	77
Inventories	4,420	6,053
Long-term equity investment	–	2
Fixed assets	2,206	2,491
Intangible assets	72	27
Construction in progress	134	116
Others	(5)	6
Total	6,702	8,772

53 NON-OPERATING INCOME

The Group

	2024 RMB million	2023 RMB million
Government grants	406	636
Others	1,820	1,334
Total	2,226	1,970

54 NON-OPERATING EXPENSES

The Group

	2024 RMB million	2023 RMB million
Fines, penalties and compensation	431	43
Donations	293	310
Asset scrap, damage loss	1,157	1,231
Others	2,089	1,014
Total	3,970	2,598

55 INCOME TAX EXPENSE

The Group

	2024 RMB million	2023 RMB million
Provision for income tax for the year	12,536	15,098
Deferred taxation	1,669	2,442
Under-provision for income tax in respect of preceding year	(1,239)	(1,470)
Total	12,966	16,070

Reconciliation between actual income tax expense and accounting profit at applicable tax rates is as follows:

	2024 RMB million	2023 RMB million
Profit before taxation	70,513	86,116
Expected income tax expense at a tax rate of 25%	17,628	21,529
Tax effect of non-deductible expenses	2,491	2,987
Tax effect of non-taxable income	(4,247)	(4,060)
Tax effect of preferential tax rate (Note)	(2,763)	(3,117)
Effect of income taxes at foreign operations	(253)	(846)
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(152)	(399)
Tax effect of tax losses not recognised and temporary differences	1,267	1,374
Write-down of deferred tax assets	234	72
Adjustment for under provision for income tax in respect of preceding years	(1,239)	(1,470)
Actual income tax expense	12,966	16,070

Note: The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group in western regions in the PRC are taxed at preferential income tax rate of 15% through the year 2024. According to Announcement [2020] No. 23 of the MOF "Announcement of the MOF, the State Taxation Administration and the National Development and Reform Commission on continuation of the income tax policy of western development enterprises", the preferential income tax rate of 15% extends from 1 January 2021 to 31 December 2030.

56 DIVIDENDS

(a) Dividends of ordinary shares declared after the balance sheet date

Pursuant to a resolution passed at the director's meeting on 21 March 2025, final dividends in respect of the year ended 31 December 2024 of RMB0.140 (2023: RMB0.200) per share totaling RMB16,979 million (2023: RMB23,870 million) were proposed for shareholders' approval at the Annual General Meeting. Final cash dividend proposed after the balance sheet date has not been recognised as a liability at the balance sheet date.

(b) Dividends of ordinary shares declared during the period

Pursuant to the approval at the director's meeting on 23 August 2024, the interim dividends for the year ending 31 December 2024 of RMB0.146 (2023: RMB0.145) per share totaling RMB17,768 million (2023: RMB17,380 million) were approved. Dividends were paid on 13 September 2024.

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2024, a final dividend of RMB0.200 per share totaling RMB24,340 million according to total shares on 15 July 2024 was approved. All dividends have been paid before 31 December 2024.

Pursuant to the shareholders' approval at the General Meeting on 25 August 2023, the interim dividends for the year ending 31 December 2023 of RMB0.145 per share totaling RMB17,380 million were approved. Dividends were paid on 15 September 2023.

Pursuant to the shareholders' approval at the Annual General Meeting on 30 May 2023, a final dividend of RMB0.195 per share totaling RMB23,380 million according to total shares on 20 June 2023 was approved. All dividends have been paid before 31 December 2023.

57 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT

The Group

(a) Reconciliation of net profit to cash flows from operating activities:

	2024 RMB million	2023 RMB million
Net profit	57,547	70,046
Add: Impairment losses on assets	6,702	8,772
Credit impairment losses/(reversals)	108	(243)
Depreciation of right-of-use assets	15,932	14,829
Depreciation of fixed assets	94,311	88,512
Amortisation of intangible assets and long-term deferred expenses	10,471	10,409
Dry hole costs written off	4,955	6,723
Net gain on disposal of assets	(810)	(2,995)
Fair value loss/(gain)	4,147	(467)
Financial expenses	12,666	11,241
Investment income	(15,889)	(5,811)
Decrease in deferred tax assets	527	7
Increase in deferred tax liabilities	1,142	2,435
Increase in inventories	(10,117)	(12,726)
Safety fund reserve	(47)	(248)
(Increase)/Decrease in operating receivables	(7,864)	3,974
Decrease in operating payables	(24,421)	(32,983)
Net cash flow from operating activities	149,360	161,475

(b) Net change in cash:

	2024 RMB million	2023 RMB million
Cash balance at the end of the year	91,295	121,759
Less: Cash at the beginning of the year	121,759	93,438
Net (decrease)/increase of cash	(30,464)	28,321

(c) The analysis of cash held by the Group is as follows:

	2024 RMB million	2023 RMB million
Cash at bank and on hand		
– Cash on hand	1	1
– Demand deposits	91,294	121,758
Cash at the end of the year	91,295	121,759

(d) Other cash received relating to investing activities:

	2024 RMB million	2023 RMB million
Decrease in time deposits with maturities over three months	86,624	86,975
Interest income	4,113	8,929
Others	23	13
Total	90,760	95,917

(e) Other cash paid relating to investing activities:

	2024 RMB million	2023 RMB million
Increase in time deposits with maturities over three months	(114,855)	(90,562)
Loans from fellow subsidiaries	(717)	(500)
Others	(503)	(1,028)
Total	(116,075)	(92,090)

57 SUPPLEMENTAL INFORMATION TO THE CASH FLOW STATEMENT (Continued)

The Group (Continued)

(f) Other cash paid relating to financing activities:

	2024 RMB million	2023 RMB million
Repayments of lease liabilities	(19,654)	(18,991)
Capital reduction by minority shareholders	(1,474)	–
Cash payments to repurchase own shares	(2,131)	(2,325)
Others	(960)	(603)
Total	(24,219)	(21,919)

(g) Reconciliation of liabilities (excluding lease liabilities) arising from financial activities:

	Additions for the year			Decreases for the year		Balance at 31 December 2024 RMB million
	Balance at 1 January 2024 RMB million	Cash RMB million	Non-cash RMB million	Cash RMB million	Non-cash RMB million	
Long-term and Short-term loans and debentures payable	258,831	657,989	74,107	(621,813)	(66,154)	302,960
Other non-current liabilities – loans to related parties	5,133	461	620	(151)	(920)	5,143
Other current liabilities – loans to short-term bonds payable	–	14,000	–	(14,000)	–	–
Total	263,964	672,450	74,727	(635,964)	(67,074)	308,103

The decrease in cash for the year includes interest actually paid: RMB7,912 million (2023: RMB7,997 million).

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS

(1) Related parties having the ability to exercise control over the Group

The name of the company	:	China Petrochemical Corporation
Unified social credit identifier	:	9111000010169286X1
Registered address	:	No. 22, Chaoyangmen North Street, Chaoyang District, Beijing
Principal activities	:	Exploration, production, storage and transportation (including pipeline transportation), sales and utilisation of crude oil and natural gas; refining; wholesale and retail of gasoline, kerosene and diesel; production, sales, storage and transportation of petrochemical and other chemical products; industrial investment and investment management; exploration, construction, installation and maintenance of petroleum and petrochemical constructions and equipments; manufacturing electrical equipment; research, development, application and consulting services of information technology and alternative energy products; import & export of goods and technology.
Relationship with the Group	:	Ultimate holding company
Types of legal entity	:	Limited Liability Company (State-owned)
Authorised representative	:	Ma Yongsheng
Registered capital	:	RMB326,547 million

Sinopec Group Company is an enterprise controlled by the PRC government. Sinopec Group Company directly and indirectly holds 69.35% shareholding of the Company.

(2) Related parties not having the ability to exercise control over the Group

Related parties under common control of a parent company with the Company:

Sinopec Finance (Note)
Sinopec Shengli Petroleum Administrative Bureau CO., LTD.
Sinopec Zhongyuan Petroleum Exploration Bureau CO., LTD.
Sinopec Assets Management CO., LTD.
Sinopec Engineering Incorporation
Sinopec Century Bright Capital Investment Limited
Sinopec Petroleum Storage and Reserve Limited

Associates of the Group:

PipeChina
Sinopec Finance
Sinopec Capital
Zhongtian Synergetic Energy
Aviation Fuel

Joint ventures of the Group:

FREP
BASF-YPC
Taihu
Sinopec SABIC Tianjin
Shanghai SECCO

Note: Sinopec Finance is under common control of a parent company with the Company and is also the associate of the Group.

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) The principal related party transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business, are as follows:

	Note	The Group 2024 RMB million	2023 RMB million
Sales of goods	(i)	381,571	408,554
Purchases	(ii)	176,738	218,974
Transportation and storage	(iii)	26,081	29,830
Exploration and development services	(iv)	39,208	41,783
Production related services	(v)	36,880	43,361
Agency commission income	(vi)	160	179
Interest income	(vii)	3,108	2,838
Interest expense	(viii)	1,291	1,283
Net deposits placed with related parties	(vii)	(466)	(903)
Net funds obtained from related parties	(ix)	34,093	43,621

The amounts set out in the table above in respect of the year ended 31 December 2024 and 2023 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

For the year ended 31 December 2024 the Group purchases from Sinopec Group Company and fellow subsidiaries amounting to RMB159,275 million (2023: RMB200,604 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB145,685 million (2023: RMB187,117 million), lease charges for land, buildings and others paid by the Group of RMB10,937 million, RMB1,088 million and RMB274 million (2023: RMB10,926 million, RMB1,050 million and RMB228 million), respectively and interest expenses of RMB1,291 million (2023: RMB1,283 million).

For the year ended 31 December 2024, the group sales to Sinopec Group Company and fellow subsidiaries amounting to RMB72,711 million (2023: RMB87,247 million), comprising RMB69,281 million (2023: RMB84,329 million) for sales of goods, RMB3,363 million (2023: RMB2,838 million) for interest income and RM67 million (2023: RMB80 million) for agency commission income.

For the year ended 31 December 2024, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB10,941 million, RMB1,094 million and RMB363 million (2023: RMB10,931 million, RMB1,053 million and RMB273 million). Interest expense on lease liabilities is RMB7,434 million (2023: RMB7,637 million). Among them, according to the continuing connected transaction agreement signed in 2000, the sixth supplementary agreement for continuing connected transactions signed on 27 August, 2021, and the fourth revision memorandum of the land use right lease contract, the actual payment of land, land and land use rights between Sinopec Group and Sinopec Group The rental amount of houses was RMB10,937 million and RMB1,088 million respectively (2023: RMB10,926 million and RMB1,050 million). The Group, as the lessee, has not leased single significant right-of-use assets from Sinopec Group, subsidiaries, associated companies and joint ventures.

As of December 31, 2024 and 2023, the Group's guarantee on bank credit to associated companies and joint ventures is shown in Note 62 (b). In addition, the Group has no other bank guarantee for Sinopec Group and its subsidiaries, associates and joint ventures

Notes:

- (i) Sales of goods represent the sale of crude oil, intermediate petrochemical products, petroleum products and ancillary materials.
- (ii) Purchases represent the purchase of materials and utility supplies directly related to the Group's operations such as the procurement of raw and ancillary materials and related services, supply of water, electricity and gas.
- (iii) Transportation and storage represent the cost for the use of railway, road and marine transportation services, pipelines, loading, unloading and storage facilities.
- (iv) Exploration and development services comprise direct costs incurred in the exploration and development such as geophysical, drilling, well testing and well measurement services.
- (v) Production related services represent ancillary services rendered in relation to the Group's operations such as equipment repair and general maintenance, insurance premium, technical research, communications, firefighting, security, product quality testing and analysis, information technology, design and engineering, construction of oilfield ground facilities, refineries and chemical plants, manufacture of replacement parts and machinery, installation, project management and environmental protection, and management services.
- (vi) Agency commission income represents commission earned for acting as an agent in respect of sales of products and purchase of materials for certain entities owned by Sinopec Group Company.
- (vii) Interest income represents interest received from deposits placed with Sinopec Finance and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate.

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)

(3) The principal related party transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business, are as follows: (Continued)

Notes (Continued):

(viii) Interest expense represents interest charges on the loans obtained from Sinopec Group Company and fellow subsidiaries.

(ix) The Group obtained loans, discounted bills and issued the acceptance bills from Sinopec Group Company and fellow subsidiaries, etc.

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the year ended 31 December 2024. The terms of these agreements are summarised as follows:

(a) The Company has entered into a non-exclusive "Agreement for Mutual Provision of Products and Ancillary Services" ("Mutual Provision Agreement") with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain ancillary production services, construction services, information advisory services, supply services and other services and products. While each of Sinopec Group Company and the Company is permitted to terminate the Mutual Provision Agreement upon at least six months' notice, Sinopec Group Company has agreed not to terminate the agreement if the Group is unable to obtain comparable services from a third party. The pricing policy for these services and products provided by Sinopec Group Company to the Group is as follows:

- the government-prescribed price;
- where there is no government-prescribed price, the government-guidance price;
- where there is neither a government-prescribed price nor a government-guidance price, the market price; or
- where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.

(b) The Company has entered into a non-exclusive "Agreement for Provision of Cultural and Educational, Health Care and Community Services" with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain cultural, educational, health care and community services on the same pricing terms and termination conditions as agreed to in the above Mutual Provision Agreement.

(c) The Company has entered into a number of lease agreements with Sinopec Group Company to lease certain lands and buildings effective on 1 January 2000. The lease term is 40 or 50 years for lands and 20 years for buildings, respectively. The Company and Sinopec Group Company can renegotiate the rental amount every three years for land. The Company and Sinopec Group Company can renegotiate the rental amount for buildings every year. However such amount cannot exceed the market price as determined by an independent third party.

(d) The Company has entered into agreements with Sinopec Group Company effective from 1 January 2000 under which the Group has been granted the right to use certain trademarks, patents, technology and computer software developed by Sinopec Group Company.

(e) The Company has entered into a service station franchise agreement with Sinopec Group Company effective from 1 January 2000 under which its service stations and retail stores would exclusively sell the refined products supplied by the Group.

(f) On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Seventh Supplementary Agreement on 23 August 2024, which took effect on 1 January 2025 and made adjustment to "Mutual Supply Agreement", "Land Leasing Contract" and "Buildings Leasing Contract".

58 RELATED PARTIES AND RELATED PARTY TRANSACTIONS (Continued)**(4) Balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures**

The balances with Sinopec Group Company and fellow subsidiaries, associates and joint ventures at 31 December 2024 and 31 December 2023 are as follows:

	The ultimate holding company		Other related companies	
	At 31 December 2024	At 31 December 2023	At 31 December 2024	At 31 December 2023
	RMB million	RMB million	RMB million	RMB million
Cash at bank and on hand	–	–	66,433	65,967
Accounts receivable	3	2	9,148	12,054
Receivables financing	–	–	166	101
Other receivables	71	74	14,804	14,487
Prepayments and other current assets	150	3	1,039	389
Other non-current assets	–	–	4,648	9,025
Bills payable	–	–	7,267	6,938
Accounts payable	35	16	19,073	13,017
Contract liabilities	1	25	5,348	4,377
Other payables and other current liabilities	13	64	30,464	25,988
Other non-current liabilities	–	–	6,415	5,133
Short-term loans	–	–	3,862	8,640
Long-term loans (including current portion)	–	–	24,116	28,608
Lease liabilities (including current portion)	62,783	65,228	83,572	88,823

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 22 and Note 31.

As at and for the year ended 31 December 2024, and as at and for the year ended 31 December 2023, no individually significant impairment losses for bad and doubtful debts were recorded in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

(5) Key management personnel emoluments

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The key management personnel compensations are as follows:

	2024	2023
	RMB thousand	RMB thousand
Short-term employee benefits	8,149	6,757
Retirement scheme contributions	554	512
Total	8,703	7,269

59 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the financial statements. The Group bases the assumptions and estimates on historical experience and on various other assumptions that it believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an on-going basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of critical accounting policies, the judgements and other uncertainties affecting application of those policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the financial statements. The significant accounting policies are set forth in Note 3. The Group believes the following critical accounting policies involve the most significant judgements and estimates used in the preparation of the financial statements.

59 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS *(Continued)***(a) Oil and gas properties and reserves**

The accounting for the exploration and production segment's oil and gas activities is subject to accounting rules that are unique to the oil and gas industry. The Group has used the successful efforts method to account for oil and gas business activities. The successful efforts method reflects the volatility that is inherent in exploring for mineral resources in that costs of unsuccessful exploratory efforts are charged to expense. These costs primarily include dry hole costs, seismic costs and other exploratory costs.

Engineering estimates of the Group's oil and gas reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. Although there are inherent inaccuracies in engineering estimates, these estimates are used as benchmark for depreciation costs, impairment losses and future demolition costs. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved". Proved and proved developed reserves estimates are updated at least annually and take into account recent production and technical information about each field. In addition, as prices and cost levels change from year to year, the estimate of proved and proved developed reserves also changes. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in related depreciation rates. Oil and gas reserves have a direct impact on the assessment of the recoverability of the carrying amounts of oil and gas properties reported in the financial statements. If proved reserves estimates are revised downwards, the Group's earnings could be affected by changes in depreciation expense or an immediate write-down of the carrying amount of oil and properties.

Future dismantlement costs for oil and gas properties are estimated with reference to engineering estimates after taking into consideration the anticipated method of dismantlement required in accordance with industry practices in the similar geographic area, including estimation of economic life of oil and gas properties, technology and price level. The present values of these estimated future dismantlement costs are capitalised as oil and gas properties with equivalent amounts recognised as provisions for dismantlement costs.

(b) Impairment for assets

If circumstances indicate that the net book value of a long-lived asset may not be recoverable, the asset may be considered "impaired", and an impairment loss may be recognised in accordance with "CASs 8 – Impairment of Assets". The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the fair value less costs to sell and the present value of expected future cash flows. It is difficult to precisely estimate the fair value because quoted market prices for the Group's assets or cash-generating units are not readily available. Therefore, the Group determines the recoverable amount based on the present value of the expected future cash flows of assets. The expected future cash flows of assets are based on the most recent financial budget or forecast data approved by management, as well as stable or decreasing growth rates for years after the budget or forecast period. If the increasing growth rate is reasonable, then it should be based on the increasing growth rate. In appropriate and reasonable circumstances, the growth rate can be zero or negative. Expected cash flows based on budgets or forecasts typically cover five years, and if a longer period is reasonable, it can cover a longer period. When estimating cash flows for years after the budget or forecast period, the growth rate used should not exceed the long-term average growth rate of the industry or market in which the products operated by the group are located, or the long-term average growth rate of the market in which the asset is located, unless it can prove that a higher growth rate is reasonable. In determining the discount rate, the weighted average cost of capital is usually used as the basis. In determining the value of expected future cash flows, expected cash flows generated by the asset or the cash-generating unit are discounted to their present value, which requires significant judgement relating to sales volume, selling price, amount of operating costs and discount rate. The Group uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sales volume, selling price, amount of operating costs and discount rate.

(c) Depreciation

Fixed assets other than oil and gas properties, are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets at least annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group's historical experience with similar assets and taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(d) Measurement of expected credit losses

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive).

The Group measures and recognises expected credit losses, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions.

The Group regularly monitors and reviews the assumptions used for estimating expected credit losses.

59 PRINCIPAL ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

(e) Allowance for diminution in value of inventories

If the costs of inventories become higher than their net realisable values, an allowance for diminution in value of inventories is recognised. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Management bases the estimates on all available information, including the current market prices of the finished goods and raw materials, and historical operating costs. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories would be higher than estimated.

60 PRINCIPAL SUBSIDIARIES

The Company's principal subsidiaries have been consolidated into the Group's financial statements for the year ended 31 December 2024. The following list contains the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group:

Full name of enterprise	Principal activities	Registered capital/paid-up capital million	Actual investment at 31 December 2024 million	Percentage of equity interest/voting right held by the Group %	Non-controlling Interests at 31 December 2024 RMB million
(a) Subsidiaries acquired through group restructuring:					
China Petrochemical International Company Limited	Trading of petrochemical products	RMB1,400	RMB1,856	100.00	9
China International United Petroleum and Chemical Company Limited	Trading of crude oil and petrochemical products	RMB5,000	RMB6,585	100.00	6,084
Sinopec Catalyst Company Limited	Production and sale of catalyst products	RMB1,500	RMB2,981	100.00	334
Sinopec Yangzi Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB15,651	RMB15,756	100.00	-
Sinopec Lubricant Company Limited	Production and sale of refined petroleum products, lubricant base oil, and petrochemical materials	RMB3,374	RMB3,374	100.00	77
Sinopec Yizheng Chemical Fibre Limited Liability Company	Production and sale of polyester chips and polyester fibres	RMB4,000	RMB7,437	100.00	-
Marketing Company	Marketing and distribution of refined petroleum products	RMB28,403	RMB20,000	70.42	84,235
Sinopec Kantons Holdings Limited ("Sinopec Kantons")	Provision of pipeline transmission services	HKD248	HKD3,952	60.33	5,656
Sinopec Shanghai Petrochemical Company Limited ("Shanghai Petrochemical")	Manufacturing of synthetic fibres, resin and plastics, intermediate petrochemical products and petroleum products	RMB10,799	RMB5,820	51.14	12,339
Fujian Petrochemical Company Limited ("Fujian Petrochemical") (i)	Manufacturing of plastics, intermediate petrochemical products and petroleum products	RMB10,492	RMB5,246	50.00	3,703
(b) Subsidiaries established by the Group:					
Sinopec International Petroleum Exploration and Production Limited ("SIPL")	Investment in exploration, production and sale of petroleum and natural gas	RMB8,250	RMB8,250	100.00	6,060
Sinopec Overseas Investment Holding Limited ("SOIH")	Investment holding of overseas business	USD4,621	USD4,621	100.00	-
Sinopec Chemical Sales Company Limited	Marketing and distribution of petrochemical products	RMB1,000	RMB1,165	100.00	150
Sinopec Great Wall Energy & Chemical Company Limited	Coal chemical industry investment management, production and sale of coal chemical products	RMB22,761	RMB26,087	100.00	23
Sinopec Beihai Refining and Chemical Limited Liability Company	Import and processing of crude oil, production, storage and sale of petroleum products and petrochemical products	RMB5,294	RMB5,240	98.98	139
ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	Crude oil processing and petroleum products manufacturing	RMB8,168	RMB6,275	90.30	2,358
Sinopec Qingdao Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB5,153	RMB4,380	85.00	2,175
Sinopec-SK (Wuhan) Petrochemical Company Limited ("Sinopec-SK")	Production, sale, research and development of ethylene and downstream byproducts	RMB7,193	RMB4,244	59.00	2,733
(c) Subsidiaries acquired through business combination under common control:					
Sinopec Hainan Refining and Chemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB9,606	RMB12,615	100.00	318
Sinopec Qingdao Petrochemical Company Limited	Manufacturing of intermediate petrochemical products and petroleum products	RMB1,595	RMB7,233	100.00	-
Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd. ("Gaoqiao Petrochemical")	Manufacturing of intermediate petrochemical products and petroleum products	RMB10,000	RMB4,804	55.00	9,768
Sinopec Baling Petrochemical Co. Ltd. ("Hunan Petrochemical")	Crude oil processing and petroleum products manufacturing	RMB7,333	RMB5,477	74.69	4,240

* The non-controlling interests of subsidiaries which the Group holds 100% of equity interests at the end of the year are the non-controlling interests of their subsidiaries.

Except for Sinopec Kantons and SOIH, which are incorporated in Bermuda and Hong Kong SAR, respectively, all of the above principal subsidiaries are incorporated and operate their businesses principally in the PRC.

Note:

(i) The Group consolidated the financial statements of the entity because it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those return through its power over the entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

60 PRINCIPAL SUBSIDIARIES (Continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information which the amount before inter-company eliminations for each subsidiary whose non-controlling interests that are material to the Group.

Summarised consolidated balance sheet

	Marketing Company		SIPL		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31
	December	December	December	December	December	December	December	December	December	December	December	December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets	220,984	202,333	20,088	19,529	20,633	15,455	6,599	6,118	16,797	18,521	6,417	3,951
Current liabilities	(228,365)	(217,315)	(778)	(936)	(16,289)	(14,573)	(155)	(207)	(5,736)	(7,107)	(14,328)	(11,979)
Net current (liabilities)/assets	(7,381)	(14,982)	19,310	18,593	4,344	882	6,444	5,911	11,061	11,414	(7,911)	(8,028)
Non-current assets	318,997	324,288	9,439	8,983	21,136	24,203	7,960	8,001	14,578	14,904	30,828	22,167
Non-current liabilities	(53,557)	(56,057)	(11,535)	(11,583)	(336)	(143)	(196)	(255)	(3,933)	(4,050)	(6,166)	(8,317)
Net non-current assets/(liabilities)	265,440	268,231	(2,096)	(2,600)	20,800	24,060	7,764	7,746	10,645	10,854	24,662	13,850

Summarised consolidated statement of comprehensive income and cash flow

Year ended 31 December	Marketing Company		SIPL		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Turnover	1,710,948	1,814,710	2,881	2,952	87,133	93,014	609	549	60,338	60,156	68,683	18,648
Net profit/(loss) for the period	16,928	22,418	3,195	3,208	323	(1,409)	1,075	1,169	(468)	106	820	1,138
Total comprehensive income	17,095	23,260	2,641	(1,193)	266	(1,363)	1,118	1,252	(467)	105	826	1,138
Comprehensive income attributable to non-controlling interests	6,709	8,259	1,277	(861)	133	(676)	444	499	(210)	47	209	288
Dividends paid to non-controlling interests	5,192	6,749	–	–	8	7	225	195	30	895	–	–
Net cash flow generated from/(used in) operating activities	41,550	50,598	1,101	1,947	7,740	807	81	557	362	(1,507)	1,898	769

61 COMMITMENTS**Capital commitments**

At 31 December 2024 and 31 December 2023, capital commitments of the Group are as follows:

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Authorised and contracted for (i)	177,173	177,809
Authorised but not contracted for	61,996	61,951
Total	239,169	239,760

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments.

Note:

(i) At 31 December 2024, the investment commitments of the Group is RMB13,353 million (2023: RMB5,856 million).

Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase products from the joint ventures based on market prices.

Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The term of the Group's exploration licenses is 5 years, and may be renewed three times within 30 days prior to expiration of the original term with each renewal being for a five-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of the production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed. Expenses recognised were approximately RMB183 million for the year ended 31 December 2024 (2023: RMB628 million).

Estimated future annual payments are as follows:

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Within one year	237	802
Between one and two years	179	175
Between two and three years	134	176
Between three and four years	76	172
Between four and five years	76	156
Thereafter	862	875
Total	1,564	2,356

The implementation of commitments in previous year and the Group's commitments did not have material discrepancy.

62 CONTINGENT LIABILITIES

(a) The Company has been advised by its PRC lawyers that, except for liabilities constituting or arising out of or relating to the business assumed by the Company in the Reorganisation, no other liabilities were assumed by the Company, and the Company is not jointly and severally liable for other debts and obligations incurred by Sinopec Group Company prior to the Reorganisation.

(b) At 31 December 2024 and 31 December 2023, the guarantees by the Group in respect of facilities granted to the parties below are as follows:

	At 31 December 2024	At 31 December 2023
	RMB million	RMB million
Joint ventures (Note)	8,193	8,563

Note: The Group provided guarantees in respect to standby credit facilities granted amounting to RMB34,351 million (31 December 2023: RMB32,881 million) to certain joint ventures. As at 31 December 2024, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) from banks and guaranteed by the Group was RMB8,193 million (31 December 2023: RMB8,563 million).

The Group provided a guarantee in respect to payment obligation of a joint venture under certain agreement amount to RMB17,468 million (31 December 2023: RMB17,211 million). As at 31 December 2024, there has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2023: Nil).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 31 December 2024 and 2023, the Group estimates that there is no material liability has been accrued for ECLs related to the Group's obligation under these guarantee arrangements.

Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect the Group's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group recognised normal routine pollutant discharge fees of approximately RMB18,448 million in the consolidated financial statements for the year ended 31 December 2024 (2023: RMB19,156 million).

Legal contingencies

The Group is defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

63 SEGMENT REPORTING

Segment information is presented in respect of the Group's operating segments. The format is based on the Group's management and internal reporting structure.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- (i) Exploration and production — which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.
- (ii) Refining — which processes and purifies crude oil, which is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.
- (iii) Marketing and distribution — which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline and diesel) in the PRC through wholesale and retail sales networks.
- (iv) Chemicals — which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products to external customers.
- (v) Corporate and others — which largely comprise the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for cash at bank and on hand, long-term equity investments, deferred tax assets and other unallocated assets. Segment liabilities exclude short-term loans, non-current liabilities due within one year, long-term loans, debentures payable, deferred tax liabilities, other non-current liabilities and other unallocated liabilities.

63 SEGMENT REPORTING (Continued)

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)

Reportable information on the Group's operating segments is as follows:

	2024	2023
	RMB million	RMB million
Income from principal operations		
Exploration and production		
Externalsales	175,844	177,980
Inter-segmentsales	117,297	116,703
	293,141	294,683
Refining		
Externalsales	165,335	170,691
Inter-segmentsales	1,312,728	1,355,310
	1,478,063	1,526,001
Marketing and distribution		
Externalsales	1,665,827	1,756,575
Inter-segmentsales	7,337	17,943
	1,673,164	1,774,518
Chemicals		
Externalsales	418,294	411,379
Inter-segmentsales	97,925	94,426
	516,219	505,805
Corporate and others		
Externalsales	590,021	630,248
Inter-segmentsales	864,348	905,264
	1,454,369	1,535,512
Elimination of inter-segment sales	(2,399,635)	(2,489,646)
Consolidated income from principal operations	3,015,321	3,146,873
Income from other operations		
Exploration and production	4,108	5,336
Refining	3,439	3,785
Marketing and distribution	41,194	43,911
Chemicals	7,643	9,502
Corporate and others	2,857	2,808
Consolidated income from other operations	59,241	65,342
Consolidated operating income	3,074,562	3,212,215
	2024	2023
	RMB million	RMB million
Operating profit/(loss)		
By segment		
Exploration and production	49,058	37,976
Refining	6,303	19,358
Marketing and distribution	17,698	25,531
Chemicals	(14,046)	(10,273)
Corporate and others	(914)	1,915
Elimination	(630)	750
Total segment operating profit	57,469	75,257
Investment income		
Exploration and production	3,667	2,211
Refining	(1,480)	(413)
Marketing and distribution	4,252	2,619
Chemicals	(292)	(2,746)
Corporate and others	9,742	4,140
Total segment investment income	15,889	5,811
Less: Financial expenses	11,174	9,922
Add: Other income	12,253	10,905
(Losses)/gains from changes in fair value	(4,147)	467
Asset disposal gains	1,967	4,226
Operating profit	72,257	86,744
Add: Non-operating income	2,226	1,970
Less: Non-operating expenses	3,970	2,598
Profit before taxation	70,513	86,116

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2024

63 SEGMENT REPORTING (Continued)

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Assets		
Segment assets		
Exploration and production	484,172	444,485
Refining	330,301	331,084
Marketing and distribution	390,475	387,557
Chemicals	268,375	255,409
Corporate and others	152,682	153,674
Total segment assets	1,626,005	1,572,209
Cash at bank and on hand	146,799	164,960
Long-term equity investments	246,819	234,608
Deferred tax assets	18,777	20,110
Other unallocated assets	46,371	34,787
Total assets	2,084,771	2,026,674
Liabilities		
Segment liabilities		
Exploration and production	186,878	181,002
Refining	68,967	53,000
Marketing and distribution	232,264	226,798
Chemicals	99,053	89,069
Corporate and others	154,325	196,226
Total segment liabilities	741,487	746,095
Short-term loans	48,231	59,815
Non-current liabilities due within one year	64,602	30,457
Long-term loans	184,934	179,347
Debentures payable	25,562	8,513
Deferred tax liabilities	7,324	7,817
Other non-current liabilities	12,849	13,133
Other unallocated liabilities	23,489	22,842
Total liabilities	1,108,478	1,068,019
	2024 RMB million	2023 RMB million
Capital expenditure		
Exploration and production	82,253	78,596
Refining	29,341	22,899
Marketing and distribution	14,128	15,735
Chemicals	44,664	55,038
Corporate and others	4,579	4,485
	174,965	176,753
Depreciation and amortisation		
Exploration and production	50,443	46,755
Refining	20,204	20,386
Marketing and distribution	24,485	23,995
Chemicals	20,938	18,958
Corporate and others	4,644	3,656
	120,714	113,750
Impairment losses on long-lived assets		
Exploration and production	211	887
Refining	230	191
Marketing and distribution	424	278
Chemicals	1,547	1,280
Corporate and others	–	–
	2,412	2,636

63 SEGMENT REPORTING *(Continued)***(2) Geographical information**

The geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. The Group's external sales and non-current assets from mainland China were RMB2,478,160 million (2023: RMB2,635,334 million) and RMB1,491,020 million (December 31, 2023: RMB1,426,377 million), respectively. The proportion to the total revenue from domestic transactions and the proportion to the total non-current assets are 80.6% (2023: 82.0%) and 96.9% (2023: 97.4%) respectively. In addition, there is no other single country or region with segment revenue or segment assets accounting for more than 10%.

64 FINANCIAL INSTRUMENTS**Overview**

Financial assets of the Group include cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and other equity instrument investments. Financial liabilities of the Group include short-term loans, derivative financial liabilities, bills payable, accounts payable, employee benefits payable, other payables, long-term loans, debentures payable and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

Credit risk**(i) Risk management**

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's accounts receivable relates to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total accounts receivable at 31 December 2024, except for the amounts due from Sinopec Group Company and fellow subsidiaries. The Group performs ongoing credit evaluations of its customers' financial condition and generally does not require collateral on accounts receivable. The Group maintains an impairment loss for doubtful accounts and actual losses have been within management's expectations.

The carrying amounts of cash at bank and on hand, financial assets held for trading, derivative financial assets, accounts receivable, receivables financing, other receivables and long-term receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

64 FINANCIAL INSTRUMENTS (Continued)

Credit risk (Continued)

(ii) Impairment of financial assets

The Group's primary type of financial assets that are subject to the expected credit loss model is accounts receivable, receivables financing and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For accounts receivable and receivables financing, the Group applies the "No. 22 Accounting Standards for Business Enterprises – Financial instruments: recognition and measurement" simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all accounts receivable and receivables financing.

To measure the expected credit losses, accounts receivable and receivables financing have been grouped based on shared credit risk characteristics and the days past due.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 or 31 December 2023, respectively, and the corresponding historical credit losses experienced within this period and calculate expected credit losses for the above financial assets using an allowance matrix. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the accounts receivable and receivables financing.

The detailed analysis of accounts receivable and receivables financing is listed in Note 7 and Note 8.

The Group's other receivables are considered to have low credit risk (Note 10), and the loss allowance recognised during the year was therefore limited to 12 months expected credit losses. The Group considers "low credit risk" for other receivables when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Liquidity risk

Liquidity risk is the risk that the Group encounters short fall of capital when meeting its obligation of financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed capital conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group prepares monthly cash flow budget to ensure that they will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the liquidity risk.

At 31 December 2024, the Group has standby credit facilities with several PRC financial institutions which provide the Group to borrow up to RMB722,258 million (2023: RMB416,358 million) on an unsecured basis, at a weighted average interest rate of 2.31% per annum (2023: 2.23%). At 31 December 2024, the Group's outstanding borrowings under these facilities were RMB48,231 million (2023: RMB59,815 million) and were included in loans.

The following table sets out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates at the balance sheet date) and the earliest date the Group would be required to repay:

	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	At 31 December 2024			
			Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	48,231	48,760	48,760	–	–	–
Derivative financial liabilities	3,412	3,412	3,412	–	–	–
Bills payable	47,740	47,740	47,740	–	–	–
Accounts payable	208,857	208,857	208,857	–	–	–
Other payables	98,467	98,467	98,467	–	–	–
Non-current liabilities due within one year	64,602	65,378	65,378	–	–	–
Long-term loans	184,934	192,680	1,109	84,284	68,115	39,172
Debentures payable	25,562	30,458	645	11,572	4,996	13,245
Lease liabilities	154,904	247,772	–	12,025	34,449	201,298
Total	836,709	943,524	474,368	107,881	107,560	253,715

64 FINANCIAL INSTRUMENTS (Continued)

Liquidity risk (Continued)

	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	At 31 December 2023			
			Within one year or on demand RMB million	More than one year but less than two years RMB million	More than two years but less than five years RMB million	More than five years RMB million
Short-term loans	59,815	60,230	60,230	–	–	–
Derivative financial liabilities	2,752	2,752	2,752	–	–	–
Bills payable	29,122	29,122	29,122	–	–	–
Accounts payable	229,878	229,878	229,878	–	–	–
Other payables	93,031	93,031	93,031	–	–	–
Non-current liabilities due within one year	30,457	31,484	31,484	–	–	–
Long-term loans	179,347	193,451	4,322	67,860	92,601	28,668
Debentures payable	8,513	11,821	314	314	5,484	5,709
Lease liabilities	163,864	272,894	–	12,512	35,821	224,561
Total	796,779	924,663	451,133	80,686	133,906	258,938

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 31 December, and consequently does not have significant exposure to foreign currency risk.

(b) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term and long-term loans. Loans carrying interest at variable interest rates and at fixed interest rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term loans of the Group are disclosed in Note 22 and Note 31, respectively.

At 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's net profit for the year by approximately RMB1,794 million (2023: decrease/increase RMB1,353 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the balance sheet date with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2023.

(c) Commodity price risk and hedge accounting

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of such risk.

Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluate and monitor the market risk exposure caused by transaction positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes.

As at 31 December 2024, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. At 31 December 2024, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's net profit for the year by approximately RMB8,698 million (2023: decrease/increase RMB1,139 million), and increase/decrease the Group's other comprehensive income by approximately RMB5,883 million (2023: decrease/increase RMB4,537 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the balance sheet date and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2023.

64 FINANCIAL INSTRUMENTS (Continued)

Market risk (Continued)

(c) Commodity price risk and hedge accounting (Continued)

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	The Group 2024 RMB million	2023 RMB million
Beginning of the year	5,758	3,079
Effective portion of changes in fair value of hedging instruments recognised during the year	(1,193)	7,420
Reclassification adjustments for amounts transferred to the consolidated income statement	(562)	(1,245)
Amounts transferred to initial carrying amount of hedged items	(1,157)	(3,078)
Related tax	492	(418)
End of the year	3,338	5,758

The ineffective portion of cash flow hedge relationship is disclosed in Note 50 and Note 51.

Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the balance sheet date across the three levels of the fair value hierarchy. With the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 31 December 2024

The Group

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets held for trading:				
– Fund Investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	824	1,730	–	2,554
Receivables financing:				
– Receivables financing	–	–	2,613	2,613
Other equity instrument investments:				
– Other Investments	93	–	323	416
	921	1,730	2,936	5,587
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	2,496	916	–	3,412
	2,496	916	–	3,412

64 FINANCIAL INSTRUMENTS (Continued)

Fair values (Continued)

(i) Financial instruments carried at fair value (Continued)

At 31 December 2023

The Group

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets held for trading:				
– Fund Investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	5,942	3,779	–	9,721
Receivables financing:				
– Receivables financing	–	–	2,221	2,221
Other equity instrument investments:				
– Other Investments	120	–	330	450
	6,065	3,779	2,551	12,395
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	367	2,385	–	2,752
	367	2,385	–	2,752

During the year ended 31 December 2024 and 2023, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate and commodity index, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of receivables financing classified as Level 3 financial assets.

(ii) Fair values of financial instruments carried at other than fair value

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 1.74% to 4.49% (2023: from 2.69% to 5.47%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness (other than loans from Sinopec Group Company and fellow subsidiaries) at 31 December 2024 and 2023:

	At 31 December 2024 RMB million	At 31 December 2023 RMB million
Carrying amount	230,613	170,408
Fair value	228,946	167,014

The Group has not developed an internal valuation model necessary to estimate the fair value of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair value because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on the Reorganisation of the Group, its existing capital structure and the terms of the borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 31 December 2024 and 2023.

65 BASIC AND DILUTED EARNINGS PER SHARE

(i) Basic earnings per share

Basic earnings per share is calculated by the net profit attributable to equity shareholders of the Company and the weighted average number of outstanding ordinary shares of the Company:

	2024	2023
Net profit attributable to equity shareholders of the Company (RMB million)	50,313	60,463
Weighted average number of outstanding ordinary shares of the Company (RMB million)	121,138	119,811
Basic earnings per share (RMB/share)	0.415	0.505

The calculation of the weighted average number of ordinary shares is as follows:

	2024	2023
Weighted average number of outstanding ordinary shares of the Company at 1 January (million)	119,349	119,896
Impact of issuing ordinary shares (million shares)	1,888	–
Impact of repurchasing shares (million shares)	(99)	(85)
Weighted average number of outstanding ordinary shares of the Company at 31 December (million)	121,138	119,811

(ii) Diluted earnings per share

There are no potential dilutive ordinary shares, and diluted earnings per share are equal to the basic earning per share.

66 RETURN ON NET ASSETS AND EARNINGS PER SHARE

In accordance with “Regulation on the Preparation of Information Disclosures of Companies Issuing Public Shares No. 9 – Calculation and Disclosure of the Return on Net Assets and Earnings Per Share” (2010 revised) issued by the CSRC and relevant accounting standards, the Group’s return on net assets and earnings per share are calculated as follows:

	2024			2023		
	Weighted average return on net assets (%)	Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)	Weighted average return on net assets (%)	Basic earnings per share (RMB/Share)	Diluted earnings per share (RMB/Share)
Net profit attributable to the Company’s ordinary equity shareholders	6.19	0.415	0.415	7.59	0.505	0.505
Net profit deducted extraordinary gains and losses attributable to the Company’s ordinary equity shareholders	5.91	0.397	0.397	7.61	0.507	0.507

67 EXTRAORDINARY GAINS AND LOSSES

Pursuant to “Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public – Extraordinary Gain and Loss” (2023), the extraordinary gains and losses of the Group are as follows:

	2024 RMB million	2023 RMB million
Extraordinary (gains)/losses for the year:		
Net gains on disposal of non-current assets	(1,967)	(4,226)
Donations	293	310
Government grants	(4,068)	(3,533)
Gain on holding and disposal of business and various investments	(586)	(931)
Other non-operating losses, net	1,807	797
One-time impact on loss for the current period due to adjustments in laws and regulations	–	5,955
Subtotal	(4,521)	(1,628)
Tax effect	1,485	635
Total	(3,036)	(993)
Attributable to:		
Equity shareholders of the Company	(2,256)	229
Non-controlling interests	(780)	(1,222)



KPMG
8th Floor, Prince's Building
Central, Hong Kong
G P O Box 50, Hong Kong
Telephone +852 2522 6022
Fax +852 2845 2588
Internet kpmg.com/cn

畢馬威會計師事務所
香港中環太子大廈8樓
香港郵政總局信箱50號
電話+852 2522 6022
傳真+852 2845 2588
網址kpmg.com/cn

**Independent auditor's report
to the shareholders of China Petroleum & Chemical Corporation**
(established in the People's Republic of China with limited liability)

OPINION

We have audited the consolidated financial statements of China Petroleum & Chemical Corporation ("the Company") and its subsidiaries ("the Group") set out on pages 157 to 212 which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes, comprising material accounting policy information and other explanatory information.

In our opinion, the consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2024 and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and have been properly prepared in compliance with the disclosure requirements of the Hong Kong Companies Ordinance.

BASIS FOR OPINION

We conducted our audit in accordance with Hong Kong Standards on Auditing ("HKSA") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report. We are independent of the Group in accordance with the HKICPA's *Code of Ethics for Professional Accountants* ("the Code") together with any ethical requirements that are relevant to our audit of the consolidated financial statements in the People's Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTER

Key audit matter is the matter that, in our professional judgment, was of most significance in our audit of the consolidated financial statements of the current period. The matter was addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on this matter.

Assessment of impairment of property, plant and equipment relating to oil and gas producing activities

Refer to notes 2(g), 2(n), 8, 17 and 44 to the consolidated financial statements

The Key Audit Matter

The Company reported property, plant and equipment of Renminbi ("RMB") 717,083 million as at 31 December 2024, a portion of which related to oil and gas producing activities. The Company reported impairment losses of RMB211 million for the property, plant and equipment relating to oil and gas producing activities for the year ended 31 December 2024.

The Company groups property, plant and equipment relating to oil and gas producing activities into cash-generating units ("CGUs") for impairment assessment. The Company compares the carrying amount of individual CGU with its value in use, using a discounted cash flow forecast, which was prepared based on the future production profiles included in the oil and gas reserves reports, to determine the impairment loss to be recognised.

We identified assessment of impairment of property, plant and equipment relating to oil and gas producing activities as a key audit matter. The value in use amounts of these CGUs are sensitive to the changes to future selling prices and production costs for crude oil and natural gas, future production profiles, and discount rates. Therefore a higher degree of subjective management judgment was required to evaluate the Company's impairment assessment of property, plant and equipment relating to oil and gas producing activities.

How the matter was addressed in our audit

The following are the primary procedures we performed to address this key audit matter:

- we evaluated the design and tested the operating effectiveness of certain internal controls related to the process for impairment assessment of property, plant and equipment relating to oil and gas producing activities;
- we assessed the competence, capabilities and objectivity of the Company's reserves specialists and evaluated the methodology adopted by them in estimating the oil and gas reserves against the recognised industry standards;
- we compared future selling prices for crude oil and natural gas used in the discounted cash flow forecasts with the Company's business plans and forecasts by external analysts;
- we compared future production costs and future production profiles used in the discounted cash flow forecasts with oil and gas reserves reports issued by the reserves specialists; and
- we involved valuation professionals with specialised skills and knowledge, who assisted in assessing the discount rates applied in the discounted cash flow forecasts against a discount rate range that was independently developed using publicly available market data for comparable companies in the same industry.



INFORMATION OTHER THAN THE CONSOLIDATED FINANCIAL STATEMENTS AND AUDITOR'S REPORT THEREON

The directors are responsible for the other information. The other information comprises all the information included in the annual report, other than the consolidated financial statements and our auditor's report thereon.

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

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

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

RESPONSIBILITIES OF THE DIRECTORS FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the disclosure requirements of the Hong Kong Companies Ordinance and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

The directors are assisted by the Audit Committee in discharging their responsibilities for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. This report is made solely to you, as a body, and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the contents of this report.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with HKSAAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with HKSAAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Group as a basis for forming an opinion on the group financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

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

We also provide the Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and, where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with the Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Ho Ying Man, Simon.

KPMG

Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

21 March 2025

(B) FINANCIAL STATEMENTS PREPARED UNDER IFRS ACCOUNTING STANDARDS
CONSOLIDATED INCOME STATEMENT
for the year ended 31 December 2024
(Amounts in million, except per share data)

	Note	Year ended 31 December	
		2024	2023
		RMB	RMB
Revenue			
Revenue from primary business	3	3,015,321	3,146,873
Other operating revenues	4	59,241	65,342
		3,074,562	3,212,215
Operating expenses			
Purchased crude oil, products and operating supplies and expenses		(2,449,614)	(2,569,412)
Selling, general and administrative expenses	5	(57,547)	(59,575)
Depreciation, depletion and amortisation		(120,714)	(113,750)
Exploration expenses, including dry holes		(9,375)	(11,055)
Personnel expenses	6	(110,187)	(108,017)
Taxes other than income tax	7	(267,315)	(272,921)
Impairment (losses)/reversals on trade and other receivables		(108)	243
Other operating income/(expenses), net	8	10,984	9,100
Total operating expenses		(3,003,876)	(3,125,387)
Operating profit		70,686	86,828
Finance costs			
Interest expense	9	(18,601)	(18,069)
Interest income		5,935	6,828
Foreign currency exchange gains, net		1,492	1,319
Net finance costs		(11,174)	(9,922)
Investment income	10	669	829
Share of profits less losses from associates and joint ventures	21, 22	8,961	6,199
Profit before taxation		69,142	83,934
Income tax expense	11	(12,966)	(16,070)
Profit for the year		56,176	67,864
Attributable to:			
Shareholders of the Company		48,939	58,310
Non-controlling interests		7,237	9,554
Profit for the year		56,176	67,864
Earnings per share:			
Basic	16	0.404	0.487
Diluted	16	0.404	0.487

The notes on pages 164 to 212 form part of these consolidated financial statements. Details of dividends payable to shareholders of the Company attributable to the profit for the year are set out in Note 14.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2024

(Amounts in million)

	Note	Year ended 31 December	
		2024	2023
		RMB	RMB
Profit for the year		56,176	67,864
Other comprehensive income:	15		
<i>Other comprehensive income (net of tax) attributable to shareholders of the Company</i>		(3,003)	2,501
<i>Items that will not be reclassified to profit or loss</i>			
Changes in fair value of investments in other equity instruments		(6)	(8)
<i>Items that may be reclassified subsequently to profit or loss</i>			
Share of other comprehensive income of associates and joint ventures		(3,058)	(4,287)
Cash flow hedges		(1,374)	5,145
Foreign currency translation differences		1,435	1,651
Other comprehensive income (net of tax) attributable to non-controlling interests		17	(1,912)
Total other comprehensive income net of tax		(2,986)	589
Total comprehensive income for the year		53,190	68,453
Attributable to:			
Shareholders of the Company		45,936	60,811
Non-controlling interests		7,254	7,642

The notes on pages 164 to 212 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 31 December 2024

(Amounts in million)

	Note	31 December 2024 RMB	31 December 2023 RMB
Non-current assets			
Property, plant and equipment, net	17	717,083	690,897
Construction in progress	18	208,747	180,250
Right-of-use assets	19	255,816	264,054
Goodwill	20	6,493	6,472
Interest in associates	21	166,786	163,066
Interest in joint ventures	22	76,702	69,564
Financial assets at fair value through other comprehensive income	26	416	450
Deferred tax assets	29	18,777	20,110
Long-term prepayments and other assets	23	106,105	95,398
Total non-current assets		1,556,925	1,490,261
Current assets			
Cash and cash equivalents		91,295	121,759
Time deposits with financial institutions		54,285	41,778
Financial assets at fair value through profit or loss		4	3
Derivative financial assets	24	2,554	9,721
Trade accounts receivable	25	44,333	48,652
Financial assets at fair value through other comprehensive income	26	2,613	2,221
Inventories	27	256,595	250,898
Prepaid expenses and other current assets	28	72,836	59,403
Total current assets		524,515	534,435
Current liabilities			
Short-term debts	30	87,780	58,534
Loans from Sinopec Group Company and fellow subsidiaries	30	4,684	12,437
Lease liabilities	31	17,831	17,536
Derivative financial liabilities	24	3,412	2,752
Trade accounts payable and bills payable	33	256,597	259,000
Contract liabilities	34	127,697	127,239
Other payables	35	173,530	168,124
Income tax payable		1,706	1,454
Total current liabilities		673,237	647,076
Net current liabilities		148,722	112,641
Total assets less current liabilities		1,408,203	1,377,620
Non-current liabilities			
Long-term debts	30	187,202	163,049
Loans from Sinopec Group Company and fellow subsidiaries	30	23,294	24,811
Lease liabilities	31	154,904	163,864
Deferred tax liabilities	29	7,324	7,817
Provisions	36	49,668	48,269
Other long-term liabilities		13,664	14,001
Total non-current liabilities		436,056	421,811
		972,147	955,809
Equity			
Share capital	37	121,282	119,349
Reserves		694,533	683,640
Total equity attributable to shareholders of the Company		815,815	802,989
Non-controlling interests		156,332	152,820
Total equity		972,147	955,809

Approved and authorised for issue by the board of directors on 21 March 2025.

Ma Yongsheng
Chairman
(Legal representative)

Zhao Dong
President

Shou Donghua
Chief Financial Officer

The notes on pages 164 to 212 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2023	119,896	28,753	52,846	101,009	117,000	6,407	361,689	787,600	151,942	939,542
Profit for the year	-	-	-	-	-	-	58,310	58,310	9,554	67,864
Other comprehensive income (Note 15)	-	-	-	-	-	2,501	-	2,501	(1,912)	589
Total comprehensive income for the year	-	-	-	-	-	2,501	58,310	60,811	7,642	68,453
Amounts transferred to initial carrying amount of hedged items	-	-	-	-	-	(2,513)	-	(2,513)	(142)	(2,655)
Transactions with owners, recorded directly in equity:										
Purchase of own shares (Note 37)	(547)	-	(1,778)	-	-	-	-	(2,325)	-	(2,325)
Contributions by and distributions to owners:										
Final dividend for 2022 (Note 14)	-	-	-	-	-	-	(23,380)	(23,380)	-	(23,380)
Interim dividend for 2023 (Note 14)	-	-	-	-	-	-	(17,380)	(17,380)	-	(17,380)
Appropriation (Note (a))	-	-	-	5,125	-	-	(5,125)	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	(8,573)	(8,573)
Contributions to subsidiaries from non-controlling interests	-	-	-	-	-	-	-	-	2,209	2,209
Total contributions by and distributions to owners	-	-	-	5,125	-	-	(45,885)	(40,760)	(6,364)	(47,124)
Transactions with non-controlling interests	-	-	-	-	-	-	-	-	(213)	(213)
Total transactions with owners	(547)	-	(1,778)	5,125	-	-	(45,885)	(43,085)	(6,577)	(49,662)
Other equity movements under the equity method	-	220	-	-	-	-	-	220	-	220
Others	-	(44)	-	-	-	(216)	216	(44)	(45)	(89)
Balance at 31 December 2023	119,349	28,929	51,068	106,134	117,000	6,179	374,330	802,989	152,820	955,809

The notes on pages 164 to 212 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

for the year ended 31 December 2024

(Amounts in million)

	Share capital RMB	Capital reserve RMB	Share premium RMB	Treasury shares RMB	Statutory surplus reserve RMB	Discretionary surplus reserve RMB	Other reserves RMB	Retained earnings RMB	Total equity attributable to shareholders of the Company RMB	Non-controlling interests RMB	Total equity RMB
Balance at 1 January 2024	119,349	28,929	51,068	-	106,134	117,000	6,179	374,330	802,989	152,820	955,809
Profit for the year	-	-	-	-	-	-	-	48,939	48,939	7,237	56,176
Other comprehensive income (Note 15)	-	-	-	-	-	-	(3,003)	-	(3,003)	17	(2,986)
Total comprehensive Income for the year	-	-	-	-	-	-	(3,003)	48,939	45,936	7,254	53,190
Amounts transferred to initial carrying amount of hedged items	-	-	-	-	-	-	(1,029)	-	(1,029)	91	(938)
Transactions with owners, recorded directly in equity:											
Purchase of own shares (Note 37)	-	-	-	(2,131)	-	-	-	-	(2,131)	-	(2,131)
Cancellation of repurchased own shares (Note 37)	(458)	-	(1,672)	2,130	-	-	-	-	-	-	-
Contributions by and distributions to owners:											
Issue of ordinary shares (Note 37)	2,391	-	9,597	-	-	-	-	-	11,988	-	11,988
Final dividend for 2023 (Note 14)	-	-	-	-	-	-	-	(24,340)	(24,340)	-	(24,340)
Interim dividend for 2024 (Note 14)	-	-	-	-	-	-	-	(17,768)	(17,768)	-	(17,768)
Appropriation (Note (a))	-	-	-	-	4,529	-	-	(4,529)	-	-	-
Distributions to non-controlling interests	-	-	-	-	-	-	-	-	-	(6,024)	(6,024)
Contributions to subsidiaries from non-controlling interests	-	970	-	-	-	-	-	-	970	1,266	2,236
Total contributions by and distributions to owners	2,391	970	9,597	-	4,529	-	-	(46,637)	(29,150)	(4,758)	(33,908)
Transactions with non-controlling interests	-	(1,078)	-	-	-	-	-	-	(1,078)	1,180	102
Total transactions with owners	1,933	(108)	7,925	(1)	4,529	-	-	(46,637)	(32,359)	(3,578)	(35,937)
Other comprehensive income transferred to retained earnings	-	-	-	-	-	-	(15)	15	-	-	-
Other equity movements under the equity method	-	(68)	-	-	-	-	-	-	(68)	(10)	(78)
Others	-	346	-	-	-	-	(48)	48	346	(245)	101
Balance at 31 December 2024	121,282	29,099	58,993	(1)	110,663	117,000	2,084	376,695	815,815	156,332	972,147

Notes:

(a) According to the PRC Company Law and the Articles of Association of the Company, the Company is required to transfer 10% of its net profit determined in accordance with the accounting policies complying with China Accounting Standards for Business Enterprises ("CASs"), adopted by the Group to statutory surplus reserve. In the event that the reserve balance reaches 50% of the registered capital, no transfer is required. The transfer to this reserve must be made before distribution of a dividend to shareholders. Statutory surplus reserve can be used to make good previous years' losses, if any, and may be converted into share capital by issuing of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by them, provided that the balance after such issue is not less than 25% of the registered capital.

During the year ended 31 December 2024, the Company transferred RMB4,529 million (2023: RMB5,125 million) to the statutory surplus reserve, being 10% of the current year's net profit determined in accordance with the accounting policies complying with CASs.

(b) The usage of the discretionary surplus reserve is similar to that of statutory surplus reserve.

(c) As at 31 December 2024, the amount of retained earnings available for distribution was RMB106,517 million (2023: RMB107,879 million), being the amount determined in accordance with CASs. According to the Articles of Association of the Company, the amount of retained earnings available for distribution to shareholders of the Company is lower of the amount determined in accordance with the accounting policies complying with CASs and the amount determined in accordance with the accounting policies complying with IFRS Accounting Standards.

(d) The capital reserve mainly represents (i) the difference between the total amount of the par value of shares issued and the amount of the net assets transferred from Sinopec Group Company in connection with the Reorganisation (Note 1); and (ii) the difference between the considerations paid over or received the amount of the net assets of entities and related operations acquired from or sold to Sinopec Group Company and non-controlling interests.

(e) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

The notes on pages 164 to 212 form part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

(Amounts in million)

	Note	Year ended 31 December	
		2024	2023
		RMB	RMB
Net cash generated from operating activities	(a)	149,360	161,475
Investing activities			
Capital expenditure		(119,144)	(152,325)
Exploratory wells expenditure		(20,062)	(19,168)
Purchase of investments		(10,578)	(5,892)
Payment for financial assets at fair value through profit or loss		(26)	(26)
Proceeds from settlement of financial assets at fair value through profit or loss		26	–
Payment for acquisition of subsidiary, net of cash acquired		–	(110)
Proceeds from disposal of investments		452	1,580
Proceeds from disposal of property, plant, equipment and other non-current assets		1,864	5,363
Increase in time deposits with maturities over three months		(114,855)	(90,562)
Decrease in time deposits with maturities over three months		86,624	86,975
Interest received		4,113	8,929
Investment and dividend income received		11,543	10,886
Payments of other investing activities		(1,197)	(1,515)
Net cash used in investing activities		(161,240)	(155,865)
Financing activities			
Proceeds from bank and other loans		672,450	699,410
Repayments of bank and other loans		(628,052)	(599,954)
Issue of new shares		11,995	–
Contributions to subsidiaries from non-controlling interests		3,463	1,509
Dividends paid by the Company		(42,108)	(40,760)
Distributions by subsidiaries to non-controlling interests		(6,144)	(7,977)
Interest paid		(7,912)	(7,997)
Payments made to acquire non-controlling interests		(1,474)	(203)
Cash payments to purchase own shares		(2,131)	(2,325)
Repayments of lease liabilities		(19,654)	(18,991)
Proceeds from other financing activities		1,290	420
Payments of other financing activities		(960)	(400)
Net cash (used in)/generated from financing activities		(19,237)	22,732
Net (decrease)/increase in cash and cash equivalents		(31,117)	28,342
Cash and cash equivalents at 1 January		121,759	93,438
Effect of foreign currency exchange rate changes		653	(21)
Cash and cash equivalents at 31 December		91,295	121,759

The notes on pages 164 to 212 form part of these consolidated financial statements.

NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 31 December 2024

(Amounts in million)

(a) Reconciliation from profit before taxation to net cash generated from operating activities

	31 December 2024 RMB million	31 December 2023 RMB million
Operating activities		
Profit before taxation	69,142	83,934
Adjustments for:		
Depreciation, depletion and amortisation	120,714	113,750
Dry hole costs written off	4,955	6,723
Share of profits from associates and joint ventures	(8,961)	(6,199)
Investment income	(669)	(829)
Interest income	(5,935)	(6,828)
Interest expense	18,601	18,069
Gain on foreign currency exchange rate changes and derivative financial instruments	(622)	(249)
Gain on disposal of property, plant, equipment and other assets, net	(810)	(2,995)
Impairment losses on assets	6,702	8,772
Impairment losses/(reversals) on trade and other receivables	108	(243)
	203,225	213,905
Net changes from:		
Accounts receivable and other current assets	(7,864)	3,974
Inventories	(10,117)	(12,726)
Accounts payable and other current liabilities	(19,844)	(29,489)
	165,400	175,664
Income tax paid	(16,040)	(14,189)
Net cash generated from operating activities	149,360	161,475

The notes on pages 164 to 212 form part of these consolidated financial statements.

1 PRINCIPAL ACTIVITIES, ORGANISATION, BASIS OF PREPARATION AND ACCOUNTING POLICY CHANGES

Principal activities

China Petroleum & Chemical Corporation (the “Company”) is an energy and chemical company incorporated in the People’s Republic of China (the “PRC”) that, through its subsidiaries (hereinafter collectively referred to as the “Group”), engages in oil and gas and chemical operations. Oil and gas operations consist of exploring for, developing and producing crude oil and natural gas; transporting crude oil and natural gas by pipelines; refining crude oil into finished petroleum products; and marketing crude oil, natural gas and refined petroleum products. Chemical operations include the manufacture and marketing of a wide range of chemicals for industrial uses.

Organisation

The Company was established in the PRC on 25 February 2000 as a joint stock limited company as part of the reorganisation (the “Reorganisation”) of China Petrochemical Corporation (“Sinopec Group Company”), the ultimate holding company of the Group and a ministry-level enterprise under the direct supervision of the State Council of the PRC. Prior to the incorporation of the Company, the oil and gas and chemical operations of the Group were carried on by oil administration bureaux, petrochemical and refining production enterprises and sales and marketing companies of Sinopec Group Company.

As part of the Reorganisation, certain of Sinopec Group Company’s core oil and gas and chemical operations and businesses together with the related assets and liabilities were transferred to the Company. On 25 February 2000, in consideration for Sinopec Group Company transferring such oil and gas and chemical operations and businesses and the related assets and liabilities to the Company, the Company issued 68.8 billion domestic state-owned ordinary shares with a par value of RMB1.00 each to Sinopec Group Company. The shares issued to Sinopec Group Company on 25 February 2000 represented the entire registered and issued share capital of the Company on that date. The oil and gas and chemical operations and businesses transferred to the Company were related to (i) the exploration, development and production of crude oil and natural gas, (ii) the refining, transportation, storage and marketing of crude oil and petroleum products, and (iii) the production and sales of chemicals.

Basis of preparation

The accompanying consolidated financial statements have been prepared in accordance with all applicable IFRS Accounting Standards as issued by the International Accounting Standards Board (“IASB”). IFRS Accounting Standards includes International Accounting Standards (“IAS”) and related interpretations (“IFRIC”). These consolidated financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited. A summary of the material accounting policies adopted by the Group are set out in Note 2.

Accounting policy changes

The accounting policies adopted are consistent with those of the previous financial year, except for the adoption of new and amended standards as set out below.

(a) New and amended standards and interpretations adopted by the Group

The IASB has issued the following amendments to IFRS Accounting Standards that are first effective for the current accounting period of the Group:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current* (“2020 amendments”)
- Amendments to IAS 1, *Presentation of financial statements: Non-current liabilities with covenants* (“2022 amendments”)

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended IFRS Accounting Standards are discussed below:

Amendments to IAS 1, *Presentation of financial statements* (“2020 and 2022 amendments”, or collectively the “IAS 1 amendments”)

The IAS 1 amendments impact the classification of a liability as current or non-current, and are applied retrospectively as a package.

The 2020 amendments primarily clarify the classification of a liability that can be settled in its own equity instruments. If the terms of a liability could, at the option of the counterparty, result in its settlement by the transfer of the entity’s own equity instruments and that conversion option is accounted for as an equity instrument, these terms do not affect the classification of the liability as current or non-current. Otherwise, the transfer of equity instruments would constitute settlement of the liability and impact classification.

The 2022 amendments specify that conditions with which an entity must comply after the reporting date do not affect the classification of a liability as current or non-current. However, the entity is required to disclose information about non-current liabilities subject to such conditions in a full set of financial statements.

Upon the adoption of the amendments, the Group has reassessed the classification of its liabilities as current or non-current and did not identify any reclassification to be made.

1 PRINCIPAL ACTIVITIES, ORGANISATION, BASIS OF PREPARATION AND ACCOUNTING POLICY CHANGES (Continued)

(b) New and amended standards and interpretations not yet adopted by the Group

A number of new accounting standards and interpretations have been published that are not mandatory for 31 December 2024 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

The preparation of the consolidated financial statements in accordance with IFRS Accounting Standards requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the period. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results could differ from those estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Key assumptions and estimation made by management in the application of IFRS Accounting Standards that have significant effect on the consolidated financial statements and the major sources of estimation uncertainty are disclosed in Note 44.

2 MATERIAL ACCOUNTING POLICIES

(a) Basis of consolidation

The consolidated financial statements comprise the Company and its subsidiaries, and interest in associates and joint ventures.

(i) Subsidiaries and non-controlling interests

Subsidiaries are those entities controlled by the Group. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. When assessing whether the Group has power, only substantive rights (held by the Group and other parties) are considered.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control effectively commences until the date that control effectively ceases.

Non-controlling interests at the date of statement of financial position, being the portion of the net assets of subsidiaries attributable to equity interests that are not owned by the Company, whether directly or indirectly through subsidiaries, are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity, separately from equity attributable to the shareholders of the Company. Non-controlling interests in the results of the Group are presented on the face of the consolidated income statement and the consolidated statement of comprehensive income as an allocation of the total profit or loss and total comprehensive income for the year between non-controlling interests and the shareholders of the Company.

Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions, whereby adjustments are made to the amounts of controlling and non-controlling interests within consolidated equity to reflect the change in relative interests, but no adjustments are made to goodwill and no gain or loss is recognised.

If a business combination involving entities not under common control is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date. Any gains or losses arising from such remeasurement are recognised in the consolidated income statement.

When the Group loses control of a subsidiary, it is accounted for as a disposal of the entire interest in that subsidiary, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former subsidiary at the date when control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (Note 2(j)) or, when appropriate, the cost on initial recognition of an investment in an associate or joint venture (Note 2(a)(ii)).

In the Company's statement of financial position, investments in subsidiaries are stated at cost less impairment losses (Note 2(n)).

The particulars of the Group's principal subsidiaries are set out in Note 42.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(a) Basis of consolidation (Continued)

(ii) Associates and joint ventures

An associate is an entity, not being a subsidiary, in which the Group exercises significant influence over its management. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has rather than the legal structure of the joint arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in associates and joint ventures are accounted for in the consolidated and separate financial statements using the equity method from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. Under the equity method, the investment is initially recorded at cost and adjusted thereafter for the post acquisition change in the Group's share of the investee's net assets and any impairment loss relating to the investment (Note 2(n)).

The Group's share of the post-acquisition, post-tax results of the investees and any impairment losses for the year are recognised in the consolidated income statement, whereas the Group's share of the post-acquisition, post-tax items of the investees' other comprehensive income is recognised in the consolidated statement of comprehensive income.

When the Group's share of losses exceeds its interest in the associate or the joint venture, the Group's interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the investee. For this purpose, the Group's interest is the carrying amount of the investment under the equity method, together with any other long-term interests that in substance form part of the Group's net investment in the associate or the joint venture, after applying the expected credit losses ("ECLs") model to such other long-term interests where applicable.

When the Group ceases to have significant influence over an associate or joint control over a joint venture, it is accounted for as a disposal of the entire interest in that investee, with a resulting gain or loss being recognised in profit or loss. Any interest retained in that former investee at the date when significant influence or joint control is lost is recognised at fair value and this amount is regarded as the fair value on initial recognition of a financial asset (see Note 2(j)) or, when appropriate, the cost on initial recognition of an investment in an associate.

(iii) Transactions eliminated on consolidation

Inter-company balances and transactions and any unrealised gains arising from inter-company transactions are eliminated on consolidation. Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(iv) Merger accounting for common control combination

The consolidated financial statements incorporate the financial statements of the combining entities or businesses in which the common control combination occurs as if they had been combined from the date when the combining entities or businesses first came under the control of the controlling party. The net assets of the combining entities or businesses are combined using the existing book values from the controlling parties' perspective. No amount is recognised as consideration for goodwill or excess of acquirers' interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statement includes the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where there is a shorter period, regardless of the date of the common control combination. The comparative amounts in the consolidated financial statements are presented as if the entities or businesses had been combined at the beginning of the earliest period presented or when they first came under common control, whichever is shorter.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or businesses are eliminated on consolidation. Transaction costs, including professional fees, registration fees, costs of furnishing information to shareholders, costs or losses incurred in combining operations of the previously separate businesses, etc., incurred in relation to the common control combination that is to be accounted for by using merger accounting is recognised as an expense in the period in which it is incurred.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(b) Translation of foreign currencies

The presentation currency of the Group is Renminbi. Foreign currency transactions during the year are translated into Renminbi at the applicable rates of exchange quoted by the People's Bank of China ("PBOC") prevailing on the transaction dates. Foreign currency monetary assets and liabilities are translated into Renminbi at the PBOC's rates at the date of the statement of financial position.

Exchange differences, other than those capitalised as construction in progress, are recognised as income or expense in the "finance costs" section of the consolidated income statement.

The results of foreign operations are translated into Renminbi at the applicable rates quoted by the PBOC prevailing on the transaction dates. The statement of financial position items, including goodwill arising on consolidation of foreign operations are translated into Renminbi at the closing foreign exchange rates at the date of the statement of financial position. The income and expenses of foreign operation are translated into Renminbi at the spot exchange rates or an exchange rate that approximates the spot exchange rates on the transaction dates. The resulting exchange differences are recognised in other comprehensive income and accumulated in equity in the other reserves.

On disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation is reclassified from equity to the consolidated income statement when the profit or loss on disposal is recognised.

(c) Cash and cash equivalents

Cash equivalents consist of time deposits with financial institutions with an initial term of less than three months when purchased. Cash equivalents are stated at cost, which approximates fair value.

(d) Trade, bills and other receivables

Trade, bills and other receivables are recognised initially at their transaction price, unless they contain significant financing components when they are recognised at fair value. They are subsequently measured at amortised cost using the effective interest method, less loss allowances for ECLs (Note 2(j)). Trade, bills and other receivables are derecognised if the Group's contractual rights to the cash flows from these financial assets expire or if the Group transfers these financial assets to another party without retaining control or substantially all risks and rewards of the assets.

(e) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost mainly includes the cost of purchase computed using the weighted average method and, in the case of work in progress and finished goods, direct labour and an appropriate proportion of production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

(f) Property, plant and equipment

An item of property, plant and equipment is initially recorded at cost, less accumulated depreciation and impairment losses (Note 2(n)). The cost of an asset comprises its purchase price, any directly attributable costs of bringing the asset to working condition and location for its intended use. The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred, when it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other expenditure is recognised as an expense in the consolidated income statement in the year in which it is incurred.

Gains or losses arising from the retirement or disposal of an item of property, plant and equipment, other than oil and gas properties, are determined as the difference between the net disposal proceeds and the carrying amount of the item and are recognised as income or expense in the consolidated income statement on the date of retirement or disposal.

Depreciation is provided to write off the cost amount of items of property, plant and equipment, other than oil and gas properties, over its estimated useful life on a straight-line basis, after taking into account its estimated residual value, as follows:

	Estimated usage period	Estimated residuals rate
Plants and buildings	12 to 50 years	3%
Equipment, machinery and others	4 to 30 years	3%

Where parts of an item of property, plant and equipment have different useful lives, the cost of the item is allocated on a reasonable basis between the parts and each part is depreciated separately. Both the useful life of an asset and its residual value, if any, are reassessed annually.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(g) Oil and gas properties

The Group uses the successful efforts method of accounting for its oil and gas producing activities. Under this method, costs of development wells, the related supporting equipment and proved mineral interests in properties are capitalised. The cost of exploratory wells is initially capitalised as construction in progress pending determination of whether the well has found proved reserves. The impairment of exploratory well costs occurs upon the determination that the well has not found proved reserves. The exploratory well costs are usually not carried as an asset for more than one year following completion of drilling, unless (i) the well has found a sufficient quantity of reserves to justify its completion as a producing well if the required capital expenditure is made; (ii) drilling of the additional exploratory wells is under way or firmly planned for the near future; or (iii) other activities are being undertaken to sufficiently progress the assessing of the reserves and the economic and operating viability of the project. All other exploration costs, including geological and geophysical costs, other dry hole costs and annual lease rentals to explore for or use oil and natural gas, are expensed as incurred. Capitalised costs of proved oil and gas properties are amortised on a unit-of-production method based on volumes produced and reserves.

Management estimates future dismantlement costs for oil and gas properties with reference to engineering estimates after taking into consideration the anticipated method of dismantlement required in accordance with the industry practices and the future cash flows are adjusted to reflect such risks specific to the liability, as appropriate. These estimated future dismantlement costs are discounted at pre-tax risk-free rate and are capitalised as oil and gas properties, which are subsequently amortised as part of the costs of the oil and gas properties.

(h) Construction in progress

Construction in progress represents buildings, oil and gas properties, various plant and equipment under construction and pending installation, and is stated at cost less impairment losses (Note 2(n)). Cost comprises direct costs of construction as well as interest charges, and foreign exchange differences on related borrowed funds to the extent that they are regarded as an adjustment to interest charges, during the periods of construction.

Items may be produced while bringing an item of property, plant and equipment to the location and condition necessary for it to be capable of operating in the manner intended by management. The proceeds from selling any such items and the related costs are recognised in profit or loss.

Construction in progress is transferred to property, plant and equipment when the asset is substantially ready for its intended use.

No depreciation is provided in respect of construction in progress.

(i) Goodwill

Goodwill represents amounts arising on acquisition of subsidiaries, associates or joint ventures. Goodwill represents the difference between the cost of acquisition and the fair value of the net identifiable assets acquired.

Prior to 1 January 2008, the acquisition of the non-controlling interests of a consolidated subsidiary was accounted for using the acquisition method whereby the difference between the cost of acquisition and the fair value of the net identifiable assets acquired (on a proportionate share) was recognised as goodwill. From 1 January 2008, any difference between the amount by which the non-controlling interest is adjusted (such as through an acquisition of the non-controlling interests) and the cash or other considerations paid is recognised in equity.

Goodwill is stated at cost less accumulated impairment losses. Goodwill arising on a business combination is allocated to each cash-generating unit, or groups of cash-generating units, that is expected to benefit the synergies of the combination and is tested annually for impairment (Note 2(n)). In respect of associates or joint ventures, the carrying amount of goodwill is included in the carrying amount of the interest in the associate or joint venture and the investment as a whole is tested for impairment whenever there is objective evidence of impairment (Note 2(n)).

(j) Financial assets

(i) Classification and measurement

The Group classifies financial assets into different categories depending on the business model for managing the financial assets and the contractual terms of cash flows of the financial assets: a) financial assets measured at amortised cost, b) financial assets measured at fair value through other comprehensive income ("FVOCI"), c) financial assets measured at fair value through profit or loss. A contractual cash flow characteristic which could have only a de minimis effect on the contractual cash flows of the financial assets, or could have an effect that is more than de minimis but is not genuine, does not affect the classification of the financial asset.

Financial assets are initially recognised at fair value. For financial assets measured at fair value through profit or loss, the relevant transaction costs are recognised in profit or loss. The transaction costs for other financial assets are included in the initially recognised amount. However, trade accounts receivable and bills receivable arising from sale of goods or rendering services, without significant financing component, are initially recognised based on the transaction price expected to be entitled by the Group.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

(i) Classification and measurement (Continued)

Debt instruments

Debt instruments held by the Group mainly includes cash and cash equivalents, time deposits with financial institutions, receivables. These financial assets are measured at amortised cost and FVOCI.

- **Amortised cost:** The business model for managing such financial assets by the Group are held for collection of contractual cash flows. The contractual cash flow characteristics are to give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Interest income from these financial assets is recognised using the effective interest rate method.
- **FVOCI:** The business model for managing such financial assets by the Group are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest on the principal amount outstanding. Movements in the carrying amount are taken through other comprehensive income, except for the recognition of impairment gains or losses, foreign exchange gains and losses and interest income calculated using the effective interest rate method, which are recognised in profit or loss.

Equity instruments

Equity instruments that the Group has no power to control, jointly control or exercise significant influence over, are measured at fair value through profit or loss and presented in financial assets at fair value through profit or loss.

In addition, the Group designates some equity instruments that are not held for trading as financial assets at FVOCI, are presented in financial assets at FVOCI. The relevant dividends of these financial assets are recognised in profit or loss. When derecognised, the cumulative gain or loss previously recognised in other comprehensive income is transferred to retained earnings.

(ii) Impairment

The Group recognises a loss allowance for ECLs on a financial asset that is measured at amortised cost and a debt instrument that is measured at FVOCI.

The Group measures and recognises ECLs, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions.

The Group measures the ECLs of financial instruments on different stages at each the date of the statement of financial position. For financial instruments that have no significant increase in credit risk since the initial recognition, on first stage, the Group measures the loss allowance at an amount equal to 12-month ECLs. If there has been a significant increase in credit risk since the initial recognition of a financial instrument but credit impairment has not occurred, on second stage, the Group recognises a loss allowance at an amount equal to lifetime ECLs. If credit impairment has occurred since the initial recognition of a financial instrument, on third stage, the Group recognises a loss allowance at an amount equal to lifetime ECLs.

For financial instruments that have low credit risk at the date of the statement of financial position, the Group assumes that there is no significant increase in credit risk since the initial recognition, and measures the loss allowance at an amount equal to 12-month ECLs.

For financial instruments on the first stage and the second stage, and that have low credit risk, the Group calculates interest income according to carrying amount without deducting the impairment allowance and effective interest rate. For financial instruments on the third stage, interest income is calculated according to the carrying amount minus amortised cost after the provision of impairment allowance and effective interest rate.

For trade accounts receivable and bills receivable and financial assets at FVOCI related to revenue, the Group measures the loss allowance at an amount equal to lifetime ECLs.

The Group recognises the loss allowance accrued or written back in profit or loss.

(iii) Derecognition

The Group derecognises a financial asset when: a) the contractual right to receive cash flows from the financial asset expires; b) the Group transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset; c) the financial asset has been transferred and the Group neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but the Group has not retained control.

On derecognition of equity instruments at FVOCI, the amount accumulated in the fair value reserve is transferred to retained earnings. It is not recycled through profit or loss. While on derecognition of other financial assets, this difference is recognised in profit or loss.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(j) Financial assets (Continued)

(iv) Financial guarantees issued

Financial guarantees are contracts that require the issuer (i.e. the guarantor) to make specified payments to reimburse the beneficiary of the guarantee (the “holder”) for a loss the holder incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees issued are initially recognised at fair value, which is determined by reference to fees charged in an arm’s length transaction for similar services, when such information is obtainable, or to interest rate differentials, by comparing the actual rates charged by lenders when the guarantee is made available with the estimated rates that lenders would have charged, had the guarantees not been available, where reliable estimates of such information can be made. Where consideration is received or receivable for the issuance of the guarantee, the consideration is recognised in accordance with the Group’s policies applicable to that category of asset. Where no such consideration is received or receivable, an immediate expense is recognised in profit or loss.

Subsequent to initial recognition, the amount initially recognised as deferred income is amortised in profit or loss over the term of the guarantee as income from financial guarantees issued.

The Group monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees (i.e. the amount initially recognised, less accumulated amortisation).

(k) Financial liabilities

The Group, at initial recognition, classifies financial liabilities as either financial liabilities subsequently measured at amortised cost or financial liabilities at fair value through profit or loss.

The Group’s financial liabilities are mainly financial liabilities measured at amortised cost, including trade accounts payable and bills payable, other payables, and loans, etc. These financial liabilities are initially measured at the amount of their fair value after deducting transaction costs and use the effective interest rate method for subsequent measurement.

Where the present obligations of financial liabilities are completely or partially discharged, the Group derecognises these financial liabilities or discharged parts of obligations. The differences between the carrying amounts and the consideration received are recognised in profit or loss.

(l) Determination of fair value for financial instruments

If there is an active market for financial instruments, the quoted price in the active market is used to measure fair values of the financial instruments. If no active market exists for financial instruments, valuation techniques are used to measure fair values. In valuation, the Group adopts valuation techniques that are applicable in the current situation and have sufficient available data and other information to support it, and selects input values that are consistent with the asset or liability characteristics considered by market participants in the transaction of relevant assets or liabilities, and gives priority to relevant observable input values. Use of unobservable input values where relevant observable input values cannot be obtained or are not practicable.

(m) Derivative financial instruments and hedge accounting

Derivative financial instruments are recognised initially at fair value. At each date of the statement of financial position, the fair value is remeasured. The gain or loss on remeasurement to fair value is recognised immediately in profit or loss, except where the derivatives qualify for hedge accounting.

Hedge accounting is a method which recognises the offsetting effects on profit or loss (or other comprehensive income) of changes in the fair values of the hedging instrument and the hedged item in the same accounting period, to represent the effect of risk management activities.

Hedged items are the items that expose the Group to risks of changes in future cash flows and that are designated as being hedged and that must be reliably measurable. The Group’s hedged items include a forecast transaction that is settled with an undetermined future market price and exposes the Group to risk of variability in cash flows, etc.

A hedging instrument is a designated derivative whose changes in cash flows are expected to offset changes in cash flows of the hedged item.

The hedging relationship meets all of the following hedge effectiveness requirements:

- (i) There is an economic relationship between the hedged item and the hedging instrument, which shares a risk and that gives rise to opposite changes in fair value that tend to offset each other.
- (ii) The effect of credit risk does not dominate the value changes that result from that economic relationship.
- (iii) The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the entity actually hedges and the quantity of the hedging instrument that the entity actually uses to hedge that quantity of hedged item. However, that designation does not reflect an imbalance between the weightings of the hedged item and the hedging instrument.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(m) Derivative financial instruments and hedge accounting (Continued)

Cash flow hedges

Cash flow hedge is a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability (such as all or some future interest payments on variable-rate debt) or a highly probable forecast transaction, and could affect profit or loss. Hedge effectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. If the hedged future cash flows are no longer expected to occur, then the amounts that have been accumulated in the hedging reserve is immediately reclassified through OCI to profit or loss.

As long as a cash flow hedge meets the qualifying criteria for hedge accounting, the separate component of equity associated with the hedged item (cash flow hedge reserve) is adjusted to the lower of the following (in absolute amounts):

- (i) The cumulative gain or loss on the hedging instrument from inception of the hedge; and
- (ii) The cumulative change in fair value (present value) of the hedged item (i.e. the present value of the cumulative change in the hedged expected future cash flows) from inception of the hedge.

The gain or loss on the hedging instrument that is determined to be an effective hedge is recognised in other comprehensive income.

The portion of the gain or loss on the hedging instrument that is determined to be an ineffective hedge is recognised in profit or loss.

If a hedged forecast transaction subsequently results in the recognition of a non-financial asset or non-financial liability, or a hedged forecast transaction for a non-financial asset or a non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the entity removes that amount from the cash flow hedge reserve and include it directly in the initial cost or other carrying amount of the asset or the liability. This is not a reclassification adjustment and hence it does not affect other comprehensive income.

If the amount that has been accumulated in the cash flow hedge reserve is a loss and the Group expects that all or a portion of that loss will not be recovered in one or more future periods, the Group immediately reclassifies the amount that is not expected to be recovered into profit or loss.

When the hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting (ie the entity no longer pursues that risk management objective), or when a hedging instrument expires or is sold, terminated, exercised, or there is no longer an economic relationship between the hedged item and the hedging instrument or the effect of credit risk starts to dominate the value changes that result from that economic relationship or no longer meets the criteria for hedge accounting, the Group discontinues prospectively the hedge accounting treatments. If the hedged future cash flows are no longer expected to occur, that amount remains in the cash flow hedge reserve and is accounted for as cash flow hedges. If the hedged future cash flows are no longer expected to occur, that amount is immediately reclassified from the cash flow hedge reserve to profit or loss as a reclassification adjustment. A hedged future cash flow that is no longer highly probable to occur may still be expected to occur, if the hedged future cash flows are still expected to occur, that amount remains in the cash flow hedge reserve and is accounted for as cash flow hedges.

Fair value hedges

A fair value hedge is a hedge of the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment, or a portion of such an asset, liability or firm commitment.

The gain or loss from remeasuring the hedging instrument is recognised in profit or loss. The gain or loss on the hedged item attributable to the hedged risk adjusts the carrying amount of the recognised hedged item not measured at fair value and is recognised in profit or loss.

Any adjustment to the carrying amount of a hedged item is amortised to profit or loss if the hedged item is a financial instrument (or a component thereof) measured at amortised cost. The amortisation is based on a recalculated effective interest rate at the date that amortisation begins.

(n) Impairment of assets

The carrying amounts of assets, including property, plant and equipment, construction in progress, right-of-use assets and other assets, are reviewed at each date of the statement of financial position to identify indicators that the assets may be impaired. These assets are tested for impairment whenever events or changes in circumstances indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to the recoverable amount. For goodwill, the recoverable amount is estimated at each date of the statement of financial position.

The recoverable amount is the greater of the fair value less costs to disposal and the value in use. In determining the value in use, expected future cash flows generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where an asset does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the smallest group of assets that generates cash inflows independently (i.e. a cash-generating unit).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(n) Impairment of assets (Continued)

The amount of the reduction is recognised as an expense in the consolidated income statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs to disposal, or value in use, if determinable.

Management assesses at each date of the statement of financial position whether there is any indication that an impairment loss recognised for an asset, except in the case of goodwill, in prior years may no longer exist. An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount. A subsequent increase in the recoverable amount of an asset, when the circumstances and events that led to the write-down or write-off cease to exist, is recognised as an income. The reversal is reduced by the amount that would have been recognised as depreciation had the write-down or write-off not occurred. An impairment loss in respect of goodwill is not reversed.

(o) Trade, bills and other payables

Trade, bills and other payables generally are financial liabilities and are initially recognised at fair value and thereafter stated at amortised cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

(p) Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the consolidated income statement over the period of borrowings using the effective interest method.

(q) Provisions and contingent liability

A provision is recognised for liability of uncertain timing or amount when the Group has a legal or constructive obligation arising as a result of a past event, when it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made.

When it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow of economic benefits is remote.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, a separate asset is recognised for any expected reimbursement that would be virtually certain. The amount recognised for the reimbursement is limited to the carrying amount of the provision.

Provisions for future dismantlement costs are initially recognised based on the present value of the future costs expected to be incurred in respect of the Group's expected dismantlement and abandonment costs at the end of related oil and gas exploration and development activities. Any subsequent change in the present value of the estimated costs, other than the change due to passage of time which is regarded as interest cost, is reflected as an adjustment to the provision and oil and gas properties.

An onerous contract exists when the Group has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract. Provisions for onerous contracts are measured at the present value of the lower of the expected cost of terminating the contract and the net cost of continuing with the fulfilling the contract. The cost of fulfilling the contract includes both the incremental costs of fulfilling that contract and an allocation of other costs that relate directly to fulfilling that contract.

(r) Revenue recognition

Revenue arises in the course of the Group's ordinary activities, and increases in economic benefits in the form of inflows that result in an increase in equity, other than those relating to contributions from equity participants.

The Group sells crude oil, natural gas, petroleum and chemical products, etc. Revenue is recognised according to the expected consideration amount, when a customer obtains control over the relevant goods or services. To determine whether a customer obtains control of a promised goods or services (assets), the Group shall consider indicators of the transfer of control, which include, but are not limited to, the Group has a present right to payment for the assets; the Group has transferred physical possession of the assets to the customer; the customer has the significant risks and rewards of ownership of the assets; the customer has accepted the assets.

2 MATERIAL ACCOUNTING POLICIES *(Continued)*

(r) Revenue recognition *(Continued)*

Sales of goods

Sales are recognised when control of the goods have transferred. Obtaining control of relevant goods means that a customer can direct the use of the goods and obtain almost all the economic benefits from it. Advance from customers but goods not yet delivered is recorded as contract liabilities and is recognised as revenues when a customer obtains control over the relevant goods.

The Group determines whether it is a principal or an agent, based on whether it obtains control of the specified good or service before that good or service is transferred to a customer. The Group is a principal if it controls the specified good or service before that good or service is transferred to a customer, and recognises revenue in the gross amount of consideration which it has received (or which is receivable). Otherwise, the Group is an agent, and recognises revenue in the amount of any fee or commission to which it expects to be entitled. The fee or commission is the net amount of consideration that the Group retains after paying the other party the consideration, or is determined according to the established amount or proportion.

The circumstances in which the Group is able to control the goods before transferring them to customers include:

- The Group acquires control of the goods or other assets from a third party and then transfers them to the customer;
- The Group is able to lead third parties to provide services to customers on behalf of the Group;
- After the Group acquires control of a product from a third party, it transfers the product to a customer by integrating the product with other products into a combination of products through the provision of significant services;

In determining whether the Group has control over the goods before the transfer of the goods to the customer, the Group takes into account all relevant facts and circumstances, including:

- The Group bears the primary responsibility for the transfer of goods to customers;
- The Group assumes the inventory risk of the goods before or after the transfer of the goods;
- The Group reserves the right to determine the price of the products it trades at its own discretion.

(s) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are recognised to profit or loss on a straight-line basis over the expected lives of the related assets.

(t) Borrowing costs

Borrowing costs are expensed in the consolidated income statement in the period in which they are incurred, except to the extent that they are capitalised as being attributable to the construction of an asset which necessarily takes a period of time to get ready for its intended use.

(u) Repairs and maintenance expenditure

Repairs and maintenance expenditure is expensed as incurred.

(v) Environmental expenditures

Environmental expenditures that relate to current ongoing operations or to conditions caused by past operations are expensed as incurred.

Liabilities related to future remediation costs are recorded when environmental assessments and/or cleanups are probable and the costs can be reliably estimated. As facts concerning environmental contingencies become known to the Group, the Group reassesses its position both with respect to accrued liabilities and other potential exposures.

(w) Research and development expense

Research and development expenditures that cannot be capitalised are expensed in the period in which they are incurred. Research and development expense amounted to RMB15,215 million for the year ended 31 December 2024 (2023: RMB13,969 million).

2 MATERIAL ACCOUNTING POLICIES (Continued)

(x) Leases

A lease is a contract that a lessor transfers the right to use an identified asset for a period of time to a lessee in exchange for consideration.

(i) As lessee

The Group recognises a right-of-use asset at the date at which the leased asset is available for use by the Group, and recognises a lease liability measured at the present value of the remaining lease payments. The lease payments include fixed payments, the exercise price of a purchase option if the Group is reasonably certain to exercise that option, and payments of penalties for terminating the lease if the lease term reflects the Group exercising that option, etc. Variable payments that are based on a percentage of sales are not included in the lease payments, and should be recognised in profit or loss when incurred. Lease liabilities to be paid within one year (including one year) from the date of the statement of financial position is presented in current liabilities.

Right-of-use assets of the Group mainly comprise land. Right-of-use assets are measured at cost which comprises the amount of the initial measurement of the lease liability, any lease payments made at or before the commencement date, any initial direct costs incurred by the lessee, less any lease incentives received. The Group depreciates the right-of-use assets over the shorter of the asset's useful life and the lease term on a straight-line basis. When the recoverable amount of a right-of-use asset is less than its carrying amount, the carrying amount is reduced to the recoverable amount.

Payments associated with short-term leases with lease terms within 12 months and all leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss or as cost of relevant assets, instead of recognising right-of-use assets and lease liabilities.

A lessee shall account for a lease modification as a separate lease if both: (1) the modification increases the scope of the lease by adding the right to use one or more underlying assets; and (2) the consideration for the lease increases by an amount commensurate with the stand-alone price for the increase in scope and any appropriate adjustments to that stand-alone price to reflect the circumstances of the articular contract.

The lease liability is also remeasured when there is a lease modification, which means a change in the scope of a lease or the consideration for a lease that is not originally provided for in the lease contract, if such modification is not accounted for as a separate lease. In this case, the lease liability is remeasured based on the revised lease payments and lease term using a revised discount rate at the effective date of the modification. The Group decrease the carrying amount of the right-of-use asset to reflect the partial or full termination of the lease for lease modifications that decrease the scope or shorten the term of the lease, and shall recognise in profit or loss any gain or loss relating to the partial or full termination of the lease. The Group make a corresponding adjustment to the right-of-use asset for all other lease modifications.

(ii) As lessor

A lease that transfers substantially all the risks and rewards incidental to ownership of an asset is a finance lease. An operating lease is a lease other than a finance lease.

When the Group leases self-owned plants and buildings, equipment and machinery, lease income from an operating lease is recognised on a straight-line basis over the period of the lease. The Group recognises variable lease income which is based on a certain percentage of sales as rental income when occurred.

(y) Employee benefits

The contributions payable under the Group's retirement plans are recognised as an expense in the consolidated income statement as incurred and according to the contribution determined by the plans. Further information is set out in Note 40.

Termination benefits, such as employee reduction expenses, are recognised when, and only when, the Group demonstrably commits itself to terminate employment or to provide benefits as a result of voluntary redundancy by having a detailed formal plan which is without realistic possibility of withdrawal.

(z) Income tax

Income tax comprises current and deferred tax. Current tax is calculated on taxable income by applying the applicable tax rates. Deferred tax is provided using the statement of financial position liability method on all temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes only to the extent that it is probable that future taxable income will be available against which the assets can be utilised. Deferred tax is calculated on the basis of the enacted tax rates or substantially enacted tax rates that are expected to apply in the period when the asset is realised or the liability is settled. The effect on deferred tax of any changes in tax rates is charged or credited to the consolidated income statement, except for the effect of a change in tax rate on the carrying amount of deferred tax assets and liabilities which were previously charged or credited to other comprehensive income or directly in equity.

The tax value of losses expected to be available for utilisation against future taxable income is set off against the deferred tax liability within the same legal tax unit and jurisdiction to the extent appropriate, and is not available for set off against the taxable profit of another legal tax unit. The carrying amount of a deferred tax asset is reviewed at each date of statement of financial position and is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

2 MATERIAL ACCOUNTING POLICIES (Continued)

(aa) Dividends

Dividends and distributions of profits proposed in the profit appropriation plan which will be authorised and declared after the date of statement of financial position, are not recognised as a liability at the date of statement of financial position and are separately disclosed in the notes to the financial statements. Dividends are recognised as a liability in the period in which they are declared.

(bb) Segment reporting

Operating segments, and the amounts of each segment item reported in the consolidated financial statements, are identified from the financial information provided regularly to the Group's chief operating decision maker for the purposes of allocating resources to, and assessing the performance of the Group's various lines of business.

3 REVENUE FROM PRIMARY BUSINESS

Revenue from primary business mainly represents revenue from the sales of refined petroleum products, chemical products, crude oil and natural gas, which are recognised at a point in time.

	2024 RMB million	2023 RMB million
Gasoline	847,815	861,453
Diesel	653,111	722,307
Crude oil	365,045	412,488
Chemical feedstock	41,994	38,039
Basic organic chemicals	219,608	210,216
Synthetic resin	124,780	132,625
Kerosene	231,214	216,456
Natural gas	91,015	79,681
Synthetic fiber monomers and polymers	42,880	34,059
Others (i)	397,859	439,549
	3,015,321	3,146,873

Note:

(i) Others are primarily liquefied petroleum gas and other refinery and chemical by-products and joint products.

4 OTHER OPERATING REVENUES

	2024 RMB million	2023 RMB million
Sale of materials and others	57,785	63,990
Rental income	1,456	1,352
	59,241	65,342

5 SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

The following items are included in selling, general and administrative expenses:

	2024 RMB million	2023 RMB million
Variable lease payments, low-value and short-term lease payment	2,362	2,344
Auditor's remuneration:		
– Audit services	69	71
– Others	7	7

6 PERSONNEL EXPENSES

	2024 RMB million	2023 RMB million
Salaries, wages and other benefits	95,694	94,085
Contributions to retirement schemes (Note 40)	14,493	13,932
	110,187	108,017

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

7 TAXES OTHER THAN INCOME TAX

	2024 RMB million	2023 RMB million
Consumption tax (i)	215,245	215,483
City construction tax (ii)	18,010	17,478
Special oil income levy	5,112	6,223
Education surcharge (ii)	13,255	12,847
Resources tax	8,466	8,230
Levy for mineral rights concessions (礦業權出讓收益)	1,574	7,412
Others	5,653	5,248
	267,315	272,921

Notes:

(i) Consumption tax was levied based on sales quantities of taxable products, tax rates of respective products are presented as below:

Products	RMB/Ton
Gasoline	2,109.76
Diesel	1,411.20
Naphtha	2,105.20
Solvent oil	1,948.64
Lubricant oil	1,711.52
Fuel oil	1,218.00
Jet fuel oil	1,495.20

(ii) City construction tax and education surcharge is levied on an entity based on its paid amount of value-added tax and consumption tax.

8 OTHER OPERATING INCOME/(EXPENSES), NET

	2024 RMB million	2023 RMB million
Government grants (i)	12,714	11,587
Ineffective portion of change in fair value of cash flow hedges	918	2,029
Net realised and unrealised loss on derivative financial instruments not qualified as hedging	(113)	(4,744)
Impairment losses on long-lived assets (ii)	(2,412)	(2,636)
Gain on disposal of property, plant, equipment and other assets, net	810	2,995
Fines, penalties and compensations	(431)	(43)
Donations	(293)	(310)
Others	(209)	222
	10,984	9,100

Notes:

(i) Government grants for the years ended 31 December 2024 and 2023 primarily represent financial appropriation income and non-income tax refunds received from respective government agencies without conditions or other contingencies attached to the receipts of the grants.

(ii) Impairment losses on long-lived assets for the year ended 31 December 2024 primarily represent impairment losses recognised in the exploration and production ("E&P") segment of RMB211 million (2023: RMB887 million), the chemicals segment of RMB1,547 million (2023: RMB1,280 million), the refining segment of RMB230 million (2023: RMB191 million), and the marketing and distribution segment of RMB424 million (2023: RMB278 million). The impairment losses in the E&P segment were mainly the impairment losses of properties, plant and equipment relating to oil and gas producing activities. The primary factors resulting in the E&P segment impairment loss were downward revision of oil and gas reserve in certain fields and high lifting cost. E&P segment determines recoverable amounts of properties, plant and equipment relating to oil and gas producing activities, which include significant judgments and assumptions. The Group determines the crude oil and natural gas production for the forecast period and the number of years in the forecast period for impairment assessment based on the results of proved reserves. Meanwhile, the Group determines the sales prices of crude oil and natural gas for the forecast period, taking into account the analysis of the domestic and international economic situation as well as the relationship between energy supply and demand. The recoverable amounts were determined based on the present values of the expected future cash flows of the assets using a pre-tax discount rate 7.06% to 15.82% (2023: 7.86% to 15.94%). Further future downward revisions to the Group's oil or nature gas price outlook would lead to further impairments which, in aggregate, are likely to be material. It is estimated that a general decrease of 5% in oil price, with all other variables held constant, would result in additional impairment loss on the Group's properties, plant and equipment relating to oil and nature gas producing activities by approximately RMB1,552 million (2023: RMB1,418 million). It is estimated that a general increase of 5% in operating cost, with all other variables held constant, would result in additional impairment loss on the Group's properties, plant and equipment relating to oil and gas producing activities by approximately RMB782 million (2023: RMB634 million). It is estimated that a general increase of 5% in discount rate, with all other variables held constant, would result in additional impairment loss on the Group's properties, plant and equipment relating to oil and gas producing activities by approximately RMB1 million (2023: RMB8 million). The impairment provisions for the chemical and refining segments are related to the refining and chemical production facilities, mainly due to sustained lower than expected economic performance of individual production units or having a clear shutdown plan in place, resulting in their book value being written down to their recoverable amount. The impairment provisions for the marketing and distribution segment is mainly due to the fact that the gas station is closed, so its book value is written down to the recoverable amount. The recoverable amount mainly considers the profit forecast approved by the management for a five-year period, which refers to the historical operating performance of relevant refining and chemical production facilities and is adjusted according to the development trends of the refining and chemical industry. The predicted cash flow after five years will remain stable, and the pre-tax discount rate is calculated based on the weighted average cost of capital, which is 8.00% to 16.76% (2023: 10.30% to 16.50%).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

9 INTEREST EXPENSE

	2024 RMB million	2023 RMB million
Interest expense incurred	10,525	9,807
Less: Interest expense capitalised*	(1,470)	(1,788)
	9,055	8,019
Interest expense on lease liabilities	8,767	8,951
Accretion expenses (Note 36)	779	1,099
Interest expense	18,601	18,069
* Interest rates per annum at which borrowing costs were capitalised for construction in progress	2.00% to 3.90%	1.70% to 4.25%

10 INVESTMENT INCOME

	2024 RMB million	2023 RMB million
Investment income from disposal of business and long-term equity investments	97	303
Dividend income from holding of other equity instrument investments	55	10
Others	517	516
	669	829

11 INCOME TAX EXPENSE

Income tax expense in the consolidated income statement represents:

	2024 RMB million	2023 RMB million
Current tax		
– Provision for the year	12,536	15,098
– Adjustment of prior years	(1,239)	(1,470)
Deferred taxation (Note 29)	1,669	2,442
	12,966	16,070

Reconciliation between actual income tax expense and the expected income tax expense at applicable statutory tax rates is as follows:

	2024 RMB million	2023 RMB million
Profit before taxation	69,142	83,934
Expected PRC income tax expense at a statutory tax rate of 25%	17,286	20,984
Tax effect of non-deductible expenses	2,503	3,049
Tax effect of non-taxable income	(3,917)	(3,577)
Tax effect of preferential tax rate (i)	(2,763)	(3,117)
Effect of income taxes at foreign operations	(253)	(846)
Tax effect of utilisation of previously unrecognised tax losses and temporary differences	(152)	(399)
Tax effect of tax losses not recognised and temporary differences	1,267	1,374
Write-down of deferred tax assets	234	72
Adjustment of prior years	(1,239)	(1,470)
Actual income tax expense	12,966	16,070

Note:

- (i) The provision for PRC current income tax is based on a statutory income tax rate of 25% of the assessable income of the Group as determined in accordance with the relevant income tax rules and regulations of the PRC, except for certain entities of the Group in western regions in the PRC are taxed at preferential income tax rate of 15%. According to Announcement [2020] No. 23 of the MOF "Announcement of the MOF, the State Taxation Administration and the National Development and Reform Commission on continuation of the income tax policy of western development enterprises", the preferential tax rate of 15% extends from 1 January 2021 to 31 December 2030.

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS

(a) Directors' and supervisors' emoluments

The emoluments of every director and supervisor is set out below:

Name	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking			Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	
	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Directors' / Supervisors' fee	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
2024					
Directors					
Ma Yongsheng	–	–	–	–	–
Zhao Dong (i)	176	608	68	–	852
Yu Baocai	322	650	134	–	1,106
Li Yonglin	–	–	–	–	–
Lv Lianggong	–	–	–	–	–
Zhong Ren (iii)	–	–	–	–	–
Niu Shuanwen (iv)	–	–	–	–	–
Wan Tao (iv)	–	–	–	–	–
Independent non-executive directors					
Cai Hongbin (vi)	–	–	–	188	188
Johnny Karling Ng (vi)	–	–	–	188	188
Shi Dan (vi)	–	–	–	188	188
Bi Mingjian (vi)	–	–	–	188	188
Xu Lin (v)	–	–	–	321	321
Zhang Liying (v)	–	–	–	321	321
Liu Tsz Bun Bennett (v)	–	–	–	321	321
Zhang Xiliang (v)	–	–	–	321	321
Supervisors					
Zhang Shaofeng	–	–	–	–	–
Qiu Fasen (viii)	–	–	–	–	–
Wu Bo (ii)	–	–	–	–	–
Zhai Yalin (viii)	–	–	–	–	–
Yin Zhaolin (viii)	198	1,142	48	–	1,388
Guo Hongjin (viii)	197	800	61	–	1,058
Chen Yaohuan (viii)	209	775	61	–	1,045
Wang An (vii)	–	–	–	–	–
Dai Liqi (vii)	–	–	–	–	–
Tan Wenfang (vii)	–	–	–	–	–
Yang Yanfei (vii)	–	–	–	–	–
Zhou Meiyun (vii)	–	–	–	–	–
Zhang Zheng (vii)	211	129	64	–	404
Bian Fengming (vii)	211	129	64	–	404
Zhang Chunsheng (vii)	240	116	54	–	410
Total	1,764	4,349	554	2,036	8,703

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

The emoluments of every director and supervisor is set out below: (Continued)

Name	Emoluments paid or receivable in respect of director's other services in connection with the management of the affairs of the Company or its subsidiary undertaking			Emoluments paid or receivable in respect of a person's services as a director, whether of the Company or its subsidiary undertaking	
	Salaries, allowances and benefits in kind	Bonuses	Retirement scheme contributions	Directors' / Supervisors' fee	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Directors					
Ma Yongsheng	–	–	–	–	–
Zhao Dong	–	–	–	–	–
Yu Baocai	317	675	131	–	1,123
Ling Yiqun (ix)	–	–	–	–	–
Li Yonglin	–	–	–	–	–
Liu Hongbin (x)	108	80	42	–	230
Lv Lianggong (xii)	–	–	–	–	–
Independent non-executive directors					
Cai Hongbin	–	–	–	450	450
Johnny Karling Ng	–	–	–	450	450
Shi Dan	–	–	–	450	450
Bi Mingjian	–	–	–	450	450
Supervisors					
Zhang Shaofeng	–	–	–	–	–
Qiu Fasen	–	–	–	–	–
Zhang Zhiguo (xi)	–	–	–	–	–
Wu Bo	–	–	–	–	–
Zhai Yalin	–	–	–	–	–
Yin Zhaolin	401	503	97	–	1,001
Guo Hongjin	372	1,072	121	–	1,565
Chen Yaohuan	384	1,045	121	–	1,550
Total	1,582	3,375	512	1,800	7,269

Notes:

- (i) Mr. Zhao Dong was elected to be executive director from 28 April 2024.
- (ii) Due to change of working arrangement, Mr. Wu Bo has tendered his resignation as supervisor on 13 May 2024.
- (iii) Mr. Zhong Ren was elected to be non-executive director from 28 June 2024.
- (iv) Mr. Niu Shuanwen was elected to be executive director from 28 June 2024; Mr. Wan Tao was elected to be executive director from 28 June 2024.
- (v) Mr. Xu Lin was elected to be independent non-executive director from 28 June 2024; Ms. Zhang Liying was elected to be independent non-executive director from 28 June 2024; Mr. Liu Tsz Bun Bennett was elected to be independent non-executive director from 28 June 2024; Mr. Zhang Xiliang was elected to be independent non-executive director from 28 June 2024.
- (vi) Mr. Cai Hongbin ceased being independent non-executive director from 28 June 2024; Mr. Johnny Karling Ng ceased being independent non-executive director from 28 June 2024; Ms. Shi Dan ceased being independent non-executive director from 28 June 2024; Mr. Bi Mingjian ceased being independent non-executive director from 28 June 2024.
- (vii) Mr. Wang An was elected to be supervisor from 28 June 2024; Mr. Dai Liqi was elected to be supervisor from 28 June 2024; Mr. Tan Wenfang was elected to be supervisor from 28 June 2024; Mr. Yang Yanfei was elected to be supervisor from 28 June 2024; Mr. Zhou Meiyun was elected to be supervisor from 28 June 2024. Mr. Zhang Zheng was elected to be supervisor from 28 June 2024; Mr. Bian Fengming was elected to be supervisor from 28 June 2024; Mr. Zhang Chunsheng was elected to be supervisor from 28 June 2024.
- (viii) Mr. Qiu Fasen ceased being supervisor from 28 June 2024; Mr. Zhai Yalin ceased being supervisor from 28 June 2024; Mr. Guo Hongjin ceased being supervisor from 28 June 2024. Mr. Yin Zhaolin ceased being supervisor from 28 June 2024; Mr. Chen Yaohuan ceased being supervisor from 28 June 2024.

12 DIRECTORS' AND SUPERVISORS' EMOLUMENTS (Continued)

(a) Directors' and supervisors' emoluments (Continued)

Notes: (Continued)

(ix) Mr. Ling Yiqun ceased being director from 26 April 2023.

(x) Mr. Liu Hongbin ceased being director from 16 May 2023.

(xi) Mr. Zhang Zhiguo ceased being supervisor from 19 May 2023.

(xii) Mr. Lv Lianggong was elected to be director from 30 May 2023.

13 SENIOR MANAGEMENT'S EMOLUMENTS

For the year ended 31 December 2024, the five highest paid individuals in the Company included one director, one supervisor and three senior management. The total salaries, wages and other benefits was RMB6,134 thousand, and the total amount of their retirement scheme contributions was RMB558 thousand. For the year ended 31 December 2023, the five highest paid individuals in the Company included one director, two supervisors and two senior management.

	Number of individuals	
	2024	2023
Emoluments		
HKD1,000,001 to HKD1,500,000	3	1
HKD1,500,001 to HKD2,000,000	2	4

During 2024 and 2023, the Company did not incur any emoluments paid or receivable in respect of a person accepting office as a director, or any payments to any director for loss of office.

14 DIVIDENDS

Dividends payable to shareholders of the Company attributable to the year represent:

	2024	2023
	RMB million	RMB million
Dividends declared and paid during the year of RMB0.146 per share (2023: RMB0.145 per share)	17,768	17,380
Dividends declared after the date of the statement of financial position of RMB0.140 per share (2023: RMB0.200 per share)	16,979	23,870
	34,747	41,250

Pursuant to the approval at the director's meeting on 23 August 2024, the interim dividends for the year ended 31 December 2024 of RMB0.146 (2023: RMB0.145) per share totaling RMB17,768 million (2023: RMB17,380 million) were approved. Dividends were paid on 13 September 2024.

Pursuant to a resolution passed at the director's meeting on 21 March 2025, final dividends in respect of the year ended 31 December 2024 of RMB0.140 (2023: RMB0.200) per share totaling RMB16,979 million (2023: RMB23,870 million based on share number at 31 December 2023) based on share number at 31 December 2024 were proposed for shareholders' approval at the Annual General Meeting. Final cash dividend proposed after the date of the statement of financial position has not been recognised as a liability at the date of the statement of financial position.

Dividends payable to shareholders of the Company attributable to the previous financial year, approved during the year represent:

	2024	2023
	RMB million	RMB million
Final cash dividends in respect of the previous financial year, approved during the year of RMB0.200 per share (2023: RMB0.195 per share)	24,340	23,380

Pursuant to the shareholders' approval at the Annual General Meeting on 28 June 2024, a final dividend of RMB0.200 per share totaling RMB24,340 million according to total shares on 15 July 2024 was approved. All dividends have been paid in the year ended 31 December 2024.

Pursuant to the shareholders' approval at the Annual General Meeting on 30 May 2023, a final dividend of RMB0.195 per share totaling RMB23,380 million according to total shares on 20 June 2023 was approved. All dividends have been paid in the year ended 31 December 2023.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

15 OTHER COMPREHENSIVE INCOME

	2024			2023		
	Before tax amount	Tax effect	Net of tax amount	Before tax amount	Tax effect	Net of tax amount
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Cash flow hedges:						
Effective portion of changes in fair value of hedging instruments recognised during the year	(1,193)	243	(950)	7,420	(1,075)	6,345
Reclassification adjustments for amounts transferred to the consolidated income statement	(562)	30	(532)	(1,245)	234	(1,011)
Net movement during the year recognised in other comprehensive income (i)	(1,755)	273	(1,482)	6,175	(841)	5,334
Changes in the fair value of instruments at fair value through other comprehensive income	(8)	5	(3)	(13)	5	(8)
Net movement during the year recognised in other comprehensive income	(8)	5	(3)	(13)	5	(8)
Share of other comprehensive income of associates and joint ventures	(3,507)	–	(3,507)	(6,683)	–	(6,683)
Foreign currency translation differences	2,006	–	2,006	1,946	–	1,946
Other comprehensive income	(3,264)	278	(2,986)	1,425	(836)	589

Note:

- (i) As at 31 December 2024, cash flow hedge reserve amounted to a gain of RMB3,338 million (31 December 2023: a gain of RMB5,758 million), of which a gain of RMB3,253 million was attributable to shareholders of the Company (31 December 2023: a gain of RMB5,656 million).

16 BASIC AND DILUTED EARNINGS PER SHARE

The calculation of basic earnings per share for the year ended 31 December 2024 is based on the profit attributable to ordinary shareholders of the Company of RMB48,939 million (2023: RMB58,310 million) and the weighted average number of shares of approximately 121,138 million (2023: approximately 119,811 million) during the year.

There are no potential dilutive ordinary shares, and diluted earnings per share are equal to the basic earnings per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

17 PROPERTY, PLANT AND EQUIPMENT

	Plants and buildings RMB million	Oil and gas, properties RMB million	Equipment, machinery and others RMB million	Total RMB million
Cost:				
Balance at 1 January 2023	152,432	840,719	1,105,325	2,098,476
Additions	250	1,681	2,348	4,279
Transferred from construction in progress	6,163	54,374	90,823	151,360
Reclassifications	1,817	(416)	(1,401)	–
Invested into joint ventures and associates	–	–	(19)	(19)
Reclassification to other long-term assets	(69)	(399)	(2,027)	(2,495)
Disposals	(2,246)	(257)	(23,745)	(26,248)
Exchange adjustments	38	751	60	849
Balance at 31 December 2023	158,385	896,453	1,171,364	2,226,202
Balance at 1 January 2024	158,385	896,453	1,171,364	2,226,202
Additions	427	1,989	2,895	5,311
Transferred from construction in progress	8,215	49,479	62,446	120,140
Reclassifications	1,915	(855)	(1,060)	–
Transferred to other long-term assets	(204)	(127)	(803)	(1,134)
Disposals	(990)	(41)	(17,815)	(18,846)
Exchange adjustments	47	677	63	787
Balance at 31 December 2024	167,795	947,575	1,217,090	2,332,460
Accumulated depreciation and impairment losses:				
Balance at 1 January 2023	72,795	697,612	697,369	1,467,776
Depreciation for the year	4,930	31,525	52,057	88,512
Impairment losses for the year	149	775	1,567	2,491
Reclassifications	230	(406)	176	–
Invested into joint ventures and associates	–	–	(6)	(6)
Transferred to other long-term assets	(36)	(396)	(925)	(1,357)
Written back on disposals	(1,636)	(294)	(20,969)	(22,899)
Exchange adjustments	19	730	39	788
Balance at 31 December 2023	76,451	729,546	729,308	1,535,305
Balance at 1 January 2024	76,451	729,546	729,308	1,535,305
Depreciation for the year	5,277	34,001	55,033	94,311
Impairment losses for the year	276	137	1,866	2,279
Reclassifications	895	(828)	(67)	–
Transferred to other long-term assets	(38)	(94)	(278)	(410)
Written back on disposals	(712)	(41)	(16,085)	(16,838)
Exchange adjustments	25	663	42	730
Balance at 31 December 2024	82,174	763,384	769,819	1,615,377
Net book value:				
Balance at 1 January 2023	79,637	143,107	407,956	630,700
Balance at 31 December 2023	81,934	166,907	442,056	690,897
Balance at 31 December 2024	85,621	184,191	447,271	717,083

The Group compares the carrying amount of individual cash-generating units which were grouped for the property, plant and equipment related to oil and gas producing activities with its value in use, using a discounted cash flow forecast prepared based on the future production profiles included in the oil and gas reserve reports, and recorded impairment losses amounting to RMB211 million (2023:RMB777 million) for the year ended 31 December 2024.

The addition to oil and gas properties of the Group for the year ended 31 December 2024 included RMB1,989 million (2023: RMB1,681 million) of estimated dismantlement costs for site restoration.

At 31 December 2024 and 31 December 2023, the Group had no individual significant property, plant and equipment which were temporarily idle or pending for disposal or individually significant fully depreciated fixed assets which were still in use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

18 CONSTRUCTION IN PROGRESS

	2024 RMB million	2023 RMB million
Balance at 1 January	180,250	196,045
Additions	159,694	184,350
Dry hole costs written off	(4,955)	(6,723)
Transferred to property, plant and equipment	(120,140)	(151,360)
Reclassification to other long-term assets	(5,971)	(24,372)
Impairment losses for the year	(134)	(116)
Disposals and others	–	(17,575)
Exchange adjustments	3	1
Balance at 31 December	208,747	180,250

As at 31 December 2024, the amount of capitalised cost of exploratory wells included in construction in progress related to the exploration and production segment was RMB24,591 million (2023: RMB18,704 million). The geological and geophysical costs paid during the year ended 31 December 2024 were RMB4,077 million (2023: RMB3,728 million).

19 RIGHT-OF-USE ASSETS

	Land RMB million	Others RMB million	Total RMB million
Cost			
Balance at 1 January 2023	269,127	51,800	320,927
Additions	10,372	10,076	20,448
Decreases	(5,268)	(4,233)	(9,501)
Balance at 31 December 2023	274,231	57,643	331,874
Balance at 1 January 2024	274,231	57,643	331,874
Additions	13,123	10,187	23,310
Decreases	(11,840)	(6,968)	(18,808)
Balance at 31 December 2024	275,514	60,862	336,376
Accumulated depreciation			
Balance at 1 January 2023	35,264	20,807	56,071
Additions	10,342	8,211	18,553
Decreases	(3,579)	(3,225)	(6,804)
Balance at 31 December 2023	42,027	25,793	67,820
Balance at 1 January 2024	42,027	25,793	67,820
Additions	10,362	9,419	19,781
Decreases	(2,037)	(5,004)	(7,041)
Balance at 31 December 2024	50,352	30,208	80,560
Net book value			
Balance at 1 January 2023	233,863	30,993	264,856
Balance at 31 December 2023	232,204	31,850	264,054
Balance at 31 December 2024	225,162	30,654	255,816

20 GOODWILL

	31 December 2024 RMB million	31 December 2023 RMB million
Cost	14,354	14,333
Less: Accumulated impairment losses	(7,861)	(7,861)
	6,493	6,472

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the following Group's cash-generating units:

The name of the investee and the composition of the asset group	Principal activities	31 December 2024 RMB million	31 December 2023 RMB million
Sinopec Zhenhai Refining and Chemical Branch	Manufacturing of intermediate petrochemical products and petroleum products	4,043	4,043
Other units allocated		2,450	2,429
		6,493	6,472

The Group's goodwill impairment assessment is carried out in conjunction with its related asset group or combination of asset groups, and the recoverable amounts of goodwill are estimated annually based on value in use calculations, which is consistent with prior years. These calculations use cash flow projections based on five-year financial budgets approved by management for a goodwill-related asset group or a combination of asset groups, with cash flow remaining stable after five years. The cash flow forecasts use sales volumes, selling price and discount rates as key assumptions, with sales volumes based on production capacity and/or actual sales volumes for periods prior to the budget period, selling prices based on management's expectations of future international crude oil and petrochemical price trends, and pre-tax discount rates based on weighted average cost of capital, which ranged from 10.7% to 11.8% (2023: 11.3% to 13.1%). Based on the result of the impairment assessment of goodwill, no impairment loss was recognised.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

21 INTEREST IN ASSOCIATES

The Group's investments in associates are with companies primarily engaged in the oil and gas, petrochemical, and marketing and distribution operations in the PRC.

The Group's principal associates are as follows:

Name of company	% of ownership interests	Principal activities	Measurement method	Country of incorporation	Principal place of business
National Petroleum Pipe Network Group Co., Ltd. ("PipeChina")	14.00 (i)	Operation of natural gas pipeline and auxiliary facilities	Equity method	PRC	PRC
Sinopec Finance Company Limited ("Sinopec Finance")	49.00	Provision of non-banking financial services	Equity method	PRC	PRC
Sinopec Capital Company Limited ("Sinopec Capital")	49.00	Project and equity investment, investment management, investment consulting, self-owned equity management	Equity method	PRC	PRC
Zhongtian Synergetic Energy Company Limited ("Zhongtian Synergetic Energy")	38.75	Mining coal and manufacturing of coal-chemical products	Equity method	PRC	PRC
China National Aviation Fuel Supply Co., Ltd. ("Aviation Fuel")	29.00	Wholesale of gasoline, kerosene, and diesel within the civil aviation system	Equity method	PRC	PRC

Note:

(i) The Group has a member in the Board of Directors of PipeChina and has substantive participation in decision-making, so the Group can exercise significant influence on PipeChina.

Summarised financial information and reconciliation to their carrying amounts in respect of the Group's principal associates:

	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Current assets	70,803	118,631	132,724	148,026	17,592	15,098	2,713	3,672	21,747	25,394
Non-current assets	857,411	821,864	71,744	66,093	513	409	46,377	48,615	15,847	14,158
Current liabilities	(111,879)	(130,331)	(168,058)	(179,459)	(172)	(74)	(6,499)	(7,464)	(14,213)	(17,200)
Non-current liabilities	(218,629)	(225,296)	(1,004)	(906)	(2,659)	(1,275)	(14,086)	(17,563)	(1,543)	(1,533)
Net assets	597,706	584,868	35,406	33,754	15,274	14,158	28,505	27,260	21,838	20,819
Net assets attributable to owners of the Company	548,484	536,607	35,406	33,754	15,274	14,158	28,505	27,260	19,290	18,488
Net assets attributable to non-controlling interests	49,222	48,261	-	-	-	-	-	-	2,548	2,331
Share of net assets from associates	76,788	75,125	17,349	16,539	7,484	6,937	11,045	10,563	5,594	5,362
Carrying Amounts	76,788	75,125	17,349	16,539	7,484	6,937	11,045	10,563	5,594	5,362

Summarised statement of comprehensive income

Year ended 31 December	PipeChina		Sinopec Finance		Sinopec Capital		Zhongtian Synergetic Energy		Aviation Fuel	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million	RMB million
Revenue	119,800	120,943	5,903	5,988	4	4	16,691	15,676	189,250	181,290
Profit for the year	34,010	34,054	2,204	2,205	490	888	2,569	2,752	2,271	2,515
Other comprehensive income	-	-	448	(182)	21	52	-	-	-	-
Total comprehensive income	34,010	34,054	2,652	2,023	511	940	2,569	2,752	2,271	2,515
Dividends declared by associates	2,553	2,306	490	490	174	188	513	966	363	638
Share of profit from associates	4,174	4,035	1,080	1,080	240	435	995	1,066	595	656
Share of other comprehensive income from associates	-	-	220	(89)	10	25	-	-	-	-

The share of profit and other comprehensive income for the year ended 31 December 2024 in all individually immaterial associates accounted for using equity method in aggregate was RMB5,318 million (2023: RMB4,506 million) and loss RMB1,703 million (2023: loss RMB1,540 million) respectively. As at 31 December 2024, the carrying amount of all individually immaterial associates accounted for using equity method in aggregate was RMB48,526 million (2023: RMB48,540 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

22 INTEREST IN JOINT VENTURES

The Group's principal interests in joint ventures are as follows:

Name of entity	% of ownership interests	Principal activities	Measurement method	Country of incorporation	Principal place of business
Fujian Refining & Petrochemical Company Limited ("FREP")	50.00	Manufacturing refining oil products	Equity method	PRC	PRC
BASF-YPC Company Limited ("BASF-YPC")	40.00	Manufacturing and distribution of petrochemical products	Equity method	PRC	PRC
Taihu Limited ("Taihu")	49.00	Crude oil and natural gas extraction	Equity method	Cyprus	Russia
Sinopec SABIC Tianjin Petrochemical Company Limited ("Sinopec SABIC Tianjin")	50.00	Manufacturing and distribution of petrochemical products	Equity method	PRC	PRC
Shanghai SECCO Petrochemical Company Limited. ("Shanghai SECCO")	50.00	Manufacturing and distribution of petrochemical products	Equity method	PRC	PRC

Summarised statement of financial position and reconciliation to their carrying amounts in respect of the Group's principal joint ventures:

	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	31	31	31	31	31	31	31	31	31	31
	December	December	December	December	December	December	December	December	December	December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million
Current assets										
Cash and cash equivalents	3,704	3,258	1,553	2,051	933	654	538	2,974	1,025	1,563
Other current assets	10,676	13,017	5,648	4,615	6,811	4,864	4,462	2,455	2,253	3,106
Total current assets	14,380	16,275	7,201	6,666	7,744	5,518	5,000	5,429	3,278	4,669
Total non-current assets	11,873	11,752	8,206	9,000	9,726	12,254	16,087	17,345	26,928	26,386
Current liabilities										
Current financial liabilities	(907)	(827)	(6)	(25)	(51)	(42)	(5,088)	(3,900)	(1,681)	(3,582)
Other current liabilities	(12,064)	(12,115)	(1,743)	(1,963)	(718)	(2,243)	(2,168)	(2,262)	(2,298)	(2,256)
Total current liabilities	(12,971)	(12,942)	(1,749)	(1,988)	(769)	(2,285)	(7,256)	(6,162)	(3,979)	(5,838)
Non-current liabilities										
Non-current financial liabilities	(4,781)	(2,738)	-	-	(118)	(139)	(4,060)	(5,152)	(6,424)	(4,303)
Other non-current liabilities	(239)	(223)	(137)	(123)	(1,054)	(914)	(568)	(603)	(896)	(1,097)
Total non-current liabilities	(5,020)	(2,961)	(137)	(123)	(1,172)	(1,053)	(4,628)	(5,755)	(7,320)	(5,400)
Net assets	8,262	12,124	13,521	13,555	15,529	14,434	9,203	10,857	18,907	19,817
Net assets attributable to owners of the company	8,262	12,124	13,521	13,555	15,105	14,034	9,203	10,857	18,907	19,817
Net assets attributable to non-controlling interests	-	-	-	-	424	400	-	-	-	-
Share of net assets from joint ventures	4,131	6,062	5,408	5,422	7,401	6,876	4,602	5,429	9,454	9,909
Carrying Amounts	4,131	6,062	5,408	5,422	7,401	6,876	4,602	5,429	9,454	9,909

Summarised statement of comprehensive income

	FREP		BASF-YPC		Taihu		Sinopec SABIC Tianjin		Shanghai SECCO	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million
Revenue	46,674	60,091	20,433	19,381	17,613	14,090	24,407	22,915	21,776	17,426
Depreciation, depletion and amortisation	(946)	(1,575)	(1,214)	(1,355)	(612)	(784)	(1,560)	(1,699)	(549)	(539)
Interest income	167	136	37	67	1,044	720	54	113	23	72
Interest expense	(320)	(315)	(2)	(4)	(56)	(61)	(157)	(204)	(208)	(199)
(Loss)/profit before taxation	(3,691)	(1,215)	384	430	2,916	1,666	(1,647)	(1,832)	(1,212)	(2,551)
Income tax expense	(171)	346	(98)	(108)	(584)	(292)	(7)	423	302	642
Net (loss)/profit for the year	(3,862)	(869)	286	322	2,332	1,374	(1,654)	(1,409)	(910)	(1,909)
Other comprehensive income	-	-	-	-	(1,237)	(9,531)	-	-	-	-
Total comprehensive income	(3,862)	(869)	286	322	1,095	(8,157)	(1,654)	(1,409)	(910)	(1,909)
Dividends declared by joint ventures	-	-	128	1,060	-	-	-	-	-	-
Share of net (loss)/profit from joint ventures	(1,931)	(435)	114	129	1,111	660	(827)	(704)	(455)	(955)
Share of other comprehensive income from joint ventures	-	-	-	-	(586)	(4,535)	-	-	-	-

22 INTEREST IN JOINT VENTURES (Continued)

Summarised statement of comprehensive income (Continued)

The share of profit and other comprehensive income for the year ended 31 December 2024 in all individually immaterial joint ventures accounted for using equity method in aggregate was loss RMB1,453 million (2023: loss RMB4,274 million) and loss RMB1,448 million (2023: loss RMB544 million) respectively. As at 31 December 2024, the carrying amount of all individually immaterial joint ventures accounted for using equity method in aggregate was RMB45,706 million (2023: RMB35,866 million).

Impairment test

As at 31 December 2024, there are indicators of impairment in the long-term equity investment in Shanghai SECCO. The recoverable amount of this long-term equity investment is estimated based on a value-in-use calculation. The projected future cash flows primarily take into account the five-year profit forecast for Shanghai SECCO approved by the management, which is adjusted based on the historical performance of Shanghai SECCO and relevant industry trends, with cash flows remaining stable after five years. The pre-tax discount rate of 11.08% (2023: 11.29%) is calculated based on the weighted average cost of capital. The result of value-in-use calculation indicates that there is no impairment loss in this long-term equity investment as at 31 December 2024.

23 LONG-TERM PREPAYMENTS AND OTHER ASSETS

	31 December 2024	31 December 2023
	RMB million	RMB million
Operating rights of service stations	24,078	26,184
Long-term receivables from and prepayment to Sinopec Group Company and fellow subsidiaries	1,727	1,734
Prepayments for construction projects to third parties	4,322	4,198
Others (i)	75,978	63,282
	106,105	95,398

Note:

(i) Others mainly comprise catalyst expenditures, improvement expenditures of property, plant and equipment and time deposits with maturities over one year.

The cost of operating rights of service stations is charged to expense on a straight-line basis over the respective periods of the rights. The movement of operating rights of service stations is as follows:

	2024	2023
	RMB million	RMB million
Operating rights of service stations		
Cost:		
Balance at 1 January	54,186	54,130
Additions	281	599
Decreases	(596)	(543)
Balance at 31 December	53,871	54,186
Accumulated amortisation:		
Balance at 1 January	28,002	26,121
Additions	2,205	2,250
Decreases	(414)	(369)
Balance at 31 December	29,793	28,002
Net book value at 31 December	24,078	26,184

24 DERIVATIVE FINANCIAL ASSETS AND DERIVATIVE FINANCIAL LIABILITIES

Derivative financial assets and derivative financial liabilities of the Group are primarily commodity futures and swaps contracts. See Note 43.

	31 December 2024		31 December 2023	
	RMB million		RMB million	
	Fair value of assets	Fair value of liabilities	Fair value of assets	Fair value of liabilities
Commodity derivatives	2,538	3,381	9,715	2,720
Financial derivatives	16	31	6	32
	2,554	3,412	9,721	2,752

25 TRADE ACCOUNTS RECEIVABLE

	31 December 2024	31 December 2023
	RMB million	RMB million
Amounts due from third parties	39,320	40,588
Amounts due from Sinopec Group Company and fellow subsidiaries	2,252	5,762
Amounts due from associates and joint ventures	6,943	6,318
	48,515	52,668
Less: Loss allowance for expected credit losses	(4,182)	(4,016)
	44,333	48,652

The aging analysis of trade accounts receivable (net of loss allowance for expected credit losses) is as follows:

	31 December 2024	31 December 2023
	RMB million	RMB million
Within one year	43,699	48,187
Between one and two years	404	279
Between two and three years	97	54
Over three years	133	132
	44,333	48,652

Loss allowance for expected credit losses are analysed as follows:

	2024	2023
	RMB million	RMB million
Balance at 1 January	4,016	4,079
Provision for the year	120	313
Written back for the year	–	(372)
Written off for the year	(13)	(68)
Others	59	64
Balance at 31 December	4,182	4,016

As at 31 December 2024, the carrying amount of accounts receivable under factoring arrangement that are derecognised is RMB13,527 million (at 31 December 2023:RMB12,767 million).

Sales are generally on a cash term. Credit is generally only available for major customers with well-established trading records. Amounts due from Sinopec Group Company and fellow subsidiaries are repayable under the same terms.

These receivables relate to a wide range of customers for whom there is no recent history of default.

Information about the impairment of trade accounts receivable and the Group's exposure to credit risk can be found in Note 43.

26 FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	31 December 2024	31 December 2023
	RMB million	RMB million
Non-current assets		
Unlisted equity instruments	323	330
Listed equity instruments	93	120
Current assets		
Trade accounts receivable and bills receivable (i)	2,613	2,221
	3,029	2,671

Note:

- (i) As at 31 December 2024 and 2023, bills receivable were classified as financial assets at fair value through other comprehensive income, as relevant business model is achieved both by collecting contractual cash flows and selling of these assets.

27 INVENTORIES

	31 December 2024	31 December 2023
	RMB million	RMB million
Crude oil and other raw materials	134,970	138,143
Work in progress	20,282	20,375
Finished goods	103,249	95,227
Spare parts and consumables	3,359	2,994
	261,860	256,739
Less: Allowance for diminution in value of inventories	(5,265)	(5,841)
	256,595	250,898

The cost of inventories recognised as an expense in the consolidated income statement amounted to RMB2,557,782 million for the year ended 31 December 2024 (2023: RMB2,663,323 million). It includes the write-down of inventories of RMB4,554 million mainly related to finished goods and raw materials (2023: RMB6,300 million mainly related to finished goods and raw materials).

28 PREPAID EXPENSES AND OTHER CURRENT ASSETS

	31 December 2024	31 December 2023
	RMB million	RMB million
Receivables	33,896	25,443
Advances to suppliers	6,429	5,067
Value-added input tax to be deducted	26,060	24,990
Prepaid income tax	6,451	3,903
	72,836	59,403

29 DEFERRED TAX ASSETS AND LIABILITIES

Deferred tax assets and liabilities before offset are attributable to the items detailed in the table below:

	Deferred tax assets		Deferred tax liabilities	
	31 December 2024	31 December 2023	31 December 2024	31 December 2023
	RMB million	RMB million	RMB million	RMB million
Receivables and inventories	4,294	3,721	(49)	(20)
Payables	2,649	2,715	–	–
Cash flow hedges	41	16	(667)	(1,142)
Property, plant and equipment	17,529	17,965	(31,560)	(26,669)
Tax losses carried forward	12,256	9,036	–	–
Financial assets at fair value through other comprehensive income	139	137	(4)	(7)
Intangible assets	1,296	1,084	(93)	(92)
Lease liabilities and right of use assets	40,876	44,334	(36,594)	(40,422)
Others	2,457	2,792	(1,117)	(1,155)
Deferred tax assets/(liabilities)	81,537	81,800	(70,084)	(69,507)

The offsetting amount between deferred tax assets and liabilities are as follows:

	31 December 2024	31 December 2023
	RMB million	RMB million
Deferred tax assets	62,760	61,690
Deferred tax liabilities	62,760	61,690

Deferred tax assets and liabilities after the offsetting adjustments are as follows:

	31 December 2024	31 December 2023
	RMB million	RMB million
Deferred tax assets	18,777	20,110
Deferred tax liabilities	7,324	7,817

As at 31 December 2024, certain subsidiaries of the Company did not recognise deferred tax of deductible loss carried forward of RMB28,197 million (2023: RMB24,783 million), of which RMB5,070 million (2023: RMB5,496 million) was incurred for the year ended 31 December 2024, because it was not probable that the future taxable profits will be available. These deductible losses carried forward of RMB3,349 million, RMB5,310 million, RMB8,972 million, RMB5,496 million and RMB5,070 million, will expire in 2025, 2026, 2027, 2028, 2029 and after, respectively.

Periodically, management performed assessment on the probability that future taxable profit will be available over the period which the deferred tax assets can be realised or utilised. In assessing the probability, both positive and negative evidence was considered, including whether it is probable that the operations will have sufficient future taxable profits over the periods which the deferred tax assets are deductible or utilised and whether the tax losses result from identifiable causes which are unlikely to recur.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

29 DEFERRED TAX ASSETS AND LIABILITIES (Continued)

Movements in the deferred tax assets and liabilities are as follows:

	Balance at 1 January 2023 RMB million	Recognised in consolidated income statement RMB million	Recognised in other comprehensive income RMB million	Others RMB million	Transferred from reserve RMB million	Balance at 31 December 2023 RMB million
Receivables and inventories	4,254	(568)	–	15	–	3,701
Payables	3,091	(376)	–	–	–	2,715
Cash flow hedges	(651)	(51)	(841)	(5)	422	(1,126)
Property, plant and equipment	(805)	(7,873)	–	(26)	–	(8,704)
Tax losses carried forward	4,643	4,392	–	1	–	9,036
Financial assets at fair value through other comprehensive income	125	–	5	–	–	130
Intangible assets	982	11	–	(1)	–	992
Lease liabilities and right of use assets	3,304	608	–	–	–	3,912
Others	234	1,415	–	(12)	–	1,637
Net deferred tax assets/(liabilities)	15,177	(2,442)	(836)	(28)	422	12,293

	Balance at 1 January 2024 RMB million	Recognised in consolidated income statement RMB million	Recognised in other comprehensive income RMB million	Others RMB million	Transferred from reserve RMB million	Balance at 31 December 2024 RMB million
Receivables and inventories	3,701	532	–	12	–	4,245
Payables	2,715	(66)	–	–	–	2,649
Cash flow hedges	(1,126)	25	273	(18)	220	(626)
Property, plant and equipment	(8,704)	(5,425)	–	98	–	(14,031)
Tax losses carried forward	9,036	3,220	–	–	–	12,256
Financial assets at fair value through other comprehensive income	130	–	5	–	–	135
Intangible assets	992	(28)	–	239	–	1,203
Lease liabilities and right of use assets	3,912	370	–	–	–	4,282
Others	1,637	(297)	–	–	–	1,340
Net deferred tax assets/(liabilities)	12,293	(1,669)	278	331	220	11,453

30 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES

Short-term debts represent:

	31 December 2024 RMB million	31 December 2023 RMB million
Third parties' debts		
Short-term bank loans	44,369	51,175
RMB denominated	44,369	51,175
Current portion of long-term bank loans	43,246	2,813
RMB denominated	43,246	2,813
Current portion of long-term corporate bonds	165	4,546
RMB denominated	165	4,546
	87,780	58,534
Loans from Sinopec Group Company and fellow subsidiaries		
Short-term loans	3,862	8,640
RMB denominated	1,459	7,628
USD denominated	2,403	1,012
Current portion of long-term loans	822	3,797
RMB denominated	822	3,797
	4,684	12,437
	92,464	70,971

The Group's weighted average interest rate on short-term loans was 2.28% (2023: 2.23%) per annum at 31 December 2024. The above borrowings are unsecured.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

30 SHORT-TERM AND LONG-TERM DEBTS AND LOANS FROM SINOPEC GROUP COMPANY AND FELLOW SUBSIDIARIES (Continued)

Long-term debts represent:

Interest rate and final maturity		31 December 2024 RMB million	31 December 2023 RMB million
Third parties' debts			
Long-term bank loans			
RMB denominated	Interest rates ranging from 1.08% to 3.90% per annum at 31 December 2024 with maturities through 2039	204,840	157,298
USD denominated	Interest rates at 0.00% per annum at 31 December 2024 with maturities through 2031	46	51
		204,886	157,349
Corporate bonds(i)			
RMB denominated	Fixed interest rates ranging from 1.75% to 3.20% per annum at 31 December 2024 with maturities through 2034	22,120	9,541
USD denominated	Fixed interest rates ranging 4.25% per annum at 31 December 2024 with maturities through 2043	3,607	3,518
		25,727	13,059
Total third parties' long-term debts		230,613	170,408
Less: Current portion		(43,411)	(7,359)
		187,202	163,049
Long-term loans from Sinopec Group Company and fellow subsidiaries			
RMB denominated	Interest rates ranging from 2.20% to 4.50% per annum at 31 December 2024 with maturities through 2038	24,116	28,608
Less: Current portion		(822)	(3,797)
		23,294	24,811
		210,496	187,860

Short-term and long-term bank loans, corporate bonds and loans from Sinopec Group Company and fellow subsidiaries are primarily unsecured and carried at amortised cost.

Note:

(i) These corporate bonds are carried at amortised cost.

31 LEASE LIABILITIES

	31 December 2024 RMB million	31 December 2023 RMB million
Lease liabilities		
Current	17,831	17,536
Non-current	154,904	163,864
	172,735	181,400

32 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (EXCLUDING LEASE LIABILITIES)

	Loans from Sinopec Group Company and fellow subsidiaries and debts RMB million	Other long-term liabilities-loans from other related parties RMB million	Total RMB million
At 1 January 2024	258,831	5,133	263,964
Changes from financing cash flows:			
Proceeds from bank and other loans	671,989	461	672,450
Repayment of bank and other loans	(628,052)	–	(628,052)
Interest paid	(7,761)	(151)	(7,912)
Total changes from financing cash flows	36,176	310	36,486
Other changes:			
Interest costs (including capitalised interest costs)	9,905	620	10,525
Others	(1,952)	(920)	(2,872)
At 31 December 2024	302,960	5,143	308,103

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

32 RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES (EXCLUDING LEASE LIABILITIES) (Continued)

	Loans from Sinopec Group Company and fellow subsidiaries and debts RMB million	Other long-term liabilities-loans from other related parties RMB million	Total RMB million
At 1 January 2023	174,290	5,180	179,470
Changes from financing cash flows:			
Proceeds from bank and other loans	698,936	474	699,410
Repayment of bank and other loans	(599,954)	–	(599,954)
Interest paid	(7,713)	(284)	(7,997)
Total changes from financing cash flows	91,269	190	91,459
Other changes:			
Interest costs (including capitalised interest costs)	9,474	333	9,807
Others	(16,202)	(570)	(16,772)
At 31 December 2023	258,831	5,133	263,964

33 TRADE ACCOUNTS PAYABLE AND BILLS PAYABLE

	31 December 2024 RMB million	31 December 2023 RMB million
Amounts due to third parties	189,747	216,847
Amounts due to Sinopec Group Company and fellow subsidiaries	12,139	4,276
Amounts due to associates and joint ventures	6,971	8,755
	208,857	229,878
Bills payable	47,740	29,122
Trade accounts payable and bills payable measured at amortised cost	256,597	259,000

The ageing analysis of trade accounts payable and bills payable is as follows:

	31 December 2024 RMB million	31 December 2023 RMB million
Within 1 month or on demand	158,734	181,241
Between 1 month and 6 months	95,929	51,035
Over 6 months	1,934	26,724
	256,597	259,000

34 CONTRACT LIABILITIES

As at 31 December 2024 and 2023, the Group's contract liabilities primarily represent advances from customers. Related performance obligations are expected to be satisfied and revenue is recognised within one year.

35 OTHER PAYABLES

	31 December 2024 RMB million	31 December 2023 RMB million
Salaries and welfare payable	14,167	13,941
Interest payable	–	145
Payables for constructions	77,951	66,928
Other payables	44,621	48,556
Taxes other than income tax	36,791	38,554
	173,530	168,124

36 PROVISIONS

Provisions primarily represent provision for future dismantlement costs of oil and gas properties. The Group has mainly committed to the PRC government to establish certain standardised measures for the dismantlement of its oil and gas properties by making reference to the industry practices and is thereafter constructively obligated to take dismantlement measures of its oil and gas properties.

Movement of provision of the Group's obligations for the dismantlement of its oil and gas properties is as follow:

	2024 RMB million	2023 RMB million
Balance at 1 January	45,222	43,599
Provision for the year	1,989	1,681
Accretion expenses	779	1,099
Decrease for the year	(1,497)	(1,195)
Exchange adjustments	35	38
Balance at 31 December	46,528	45,222

37 SHARE CAPITAL

	31 December 2024	31 December 2023
	RMB million	RMB million
Registered, issued and fully paid		
97,232,263,098 listed A shares (2023: 94,971,971,046) of RMB1.00 each	97,233	94,972
24,049,292,600 listed H shares (2023: 24,377,280,600) of RMB1.00 each	24,049	24,377
	121,282	119,349

The Company was established on 25 February 2000 with a registered capital of 68.8 billion domestic state-owned shares with a par value of RMB1.00 each. Such shares were issued to Sinopec Group Company in consideration for the assets and liabilities transferred to the Company (Note 1).

Pursuant to the resolutions passed at an Extraordinary General Meeting held on 25 July 2000 and approvals from relevant government authorities, the Company is authorised to increase its share capital to a maximum of 88.3 billion shares with a par value of RMB1.00 each and offer not more than 19.5 billion shares with a par value of RMB1.00 each to investors outside the PRC. Sinopec Group Company is authorised to offer not more than 3.5 billion shares of its shareholdings in the Company to investors outside the PRC. The shares sold by Sinopec Group Company to investors outside the PRC would be converted into H shares.

In October 2000, the Company issued 15,102,439,000 H shares with a par value of RMB1.00 each, representing 12,521,864,000 H shares and 25,805,750 American Depositary Shares (“ADSs”, each representing 100 H shares), at prices of HKD1.59 per H share and USD20.645 per ADS, respectively, by way of a global initial public offering to Hong Kong and overseas investors. As part of the global initial public offering, 1,678,049,000 state-owned ordinary shares of RMB1.00 each owned by Sinopec Group Company were converted into H shares and sold to Hong Kong and overseas investors.

In July 2001, the Company issued 2.8 billion listed A shares with a par value of RMB1.00 each at RMB4.22 by way of a public offering to natural persons and institutional investors in the PRC.

During the year ended 31 December 2010, the Company issued 88,774 listed A shares with a par value of RMB1.00 each, as a result of exercise of 188,292 warrants entitled to the Bonds with Warrants.

During the year ended 31 December 2011, the Company issued 34,662 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2012, the Company issued 117,724,450 listed A shares with a par value of RMB1.00 each, as a result of conversion by the holders of the 2011 Convertible Bonds.

On 14 February 2013, the Company issued 2,845,234,000 listed H shares (“the Placing”) with a par value of RMB1.00 each at the Placing Price of HKD8.45 per share. The aggregate gross proceeds from the Placing amounted to approximately HKD24,042,227,300.00 and the aggregate net proceeds (after deduction of the commissions and estimated expenses) amounted to approximately HKD23,970,100,618.00.

37 SHARE CAPITAL (Continued)

In June 2013, the Company issued 21,011,962,225 listed A shares and 5,887,716,600 listed H shares as a result of bonus issues of 2 shares converted from the retained earnings, and 1 share transferred from the share premium for every 10 existing shares.

During the year ended 31 December 2013, the Company issued 114,076 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2014, the Company issued 1,715,081,853 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2015, the Company issued 2,790,814,006 listed A shares with a par value of RMB1.00 each, as a result of exercise of conversion by the holders of the 2011 Convertible Bonds.

During the year ended 31 December 2022, the Company repurchased 442,300,000 listed A shares and 732,502,000 listed H shares respectively at a price of RMB4.06 per share to RMB4.50 per share for the repurchase of listed A shares, with a total amount of RMB1,888,163,981.61, and a price of HKD3.06 per share to HKD3.75 per share for the repurchase of listed H shares, with a total amount of HKD2,499,261,860.00, which had been cancelled in the year ended 31 December 2022.

During the year ended 31 December 2023, the Company repurchased 143,500,000 listed A shares and 403,656,000 listed H shares respectively at a price of RMB5.29 per share to RMB6.17 per share for the repurchase of listed A shares, with a total amount of RMB816,009,269.44, and a price of HKD3.78 per share to HKD4.56 per share for the repurchase of listed H shares, with a total amount of HKD1,646,392,242.20, which had been cancelled in the year ended 31 December 2023.

Pursuant to the resolutions of the 15th meeting of the 8th session of the board of directors held on 24 March 2023 and the 2022 Annual General Meeting of Shareholders held on 30 May 2023, and with the approval for registration by the China Securities Regulatory Commission in the Reply on Agreeing to the Registration of China Petroleum & Chemical Corporation to Issue Shares to Specific Targets (Zheng Jian Xu Ke [2024] No. 110(證監許可[2024]110 號)), the Company was approved to issued 2,390,438,247 listed A shares (par value of RMB1.00 per share at an issue price of RMB5.02 per share) to Sinopec Group Company on 18 March 2024. The total amount of raised funds is RMB11,999,999,999.94. After deducting the total amount of RMB12,671,221.04 (excluding VAT) of recommendation and underwriting expenses and other issuance expenses, the net amount of raised funds is RMB11,987,328,778.90, which is included in the share capital of RMB2,390,438,247.00 and capital reserve of RMB9,596,890,531.90.

During the year ended 31 December 2024, the Company repurchased 130,146,195 listed A shares and 328,126,000 listed H shares respectively at a price of RMB6.16 per share to RMB6.43 per share for the repurchase of listed A shares, with a total amount of RMB816,001,427.20, and a price of HKD4.09 per share to HKD4.89 per share for the repurchase of listed H shares, with a total amount of HKD1,436,267,366.40. The 130,146,195 listed A shares and 327,988,000 listed H shares repurchased from 26 March to 18 December 2024 had been canceled, while the 138,000 listed H shares repurchased on 30 December 2024 had not been canceled in the year ended 31 December 2024.

All A shares and H shares rank pari passu in all material aspects.

37 SHARE CAPITAL (Continued)**Capital management**

Management optimises the structure of the Group's capital, which comprises of equity, debts and bonds. In order to maintain or adjust the capital structure of the Group, management may cause the Group to issue new shares, adjust the capital expenditure plan, sell assets to reduce debt, or adjust the proportion of short-term and long-term loans and bonds. Management monitors capital on the basis of the debt-to-capital ratio, which is calculated by dividing long-term loans (excluding current portion) and debentures payable, including long-term debts and loans from Sinopec Group Company and fellow subsidiaries, by the total of equity attributable to shareholders of the Company and long-term loans (excluding current portion) and debentures payable, and liability-to-asset ratio, which is calculated by dividing total liabilities by total assets. Management's strategy is to make appropriate adjustments according to the Group's operating and investment needs and the changes of market conditions, and to maintain the debt-to-capital ratio and the liability-to-asset ratio of the Group at a range considered reasonable. As at 31 December 2024, the debt-to-capital ratio and the liability-to-asset ratio of the Group were 20.5% (2023: 19.0%) and 53.3%(2023: 52.8%), respectively.

The schedule of the contractual maturities of loans and commitments are disclosed in Notes 30 and 38, respectively.

There were no changes in the management's approach to capital management of the Group during the year. Neither the Company nor any of its subsidiaries is subject to externally imposed capital requirements.

38 COMMITMENTS AND CONTINGENT LIABILITIES**Capital commitments**

At 31 December 2024 and 2023, capital commitments of the Group are as follows:

	31 December 2024 RMB million	31 December 2023 RMB million
Authorised and contracted for (i)	177,173	177,809
Authorised but not contracted for	61,996	61,951
	239,169	239,760

These capital commitments relate to oil and gas exploration and development, refining and petrochemical production capacity expansion projects, the construction of service stations and oil depots and investment commitments.

Note:

(i) The investment commitments of the Group is RMB13,353 million (2023: RMB5,856 million).

Commitments to joint ventures

Pursuant to certain of the joint venture agreements entered into by the Group, the Group is obliged to purchase products from the joint ventures based on market prices.

Exploration and production licenses

Exploration licenses for exploration activities are registered with the Ministry of Natural Resources. The term of the Group's exploration licenses is 5 years, and may be renewed three times within 30 days prior to expiration of the original term with each renewal being for a five-year term. The Group is obligated to make progressive annual minimum exploration investment relating to the exploration blocks in respect of which the license is issued. The Ministry of Natural Resources also issues production licenses to the Group on the basis of the reserve reports approved by relevant authorities. The maximum term of a full production license is 30 years unless a special dispensation is given by the State Council. The maximum term of production licenses issued to the Group is 80 years as a special dispensation was given to the Group by the State Council. The Group's production license is renewable upon application by the Group 30 days prior to expiration.

The Group is required to make payments of exploration license fees and production right usage fees to the Ministry of Natural Resources annually which are expensed. Expenses recognised were approximately RMB183 million for the year ended 31 December 2024 (2023: RMB628 million).

Estimated future annual payments are as follows:

	31 December 2024 RMB million	31 December 2023 RMB million
Within one year	237	802
Between one and two years	179	175
Between two and three years	134	176
Between three and four years	76	172
Between four and five years	76	156
Thereafter	862	875
	1,564	2,356

38 COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

Contingent liabilities

At 31 December 2024 and 2023, the guarantees by the Group in respect of facilities granted to the parties below are as follows:

	31 December 2024 RMB million	31 December 2023 RMB million
Joint ventures (i)	8,193	8,563
	8,193	8,563

Note:

- (i) The Group provided guarantees in respect to standby credit facilities granted amounting to RMB34,351 million (31 December 2023: RMB32,881 million) to certain joint ventures. As at 31 December 2024, the amount withdrawn (the portion corresponding to the shareholding ratio of the Group) and guaranteed by the Group was RMB8,193 million (31 December 2023: RMB8,563 million).

The Group provided a guarantee in respect to payment obligation of a joint venture under certain agreement amount to RMB17,468 million (31 December 2023: RMB17,211 million). As at 31 December 2024, there has not yet incurred the relevant payment obligations and therefore the Group has no guarantee amount (31 December 2023: Nil).

Management monitors the risk that the specified debtor will default on the contract and recognises a provision when ECLs on the financial guarantees are determined to be higher than the carrying amount in respect of the guarantees. At 31 December 2024 and 2023, the Group estimates that there is no material liability has been accrued for ECLs related to the Group's obligation under these guarantee arrangements.

Environmental contingencies

Under existing legislation, management believes that there are no probable liabilities that will have a material adverse effect on the financial position or operating results of the Group. The PRC government, however, has moved, and may move further towards more rigorous enforcement of applicable laws, and towards the adoption of more stringent environmental standards. Environmental liabilities are subject to considerable uncertainties which affect management's ability to estimate the ultimate cost of remediation efforts. These uncertainties include (i) the exact nature and extent of the contamination at various sites including, but not limited to refineries, oil fields, service stations, terminals and land development areas, whether operating, closed or sold, (ii) the extent of required cleanup efforts, (iii) varying costs of alternative remediation strategies, (iv) changes in environmental remediation requirements, and (v) the identification of new remediation sites. The amount of such future cost is indeterminable due to such factors as the unknown magnitude of possible contamination and the unknown timing and extent of the corrective actions that may be required. Accordingly, the outcome of environmental liabilities under proposed or future environmental legislation cannot reasonably be estimated at present, and could be material.

The Group paid normal routine pollutant discharge fees of approximately RMB18,448 million in the consolidated financial statements for the year ended 31 December 2024 (2023: RMB19,156 million).

Legal contingencies

The Group is defendant in certain lawsuits as well as the named party in other proceedings arising in the ordinary course of business. Management has assessed the likelihood of an unfavourable outcome of such contingencies, lawsuits or other proceedings and believes that any resulting liabilities will not have a material adverse effect on the financial position, operating results or cash flows of the Group.

39 RELATED PARTY TRANSACTIONS

Parties are considered to be related to the Group if the Group has the ability, directly or indirectly, to control or jointly control the party or exercise significant influence over the party in making financial and operating decisions, or vice versa, or where the Group and the party are subject to control or common control. Related parties may be individuals (being members of key management personnel, significant shareholders and/or their close family members) or other entities and include entities which are under the significant influence of related parties of the Group where those parties are individuals, and post-employment benefit plans which are for the benefit of employees of the Group or of any entity that is a related party of the Group.

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures

The Group is part of a larger group of companies under Sinopec Group Company, which is controlled by the PRC government, and has significant transactions and relationships with Sinopec Group Company and fellow subsidiaries. Because of these relationships, it is possible that the terms of these transactions are not the same as those that would result from transactions among wholly unrelated parties.

39 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures (Continued)

The principal related party transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures, which were carried out in the ordinary course of business are as follows:

	Notes	2024 RMB million	2023 RMB million
Sales of goods	(i)	381,571	408,554
Purchases	(ii)	176,738	218,974
Transportation and storage	(iii)	26,081	29,830
Exploration and development services	(iv)	39,208	41,783
Production related services	(v)	36,880	43,361
Agency commission income	(vi)	160	179
Interest income	(vii)	3,108	2,838
Interest expense	(viii)	1,291	1,283
Net deposits placed with related parties	(vii)	(466)	(903)
Net funds obtained from related parties	(ix)	34,093	43,621

The amounts set out in the table above in respect of the year ended 31 December 2024 and 2023 represent the relevant costs and income as determined by the corresponding contracts with the related parties.

Included in the transactions disclosed above, for the year ended 31 December 2024 are: a) purchases by the Group from Sinopec Group Company and fellow subsidiaries amounting to RMB159,275 million (2023: RMB200,604 million) comprising purchases of products and services (i.e. procurement, transportation and storage, exploration and development services and production related services) of RMB145,685 million (2023: RMB187,117 million), lease charges for land, buildings and others paid by the Group of RMB10,937 million, RMB1,088 million and RMB274 million (2023: RMB10,926 million, RMB1,050 million and RMB228 million), respectively and interest expenses of RMB1,291 million (2023: RMB1,283 million); and b) sales by the Group to Sinopec Group Company and fellow subsidiaries amounting to RMB72,711 million (2023: RMB87,247 million), comprising RMB69,281 million (2023: RMB84,329 million) for sales of goods, RMB3,363 million (2023: RMB2,838 million) for interest income and RMB67 million (2023: RMB80 million) for agency commission income.

For the year ended 31 December 2024, no individually significant right-of-use assets were leased from Sinopec Group Company and fellow subsidiaries, associates and joint ventures by the Group. The interest expense recognised for the year ended 31 December 2024 on lease liabilities in respect of amounts due to Sinopec Group Company and fellow subsidiaries, associates and joint ventures was RMB7,434 million (2023: RMB7,637 million).

For the year ended 31 December 2024, the amount of rental the Group paid to Sinopec Group Company and fellow subsidiaries, associates and joint ventures for land, buildings and others are RMB10,941 million, RMB1,094 million and RMB363 million (2023: RMB10,931 million, RMB1,053 million and RMB273 million), including pursuant to the continuing connected transaction agreements signed in 2000, the Sixth Supplementary Agreement on 27 August 2021, the amount of rental the Group paid to Sinopec Group Company for land and buildings are RMB10,937 million and RMB1,088 million (2023: RMB10,926 million and RMB1,050 million).

As at 31 December 2024 and 2023, there was no guarantee given to banks by the Group in respect of banking facilities to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, except for the guarantees disclosed in Note 38. Guarantees given to banks by the Group in respect of banking facilities to associates and joint ventures are disclosed in Note 38.

The directors of the Company are of the opinion that the above transactions with related parties were conducted in the ordinary course of business and on normal commercial terms or in accordance with the agreements governing such transactions, and this has been confirmed by the independent non-executive directors.

Notes:

- (i) Sales of goods represent the sale of crude oil, intermediate petrochemical products, petroleum products and ancillary materials.
- (ii) Purchases represent the purchase of materials and utility supplies directly related to the Group's operations such as the procurement of raw and ancillary materials and related services, supply of water, electricity and gas.
- (iii) Transportation and storage represent the cost for the use of railway, road and marine transportation services, pipelines, loading, unloading and storage facilities.
- (iv) Exploration and development services comprise direct costs incurred in the exploration and development such as geophysical, drilling, well testing and well measurement services.
- (v) Production related services represent ancillary services rendered in relation to the Group's operations such as equipment repair and general maintenance, insurance premium, technical research, communications, firefighting, security, product quality testing and analysis, information technology, design and engineering, construction of oilfield ground facilities, refineries and chemical plants, manufacture of replacement parts and machinery, installation, project management, environmental protection and management services.
- (vi) Agency commission income represents commission earned for acting as an agent in respect of sales of products and purchase of materials for certain entities owned by Sinopec Group Company.
- (vii) Interest income represents interest received from deposits placed with Sinopec Finance and Sinopec Century Bright Capital Investment Limited, finance companies controlled by Sinopec Group Company. The applicable interest rate is determined in accordance with the prevailing saving deposit rate. The balance of deposits at 31 December 2024 was RMB66,433 million (2023: RMB65,967 million).
- (viii) Interest expense represents interest charges on the loans obtained from Sinopec Group Company and fellow subsidiaries.
- (ix) The Group obtained loans, discounted bills and issued the acceptance bills from Sinopec Group Company and fellow subsidiaries.

39 RELATED PARTY TRANSACTIONS (Continued)

(a) Transactions with Sinopec Group Company and fellow subsidiaries, associates and joint ventures (Continued)

In connection with the Reorganisation, the Company and Sinopec Group Company entered into a number of agreements under which 1) Sinopec Group Company will provide goods and products and a range of ancillary, social and supporting services to the Group and 2) the Group will sell certain goods to Sinopec Group Company. These agreements impacted the operating results of the Group for the year ended 31 December 2024. The terms of these agreements are summarised as follows:

- The Company has entered into a non-exclusive “Agreement for Mutual Provision of Products and Ancillary Services” (“Mutual Provision Agreement”) with Sinopec Group Company effective from 1 January 2000 in which Sinopec Group Company has agreed to provide the Group with certain ancillary production services, construction services, information advisory services, supply services and other services and products. While each of Sinopec Group Company and the Company is permitted to terminate the Mutual Provision Agreement upon at least six months notice, Sinopec Group Company has agreed not to terminate the agreement if the Group is unable to obtain comparable services from a third party. The pricing policy for these services and products provided by Sinopec Group Company to the Group is as follows:
 - (1) the government-prescribed price;
 - (2) where there is no government-prescribed price, the government-guidance price;
 - (3) where there is neither a government-prescribed price nor a government-guidance price, the market price; or
 - (4) where none of the above is applicable, the price to be agreed between the parties, which shall be based on a reasonable cost incurred in providing such services plus a profit margin not exceeding 6%.
- The Company has entered into a series of lease agreements with Sinopec Group Company to lease certain lands and buildings effective on 1 January 2000. The lease term is 40 or 50 years for lands and 20 years for buildings, respectively. The Company and Sinopec Group Company can renegotiate the rental amount every three years for land. The Company and Sinopec Group Company can renegotiate the rental amount for buildings every year. However such amount cannot exceed the market price as determined by an independent third party.
- The Company has entered into agreements with Sinopec Group Company effective from 1 January 2000 under which the Group has been granted the right to use certain trademarks, patents, technology and computer software developed by Sinopec Group Company.
- The Company has entered into a service stations franchise agreement with Sinopec Group Company effective from 1 January 2000 under which its service stations and retail stores would exclusively sell the refined products supplied by the Group.
- On the basis of a series of continuing connected transaction agreements signed in 2000, the Company and Sinopec Group Company have signed the Seventh Supplementary Agreement on 23 August 2024, which took effect on 1 January 2025 and made adjustment to “Mutual Supply Agreement” and “Buildings Leasing Contract”, etc.

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures included in the following accounts captions are summarised as follows:

	31 December 2024 RMB million	31 December 2023 RMB million
Trade accounts receivable	9,151	12,056
Financial assets at fair value through other comprehensive income	166	101
Prepaid expenses and other current assets	16,064	14,953
Long-term prepayments and other assets	4,648	9,025
Total	30,029	36,135
Trade accounts payable and bills payable	26,375	19,971
Contract liabilities	5,349	4,402
Other payables	30,477	26,052
Other long-term liabilities	6,415	5,133
Short-term loans and current portion of long-term loans from Sinopec Group Company and fellow subsidiaries	4,684	12,437
Long-term loans excluding current portion from Sinopec Group Company and fellow subsidiaries	23,294	24,811
Lease liabilities (including to be paid within one year)	146,355	154,051
Total	242,949	246,857

Amounts due from/to Sinopec Group Company and fellow subsidiaries, associates and joint ventures, other than short-term loans and long-term loans, bear no interest, are unsecured and are repayable in accordance with normal commercial terms. The terms and conditions associated with short-term loans and long-term loans payable to Sinopec Group Company and fellow subsidiaries are set out in Note 30.

As at and for the year ended 31 December 2024, and as at and for the year ended 31 December 2023, no individually significant loss allowance for expected credit losses were recognised in respect of amounts due from Sinopec Group Company and fellow subsidiaries, associates and joint ventures.

39 RELATED PARTY TRANSACTIONS (Continued)**(b) Key management personnel emoluments**

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including directors and supervisors of the Group. The key management personnel compensation is as follows:

	2024 RMB'000	2023 RMB'000
Short-term employee benefits	8,149	6,757
Retirement scheme contributions	554	512
	8,703	7,269

(c) Contributions to defined contribution retirement plans

The Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its staff. The details of the Group's employee benefits plan are disclosed in Note 40. As at 31 December 2024 and 2023, the accrual for the contribution to post-employment benefit plans was not material.

(d) Transactions with other state-controlled entities in the PRC

The Group is a state-controlled energy and chemical enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government through its government authorities, agencies, affiliations and other organisations (collectively referred as "state-controlled entities").

Apart from transactions with Sinopec Group Company and fellow subsidiaries, the Group has transactions with other state-controlled entities, include but not limited to the followings:

- sales and purchases of goods and ancillary materials;
- rendering and receiving services;
- lease of assets;
- depositing and borrowing money; and
- uses of public utilities.

These transactions are conducted in the ordinary course of the Group's business on terms comparable to those with other entities that are not state-controlled.

40 EMPLOYEE BENEFITS PLAN

As stipulated by the regulations of the PRC, the Group participates in various defined contribution retirement plans organised by municipal and provincial governments for its staff. The Group is required to make contributions to the retirement plans at rates ranging from 13.0% to 16.0% of the salaries, bonuses and certain allowances of its staff. In addition, the Group provides a supplementary retirement plan for its staff at rates not exceeding 8% of the salaries. The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. The Group's contributions for the year ended 31 December 2024 were RMB14,493 million (2023: RMB13,932 million).

41 SEGMENT REPORTING

Segment information is presented in respect of the Group's business segments. The format is based on the Group's management and internal reporting structure.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker for the purposes of resource allocation and performance assessment, the Group has identified the following five reportable segments. No operating segments have been aggregated to form the following reportable segments.

- Exploration and production, which explores and develops oil fields, produces crude oil and natural gas and sells such products to the refining segment of the Group and external customers.
- Refining, which processes and purifies crude oil, that is sourced from the exploration and production segment of the Group and external suppliers, and manufactures and sells petroleum products to the chemicals and marketing and distribution segments of the Group and external customers.
- Marketing and distribution, which owns and operates oil depots and service stations in the PRC, and distributes and sells refined petroleum products (mainly gasoline and diesel) in the PRC through wholesale and retail sales networks.
- Chemicals, which manufactures and sells petrochemical products, derivative petrochemical products and other chemical products mainly to external customers.
- Corporate and others, which largely comprises the trading activities of the import and export companies of the Group and research and development undertaken by other subsidiaries.

The segments were determined primarily because the Group manages its exploration and production, refining, marketing and distribution, chemicals, and corporate and others businesses separately. The reportable segments are each managed separately because they manufacture and/or distribute distinct products with different production processes and due to their distinct operating and gross margin characteristics.

41 SEGMENT REPORTING (Continued)

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities

The Group's chief operating decision maker evaluates the performance and allocates resources to its operating segments on an operating profit basis, without considering the effects of finance costs or investment income. Inter-segment transfer pricing is based on the market price or cost plus an appropriate margin, as specified by the Group's policy.

Assets and liabilities dedicated to a particular segment's operations are included in that segment's total assets and liabilities. Segment assets include all tangible and intangible assets, except for interest in associates and joint ventures, investments, deferred tax assets, cash and cash equivalents, time deposits with financial institutions and other unallocated assets. Segment liabilities exclude short-term debts, income tax payable, long-term debts, loans from Sinopec Group Company and fellow subsidiaries, deferred tax liabilities and other unallocated liabilities.

Information of the Group's reportable segments is as follows:

	2024 RMB million	2023 RMB million
Revenue from primary business		
Exploration and production		
External sales	175,844	177,980
Inter-segment sales	117,297	116,703
	293,141	294,683
Refining		
External sales	165,335	170,691
Inter-segment sales	1,312,728	1,355,310
	1,478,063	1,526,001
Marketing and distribution		
External sales	1,665,827	1,756,575
Inter-segment sales	7,337	17,943
	1,673,164	1,774,518
Chemicals		
External sales	418,294	411,379
Inter-segment sales	97,925	94,426
	516,219	505,805
Corporate and others		
External sales	590,021	630,248
Inter-segment sales	864,348	905,264
	1,454,369	1,535,512
Elimination of Inter-segment sales	(2,399,635)	(2,489,646)
Revenue from primary business	3,015,321	3,146,873
Other operating revenues		
Exploration and production	4,108	5,336
Refining	3,439	3,785
Marketing and distribution	41,194	43,911
Chemicals	7,643	9,502
Corporate and others	2,857	2,808
Other operating revenues	59,241	65,342
Revenue	3,074,562	3,212,215

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

41 SEGMENT REPORTING (Continued)

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)

	2024 RMB million	2023 RMB million
Result		
Operating profit/(loss)		
By segment		
– Exploration and production	56,385	44,963
– Refining	6,714	20,608
– Marketing and distribution	18,646	25,939
– Chemicals	(9,997)	(6,036)
– Corporate and others	(432)	604
– Elimination	(630)	750
Total segment operating profit	70,686	86,828
Share of profit/(loss) from associates and joint ventures		
– Exploration and production	3,325	3,061
– Refining	(1,554)	(750)
– Marketing and distribution	3,675	3,383
– Chemicals	(1,505)	(4,704)
– Corporate and others	5,020	5,209
Aggregate share of profits from associates and joint ventures	8,961	6,199
Investment income		
– Exploration and production	1	–
– Refining	31	30
– Marketing and distribution	–	–
– Chemicals	(185)	(33)
– Corporate and others	822	832
Aggregate investment income	669	829
Net finance costs	(11,174)	(9,922)
Profit before taxation	69,142	83,934
	31 December 2024 RMB million	31 December 2023 RMB million
Assets		
Segment assets		
– Exploration and production	485,208	445,556
– Refining	330,332	331,116
– Marketing and distribution	390,483	387,643
– Chemicals	268,458	255,577
– Corporate and others	152,743	153,740
Total segment assets	1,627,224	1,573,632
Interest in associates and joint ventures	243,488	232,630
Financial assets at fair value through other comprehensive income	416	450
Deferred tax assets	18,777	20,110
Cash and cash equivalents, time deposits with financial institutions and other bank balances	145,580	163,537
Other unallocated assets	45,955	34,337
Total assets	2,081,440	2,024,696
Liabilities		
Segment liabilities		
– Exploration and production	193,350	187,385
– Refining	71,783	55,095
– Marketing and distribution	252,247	246,586
– Chemicals	100,617	90,489
– Corporate and others	165,426	206,674
Total segment liabilities	783,423	786,229
Short-term debts	87,780	58,534
Income tax payable	1,706	1,454
Long-term debts	187,202	163,049
Loans from Sinopec Group Company and fellow subsidiaries	27,978	37,248
Deferred tax liabilities	7,324	7,817
Other unallocated liabilities	13,880	14,556
Total liabilities	1,109,293	1,068,887

41 SEGMENT REPORTING (Continued)

(1) Information of reportable segmental revenues, profits or losses, assets and liabilities (Continued)

	2024 RMB million	2023 RMB million
Capital expenditure		
Exploration and production	82,253	78,596
Refining	29,341	22,899
Marketing and distribution	14,128	15,735
Chemicals	44,664	55,038
Corporate and others	4,579	4,485
	174,965	176,753
Depreciation, depletion and amortisation		
Exploration and production	50,443	46,755
Refining	20,204	20,386
Marketing and distribution	24,485	23,995
Chemicals	20,938	18,958
Corporate and others	4,644	3,656
	120,714	113,750
Impairment losses on long-lived assets		
Exploration and production	211	887
Refining	230	191
Marketing and distribution	424	278
Chemicals	1,547	1,280
Corporate and others	—	—
	2,412	2,636

(2) Geographical information

The geographical information of the Group's external sales and the Group's non-current assets, excluding financial instruments and deferred tax assets are analysed by different regions. In presenting information on the basis of geographical segments, segment revenue is based on the geographical location of customers, and segment assets are based on the geographical location of the assets. The Group's external sales and non-current assets from mainland China were RMB2,478,160 million (2023: RMB2,635,334 million) and RMB1,491,020 million (2023: RMB1,426,377 million). The proportion to the total revenue from domestic transactions and the proportion to the total non-current assets are 80.6% (2023: 82.0%) and 97.1% (2023: 97.5%). In addition, there is no other single country or region with segment revenue or segment assets accounting for more than 10%.

42 PRINCIPAL SUBSIDIARIES

As at 31 December 2024, the following list contains the particulars of subsidiaries which principally affected the results, assets and liabilities of the Group.

Name of company	Particulars of issued capital (million)	Interests held by the Company %	Interests held by non-controlling interests %	Principal activities
Sinopec Great Wall Energy & Chemical Company Limited	RMB22,761	100.00	–	Coal chemical industry investment management, production and sale of coal chemical products
Sinopec Yangzi Petrochemical Company Limited	RMB15,651	100.00	–	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Overseas Investment Holding Limited (“SOIHL”)	USD4,621	100.00	–	Investment holding of overseas business
Sinopec International Petroleum Exploration and Production Limited (“SIPL”)	RMB8,250	100.00	–	Investment in exploration, production and sale of petroleum and natural gas
Sinopec Yizheng Chemical Fibre Limited Liability Company	RMB4,000	100.00	–	Production and sale of polyester chips and polyester fibres
Sinopec Lubricant Company Limited	RMB3,374	100.00	–	Production and sale of refined petroleum products, lubricant base oil, and petrochemical materials
China International United Petroleum and Chemical Company Limited	RMB5,000	100.00	–	Trading of crude oil and petrochemical products
Sinopec Qingdao Petrochemical Company Limited	RMB1,595	100.00	–	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Catalyst Company Limited	RMB1,500	100.00	–	Production and sale of catalyst products
China Petrochemical International Company Limited	RMB1,400	100.00	–	Trading of petrochemical products
Sinopec Chemical Sales Company Limited	RMB1,000	100.00	–	Marketing and distribution of petrochemical products
Sinopec Hainan Refining and Chemical Company Limited	RMB9,606	100.00	–	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Beihai Refining and Chemical Limited Liability Company	RMB5,294	98.98	1.02	Import and processing of crude oil, production, storage and sale of petroleum products and petrochemical products
ZhongKe (Guangdong) Refinery & Petrochemical Company Limited	RMB8,168	90.30	9.70	Crude oil processing and petroleum products manufacturing
Sinopec Qingdao Refining and Chemical Company Limited	RMB5,153	85.00	15.00	Manufacturing of intermediate petrochemical products and petroleum products
Zhongguo Petroleum & Chemical Sales Company Limited	RMB28,403	70.42	29.58	Marketing and distribution of refined petroleum products
Sinopec Kantons Holdings Limited (“Sinopec Kantons”)	HKD248	60.33	39.67	Provision of crude oil pipeline transportation services
Sinopec-SK (Wuhan) Petrochemical Company Limited (“Sinopec-SK”)	RMB7,193	59.00	41.00	Production, sale, research and development of petrochemical products, ethylene and downstream byproducts
Sinopec Shanghai Gaoqiao Petrochemical Company Limited (“Gaoqiao Petrochemical”)	RMB10,000	55.00	45.00	Manufacturing of intermediate petrochemical products and petroleum products
Sinopec Hunan Petrochemical Co., Ltd. (“Hunan Petrochemical”)	RMB7,333	74.69	25.31	Crude oil processing and petroleum products manufacturing
Sinopec Shanghai Petrochemical Company Limited (“Shanghai Petrochemical”)	RMB10,799	51.14	48.86	Manufacturing of synthetic fibres, resin and plastics, intermediate petrochemical products and petroleum products
Fujian Petrochemical Company Limited (“Fujian Petrochemical”) (i)	RMB10,492	50.00	50.00	Manufacturing of plastics, intermediate petrochemical products and petroleum products

Except for Sinopec Kantons and SOIHL, which are incorporated in Bermuda and Hong Kong SAR respectively, all of the above principal subsidiaries are incorporated and operate their businesses principally in the PRC. All of the above principal subsidiaries are limited companies.

Note:

- (i) The Group consolidated the financial statements of the entity because it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

42 PRINCIPAL SUBSIDIARIES (Continued)

Summarised financial information on subsidiaries with material non-controlling interests

Set out below are the summarised financial information which the amount before inter-company eliminations for each subsidiary that has non-controlling interests that are material to the Group.

Summarised consolidated statement of financial position

	Marketing Company		SIPL*		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31	At 31
	December	December	December	December	December	December	December	December	December	December	December	December
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million
Current assets	220,984	202,333	20,088	19,529	20,633	15,455	6,599	6,118	16,797	18,521	6,417	3,951
Current liabilities	(228,365)	(217,315)	(778)	(936)	(16,289)	(14,573)	(155)	(207)	(5,736)	(7,107)	(14,328)	(11,979)
Net current (liabilities)/assets	(7,381)	(14,982)	19,310	18,593	4,344	882	6,444	5,911	11,061	11,414	(7,911)	(8,028)
Non-current assets	318,997	324,288	9,439	8,983	21,054	24,110	7,960	8,001	14,578	14,904	30,828	22,167
Non-current liabilities	(53,557)	(56,057)	(11,535)	(11,583)	(266)	(63)	(196)	(255)	(3,933)	(4,050)	(6,166)	(8,317)
Net non-current assets/(liabilities)	265,440	268,231	(2,096)	(2,600)	20,788	24,047	7,764	7,746	10,645	10,854	24,662	13,850
Net assets	258,059	253,249	17,214	15,993	25,132	24,929	14,208	13,657	21,706	22,268	16,751	5,822
Attributable to owners of the Company	173,806	170,919	11,154	9,789	12,799	12,542	8,552	8,220	11,938	12,248	12,511	4,349
Attributable to non-controlling interests	84,253	82,330	6,060	6,204	12,333	12,387	5,656	5,437	9,768	10,020	4,240	1,473

Summarised consolidated statement of comprehensive income

Year ended 31 December	Marketing Company		SIPL*		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million
Revenue	1,710,948	1,814,710	2,881	2,952	87,060	92,932	609	549	60,338	60,156	68,683	18,648
Profit/(loss) for the year	16,928	22,418	3,195	3,208	317	(1,349)	1,075	1,169	(468)	106	820	1,138
Total comprehensive income	17,095	23,260	2,641	(1,193)	261	(1,304)	1,118	1,252	(467)	105	826	1,138
Comprehensive income attributable to non-controlling interests	6,709	8,259	1,277	(861)	131	(646)	444	499	(210)	47	209	288
Dividends paid to non-controlling interests	5,192	6,749	-	-	8	7	225	195	30	895	-	-

Summarised statement of cash flows

Year ended 31 December	Marketing Company		SIPL*		Shanghai Petrochemical		Sinopec Kantons		Gaoqiao Petrochemical		Hunan Petrochemical	
	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023	2024	2023
	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB	RMB
	million	million	million	million	million	million	million	million	million	million	million	million
Net cash generated from/(used in) operating activities	41,550	50,598	1,101	1,947	7,624	664	81	557	362	(1,507)	1,898	769
Net cash (used in)/generated from investing activities	(22,182)	(22,148)	1,218	509	(2,055)	1,973	(640)	(633)	1,606	4,735	(3,578)	(5,305)
Net cash (used in)/generated from financing activities	(22,371)	(27,172)	(1,138)	(8,394)	(2,268)	1,378	(575)	(501)	(1,970)	(3,229)	1,226	4,936
Net (decrease)/increase in cash and cash equivalents	(3,003)	1,278	1,181	(5,938)	3,301	4,015	(1,134)	(577)	(2)	(1)	(454)	400
Cash and cash equivalents at 1 January	14,569	13,204	14,262	20,040	4,906	889	1,665	2,224	2	3	456	56
Effect of foreign currency exchange rate changes	132	87	193	160	2	2	13	18	-	-	-	-
Cash and cash equivalents at 31 December	11,698	14,569	15,636	14,262	8,209	4,906	544	1,665	-	2	2	456

* The non-controlling interests of subsidiaries which the Group holds 100% of equity interests at the end of the year are the non-controlling interests of their subsidiaries.

43 FINANCIAL RISK MANAGEMENT AND FAIR VALUES

Overview

Financial assets of the Group include cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, amounts due from Sinopec Group Company and fellow subsidiaries, amounts due from associates and joint ventures, financial assets at FVOCI and other receivables. Financial liabilities of the Group include short-term debts, loans from Sinopec Group Company and fellow subsidiaries, derivative financial liabilities, trade accounts payable and bills payable, amounts due to Sinopec Group Company and fellow subsidiaries, amounts due to associates and joint ventures, other payables, long-term debts and lease liabilities.

The Group has exposure to the following risks from its uses of financial instruments:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment, oversight of the Group's risk management framework, and developing and monitoring the Group's risk management policies.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, and set appropriate risk limits and controls to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management controls and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. Internal audit department undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the Group's audit committee.

Credit risk

(i) Risk management

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's deposits placed with financial institutions (including structured deposits) and receivables from customers. To limit exposure to credit risk relating to deposits, the Group primarily places cash deposits only with large financial institutions in the PRC with acceptable credit ratings. The majority of the Group's trade accounts receivable relate to sales of petroleum and chemical products to related parties and third parties operating in the petroleum and chemical industries. No single customer accounted for greater than 10% of total trade accounts receivable at 31 December 2024, except the amounts due from Sinopec Group Company and fellow subsidiaries. Management performs ongoing credit evaluations of the Group's customers' financial condition and generally does not require collateral on trade accounts receivable. The Group maintains a loss allowance for expected credit losses and actual losses have been within management's expectations.

The carrying amounts of cash and cash equivalents, time deposits with financial institutions, financial assets at fair value through profit or loss, derivative financial assets, trade accounts receivable, financial assets at FVOCI and other receivables, represent the Group's maximum exposure to credit risk in relation to financial assets.

(ii) Impairment of financial assets

The Group's primary type of financial assets that are subject to the expected credit loss model is trade accounts receivable, financial assets at FVOCI and other receivables.

The Group's cash deposits are placed only with large financial institutions with acceptable credit ratings, and there is no material impairment loss identified.

For trade accounts receivable and financial assets at FVOCI, the Group applies the IFRS 9 simplified approach to measuring ECLs which uses a lifetime expected loss allowance for all trade accounts receivable and financial assets at FVOCI.

To measure the ECLs, trade accounts receivable and financial assets at FVOCI have been grouped based on shared credit risk characteristics and the days past due.

The ECLs were calculated based on historical actual credit loss experience. The rates were considered the differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables. The Group performed the calculation of ECL rates by the operating segment.

43 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

Credit risk (Continued)

(ii) Impairment of financial assets (Continued)

The following table provides information about the exposure to credit risk and ECLs for accounts receivable as at 31 December 2024 and 2023.

	Gross carrying amount	Impairment provision on individual basis		Impairment provision on provision matrix basis		
		Carrying amount	Impairment provision	Weighted-average loss rate	Impairment provision	Loss allowance
	RMB million	RMB million	on individual basis	%	RMB million	RMB million
31 December 2024						
Current and within 1 year past due	43,813	6,048	4	0.3%	110	114
1 to 2 years past due	466	366	32	30.0%	30	62
2 to 3 years past due	154	53	1	55.4%	56	57
Over 3 years past due	4,082	3,670	3,537	100.0%	412	3,949
Total	48,515	10,137	3,574		608	4,182

	Gross carrying amount	Impairment provision on individual basis		Impairment provision on provision matrix basis		
		Carrying amount	Impairment provision	Weighted-average loss rate	Impairment provision	Loss allowance
	RMB million	RMB million	on individual basis	%	RMB million	RMB million
31 December 2023						
Current and within 1 year past due	48,261	8,958	4	0.2%	70	74
1 to 2 years past due	326	139	1	24.6%	46	47
2 to 3 years past due	116	34	25	45.1%	37	62
Over 3 years past due	3,965	3,599	3,467	100.0%	366	3,833
Total	52,668	12,730	3,497		519	4,016

All of the entity's other receivables are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. The Group considers there was no significant increase in credit risk for other receivables by taking into account of their past history of making payments when due and current ability to pay, and thus the impairment provision recognised during the period was limited to 12 months expected losses.

43 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. Management prepares monthly cash flow budget to ensure that the Group will always have sufficient liquidity to meet its financial obligations as they fall due. The Group arranges and negotiates financing with financial institutions and maintains a certain level of standby credit facilities to reduce the Group's liquidity risk.

As at 31 December 2024, the Group has standby credit facilities with several PRC financial institutions which provide borrowings up to RMB722,258 million (2023: RMB416,358 million) on an unsecured basis, at a weighted average interest rate of 2.31% per annum (2023: 2.23%). As at 31 December 2024, the Group's outstanding borrowings under these facilities were RMB48,231 million (2023: RMB59,815 million) and were included in debts.

The following table sets out the remaining contractual maturities at the date of the statement of financial position of the Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on prevailing rates current at the date of the statement of financial position) and the earliest date the Group would be required to repay:

	31 December 2024					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	87,780	88,186	88,186	–	–	–
Long-term debts	187,202	199,405	1,281	89,384	65,805	42,935
Loans from Sinopec Group Company and fellow subsidiaries	27,978	28,540	5,280	6,472	7,306	9,482
Lease liabilities	172,735	266,379	18,607	12,025	34,449	201,298
Derivative financial liabilities	3,412	3,412	3,412	–	–	–
Trade accounts payable and bills payable	256,597	256,597	256,597	–	–	–
Other payables	101,005	101,005	101,005	–	–	–
	836,709	943,524	474,368	107,881	107,560	253,715

	31 December 2023					
	Carrying amount RMB million	Total contractual undiscounted cash flow RMB million	Within 1 year or on demand RMB million	More than 1 year but less than 2 years RMB million	More than 2 years but less than 5 years RMB million	More than 5 years RMB million
Short-term debts	58,534	58,964	58,964	–	–	–
Long-term debts	163,049	177,294	3,958	59,114	89,223	24,999
Loans from Sinopec Group Company and fellow subsidiaries	37,248	40,605	13,305	9,060	8,862	9,378
Lease liabilities	181,400	291,252	18,358	12,512	35,821	224,561
Derivative financial liabilities	2,752	2,752	2,752	–	–	–
Trade accounts payable and bills payable	259,000	259,000	259,000	–	–	–
Other payables	94,796	94,796	94,796	–	–	–
	796,779	924,663	451,133	80,686	133,906	258,938

Management believes that the Group's current cash on hand, expected cash flows from operations and available standby credit facilities from financial institutions will be sufficient to meet the Group's short-term and long-term capital requirements.

43 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return on risk.

(a) Currency risk

Currency risk arises on financial instruments that are denominated in a currency other than the functional currency in which they are measured.

The Group does not have significant financial instruments that are denominated in foreign currencies other than the functional currencies of respective entities as at 31 December, and consequently does not have significant exposure to foreign currency risk.

(b) Interest rate risk

The Group's interest rate risk exposure arises primarily from its short-term and long-term debts and loans from Sinopec Group Company and fellow subsidiaries. Debts bearing interest at variable rates and at fixed rates expose the Group to cash flow interest rate risk and fair value interest rate risk respectively. The interest rates and terms of repayment of short-term and long-term debts, and loans from Sinopec Group Company and fellow subsidiaries of the Group are disclosed in Note 30.

As at 31 December 2024, it is estimated that a general increase/decrease of 100 basis points in variable interest rates, with all other variables held constant, would decrease/increase the Group's profit for the year by approximately RMB1,794 million (2023: decrease/increase by approximately RMB1,353 million). This sensitivity analysis has been determined assuming that the change of interest rates was applied to the Group's debts outstanding at the date of the statement of financial position with exposure to cash flow interest rate risk. The analysis is performed on the same basis for 2023.

(c) Commodity price risk and hedge accounting

The Group engages in oil and gas operations and is exposed to commodity price risk related to price volatility of crude oil, refined oil products and chemical products. The fluctuations in prices of crude oil, refined oil products and chemical products could have significant impact on the Group. The Group uses derivative financial instruments, including commodity futures and swaps contracts, to manage a portion of this risk.

Based on the dynamic study and judging of the market, combined with the resource demand and production and operation plan, the Group evaluate and monitor the market risk exposure caused by transaction positions, and continuously manage and hedge the risk of commodity price fluctuation caused by market changes.

As at 31 December 2024, the Group had certain commodity contracts of crude oil, refined oil products and chemical products designated as qualified cash flow hedges and economic hedges. As at 31 December 2024, it is estimated that a general increase/decrease of USD10 per barrel in basic price of derivative financial instruments, with all other variables held constant, would impact the fair value of derivative financial instruments, which would decrease/increase the Group's profit for the year by approximately RMB8,698 million (2023: decrease/increase RMB1,139 million), and increase/decrease the Group's other reserves by approximately RMB5,883 million (2023: decrease/increase RMB4,537 million). This sensitivity analysis has been determined assuming that the change in prices had occurred at the date of the statement of financial position and the change was applied to the Group's derivative financial instruments at that date with exposure to commodity price risk. The analysis is performed on the same basis for 2023.

For the hedge relationship with cash flow hedge accounting applied, the corresponding changes in cash flow hedge reserves are as follows:

	2024 RMB million	2023 RMB million
Beginning of the year	5,758	3,079
Effective portion of changes in fair value of hedging instruments recognised during the year	(1,193)	7,420
Reclassification adjustments for amounts transferred to the consolidated income statement	(562)	(1,245)
Amounts transferred to initial carrying amount of hedged items	(1,157)	(3,078)
Related tax	492	(418)
End of the year	3,338	5,758

The ineffective portion of cash flow hedge relationship is disclosed in Note 8.

43 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)

Fair values

(i) Financial instruments carried at fair value

The following table presents the carrying value of financial instruments measured at fair value at the date of the statement of financial position across the three levels of the fair value hierarchy defined in IFRS 13, Fair Value Measurement, with the fair value of each financial instrument categorised in its entirety based on the lowest level of input that is significant to that fair value measurement. The levels are defined as follows:

- Level 1 (highest level): fair values measured using quoted prices (unadjusted) in active markets for identical financial instruments.
- Level 2: fair values measured using quoted prices in active markets for similar financial instruments, or using valuation techniques in which all significant inputs are directly or indirectly based on observable market data.
- Level 3 (lowest level): fair values measured using valuation techniques in which any significant input is not based on observable market data.

At 31 December 2024

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss:				
– Fund Investments	4	–	–	4
Derivative financial assets:				
– Derivative financial assets	824	1,730	–	2,554
Financial assets at fair value through other comprehensive income:				
– Equity instruments	93	–	323	416
– Trade accounts receivable and bills receivable	–	–	2,613	2,613
	921	1,730	2,936	5,587
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	2,496	916	–	3,412
	2,496	916	–	3,412

At 31 December 2023

	Level 1 RMB million	Level 2 RMB million	Level 3 RMB million	Total RMB million
Assets				
Financial assets at fair value through profit or loss:				
– Fund Investments	3	–	–	3
Derivative financial assets:				
– Derivative financial assets	5,942	3,779	–	9,721
Financial assets at fair value through other comprehensive income:				
– Equity instruments	120	–	330	450
– Trade accounts receivable and bills receivable	–	–	2,221	2,221
	6,065	3,779	2,551	12,395
Liabilities				
Derivative financial liabilities:				
– Derivative financial liabilities	367	2,385	–	2,752
	367	2,385	–	2,752

During the years ended 31 December 2024 and 2023, there was no transfer between instruments in Level 1 and Level 2.

Management of the Group uses discounted cash flow model with inputted interest rate, which were influenced by historical fluctuation and the probability of market fluctuation, to evaluate the fair value of trade accounts receivable and bills receivable classified as Level 3 financial assets.

43 FINANCIAL RISK MANAGEMENT AND FAIR VALUES (Continued)**Fair values** (Continued)**(ii) Fair values of financial instruments carried at other than fair value**

The disclosures of the fair value estimates, and their methods and assumptions of the Group's financial instruments, are made to comply with the requirements of IFRS 7 and IFRS 9 and should be read in conjunction with the Group's consolidated financial statements and related notes. The estimated fair value amounts have been determined by the Group using market information and valuation methodologies considered appropriate. However, considerable judgement is required to interpret market data to develop the estimates of fair value. Accordingly, the estimates presented herein are not necessarily indicative of the amounts the Group could realise in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The fair values of the Group's financial instruments carried at other than fair value (other than long-term indebtedness and investments in unquoted equity securities) approximate their carrying amounts due to the short-term maturity of these instruments. The fair values of long-term indebtedness are estimated by discounting future cash flows using current market interest rates offered to the Group for debt with substantially the same characteristic and maturities range from 1.74% to 4.49% (2023: 2.69% to 5.47%). The following table presents the carrying amount and fair value of the Group's long-term indebtedness other than loans from Sinopec Group Company and fellow subsidiaries at 31 December 2024 and 2023:

	31 December 2024	31 December 2023
	RMB million	RMB million
Carrying amount	230,613	170,408
Fair value	228,946	167,014

The Group has not developed an internal valuation model necessary to estimate the fair values of loans from Sinopec Group Company and fellow subsidiaries as it is not considered practicable to estimate their fair values because the cost of obtaining discount and borrowing rates for comparable borrowings would be excessive based on the Group's existing capital structure and the terms of the borrowings.

Except for the above items, the financial assets and liabilities of the Group are carried at amounts not materially different from their fair values at 31 December 2024 and 2023.

44 ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group's financial condition and results of operations are sensitive to accounting methods, assumptions and estimates that underlie the preparation of the consolidated financial statements. Management bases the assumptions and estimates on historical experience and on various other assumptions that it believes to be reasonable and which form the basis for making judgements about matters that are not readily apparent from other sources. On an ongoing basis, management evaluates its estimates. Actual results may differ from those estimates as facts, circumstances and conditions change.

The selection of material accounting policies, the judgements and other uncertainties affecting application of such policies and the sensitivity of reported results to changes in conditions and assumptions are factors to be considered when reviewing the consolidated financial statements. The material accounting policies are set forth in Note 2. Management believes the following material accounting policies involve the most significant judgements and estimates used in the preparation of the consolidated financial statements.

Oil and gas properties and reserves

The accounting for the exploration and production's oil and gas activities is subject to accounting rules that are unique to the oil and gas industry. There are two methods to account for oil and gas business activities, the successful efforts method and the full cost method. The Group has elected to use the successful efforts method. The successful efforts method reflects the volatility that is inherent in exploring for mineral resources in that costs of unsuccessful exploratory efforts are charged to expense as they are incurred. These costs primarily include dry hole costs, seismic costs and other exploratory costs. Under the full cost method, these costs are capitalised and written-off or depreciated over time.

Engineering estimates of the Group's oil and gas reserves are inherently imprecise and represent only approximate amounts because of the subjective judgements involved in developing such information. There are authoritative guidelines regarding the engineering criteria that have to be met before estimated oil and gas reserves can be designated as "proved". Proved and proved developed reserves estimates are updated at least annually and take into account recent production and technical information about each field. In addition, as prices and cost levels change from year to year, the estimates of proved and proved developed reserves also change. This change is considered a change in estimate for accounting purposes and is reflected on a prospective basis in relation to depreciation rates. Oil and gas reserves have a direct impact on the assessment of the recoverability of the carrying amounts of oil and gas properties reported in the financial statements. If proved reserves estimates are revised downwards, earnings could be affected by changes in depreciation expense or an immediate write-down of the property's carrying amount.

Future dismantlement costs for oil and gas properties are estimated with reference to engineering estimates after taking into consideration the anticipated method of dismantlement required in accordance with industry practices in similar geographic area, including estimation of economic life of oil and gas properties, technology and price level. The present values of these estimated future dismantlement costs are capitalised as oil and gas properties with equivalent amounts recognised as provisions for dismantlement costs.

Despite the inherent imprecision in these engineering estimates, these estimates are used in determining depreciation expense, impairment loss and future dismantlement costs. Capitalised costs of proved oil and gas properties are amortised on a unit-of-production method based on volumes produced and reserves.

44 ACCOUNTING ESTIMATES AND JUDGEMENTS (Continued)

Impairment for long-lived assets

If circumstances indicate that the net book value of a long-lived asset, may not be recoverable, the asset may be considered “impaired”, and an impairment loss may be recognised in accordance with IAS 36 “Impairment of Assets”. The carrying amounts of long-lived assets are reviewed periodically in order to assess whether the recoverable amounts have declined below the carrying amounts. These assets are tested for impairment whenever events or changes in circumstances, including environmental protection and energy structure transition variables, indicate that their recorded carrying amounts may not be recoverable. When such a decline has occurred, the carrying amount is reduced to recoverable amount. For goodwill, the recoverable amount is estimated annually. The recoverable amount is the greater of the net selling price and the value in use. It is difficult to precisely estimate selling price because quoted market prices for the Group’s assets or cash-generating units are not readily available. Accordingly, the Group determines the recoverable amount based on the present value in use.

The projected future cash flows of an asset are based on data from the most recent financial budget approved by management, as well as on a stabilized growth rate for the years following the period of that budget. In appropriate and reasonable circumstances, the growth rate can be zero or negative. Projected cash flows based on budgets usually cover five years, or longer periods if that is reasonable. When projecting cash flows for years beyond the budgeted period, the growth rate used does not exceed the long-term average growth rate of the business or markets in which products are located, or the long-term average growth rate of the market in which the asset is located, except where a higher growth rate can be justified. In determining the discount rate, the weighted average cost of capital is usually used as the basis.

In determining the value in use, expected cash flows generated by the asset or the cash-generating units are discounted to their present value, which requires significant judgement relating to future selling prices of crude oil, natural gas, refined and chemical products, the production costs, the product mix, production volumes, production profiles, the oil and gas reserves and discount rate. Management uses all readily available information in determining an amount that is a reasonable approximation of recoverable amount, including estimates based on reasonable and supportable assumptions and projections of sale volume, selling price, amount of operating costs and discount rate.

Depreciation

Property, plant and equipment, other than oil and gas properties, are depreciated on a straight-line basis over the estimated useful lives of the assets, after taking into account the estimated residual value. Management reviews the estimated useful lives of the assets at least annually in order to determine the amount of depreciation expense to be recorded during any reporting period. The useful lives are based on the Group’s historical experience with similar assets and take into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

Measurement of expected credit losses

The Group measures and recognises ECLs using readiness matrix, considering reasonable and supportable information about the relevant past events, current conditions and forecasts of future economic conditions. The Group regularly monitors and reviews the assumptions used for estimating ECLs.

Allowance for diminution in value of inventories

If the costs of inventories become higher than their net realisable values, an allowance for diminution in value of inventories is recognised. Net realisable value represents the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale. Management bases the estimates on all available information, including the current market prices of the finished goods, and historical operating costs. If the actual selling prices were to be lower or the costs of completion were to be higher than estimated, the actual allowance for diminution in value of inventories could be higher than estimated.

45 PARENT AND ULTIMATE HOLDING COMPANY

The directors consider the parent and ultimate holding company of the Group as at 31 December 2024 is Sinopec Group Company, a state-owned enterprise established in the PRC. This entity does not produce financial statements available for public use.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

46 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY

STATEMENT OF FINANCIAL POSITION OF THE COMPANY (Amounts in million)	Note	31 December 2024 RMB	31 December 2023 RMB
Non-current assets			
Property, plant and equipment, net		310,796	305,439
Construction in progress		85,166	70,306
Right-of-use assets		84,048	90,705
Investment in subsidiaries		336,761	312,553
Interest in associates		79,971	77,415
Interest in joint ventures		23,833	23,604
Financial assets at fair value through other comprehensive income		15	14
Deferred tax assets		5,601	6,567
Long-term prepayments and other assets		61,257	53,907
Total non-current assets		987,448	940,510
Current assets			
Cash and cash equivalents		27,520	64,471
Time deposits with financial institutions		1,626	350
Financial assets at fair value through profit or loss		4	3
Derivative financial assets		72	482
Trade accounts receivable		22,239	27,878
Financial assets at fair value through other comprehensive income		1,074	367
Dividends receivable		1	1,644
Inventories		67,751	67,922
Prepaid expenses and other current assets		93,029	85,840
Total current assets		213,316	248,957
Current liabilities			
Short-term debts		60,369	40,545
Loans from Sinopec Group Company and fellow subsidiaries		2,901	6,090
Lease liabilities		6,267	6,420
Derivative financial liabilities		148	251
Trade accounts payable and bills payable		77,964	86,642
Contract liabilities		9,832	9,079
Other payables		266,964	284,311
Total current liabilities		424,445	433,338
Net current liabilities		211,129	184,381
Total assets less current liabilities		776,319	756,129
Non-current liabilities			
Long-term debts		126,039	107,484
Loans from Sinopec Group Company and fellow subsidiaries		–	5,936
Lease liabilities		80,887	86,399
Provisions		41,102	40,077
Other long-term liabilities		2,463	2,495
Total non-current liabilities		250,491	242,391
		525,828	513,738
Equity			
Share capital		121,282	119,349
Reserves	(a)	404,546	394,389
Total equity		525,828	513,738

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

for the year ended 31 December 2024

46 STATEMENT OF FINANCIAL POSITION AND RESERVE MOVEMENT OF THE COMPANY (Continued)

(a) RESERVES MOVEMENT OF THE COMPANY

The reconciliation between the opening and closing balances of each component of the Group's consolidated reserves is set out in the consolidated statement of changes in equity. Details of the change in the Company's individual component of reserves between the beginning and the end of the year are as follows:

	The Company 2024 RMB million	2023 RMB million
Capital reserve		
Balance at 1 January	7,002	7,038
Other equity movements under the equity method	43	(36)
Others	(599)	–
Balance at 31 December	6,446	7,002
Share premium		
Balance at 1 January	51,068	52,846
Purchase of own shares	(1,672)	(1,778)
Issue of ordinary shares	9,597	–
Balance at 31 December	58,993	51,068
Treasury shares		
Balance at 1 January	–	–
Purchase of own shares	(2,131)	–
Cancellation of repurchased own shares	2,130	–
Balance at 31 December	(1)	–
Statutory surplus reserve		
Balance at 1 January	106,134	101,009
Appropriation	4,529	5,125
Balance at 31 December	110,663	106,134
Discretionary surplus reserve		
Balance at 1 January	117,000	117,000
Balance at 31 December	117,000	117,000
Other reserves		
Balance at 1 January	4,155	4,354
Changes in the fair value of investments in other equity instruments, net of deferred tax	1	2
Share of other comprehensive income of associates and joint ventures, net of deferred tax	227	(63)
Cash flow hedges, net of deferred tax	(563)	(66)
Special reserve	(49)	(72)
Balance at 31 December	3,771	4,155
Retained earnings		
Balance at 1 January	109,030	103,651
Profit for the year	45,230	51,193
Distribution to owners (Note 14)	(42,108)	(40,760)
Appropriation	(4,529)	(5,125)
Special reserve	49	72
Others	2	(1)
Balance at 31 December	107,674	109,030
	404,546	394,389

(C) DIFFERENCES BETWEEN CONSOLIDATED FINANCIAL STATEMENTS PREPARED IN ACCORDANCE WITH THE ACCOUNTING POLICIES COMPLYING WITH CASS AND IFRS ACCOUNTING STANDARDS (UNAUDITED)

Other than the differences in the classifications of certain financial statements captions and the accounting for the items described below, there are no material differences between the Group's consolidated financial statements prepared in accordance with the accounting policies complying with CASS and IFRS Accounting Standards. The reconciliation presented below is included as supplemental information, is not required as part of the basic financial statements and does not include differences related to classification, presentation or disclosures. Such information has not been subject to independent audit or review. The major differences are:

(i) GOVERNMENT GRANTS

Under CASS, grants from the government are credited to capital reserve if required by relevant governmental regulations. Under IFRS Accounting Standards, government grants relating to the purchase of fixed assets are recognised as deferred income and are transferred to the income statement over the useful life of these assets.

(ii) SAFETY PRODUCTION FUND

Under CASS, safety production fund should be recognised in profit or loss with a corresponding increase in reserve according to PRC regulations. Such reserve is reduced for expenses incurred for safety production purposes or, when safety production related fixed assets are purchased, is reduced by the purchased cost with a corresponding increase in the accumulated depreciation. Such fixed assets are not depreciated thereafter. Under IFRS Accounting Standards, payments are expensed as incurred, or capitalised as fixed assets and depreciated according to applicable depreciation methods.

(iii) CAPITALISATION OF EXCHANGE DIFFERENCE OF SPECIFIC LOANS

Under CASS, exchange difference arising on translation of specific loans and related interest denominated in a foreign currency should be capitalised as part of the cost of qualifying assets. Under IFRS Accounting Standards, such exchange difference is recognised in income statement unless the exchange difference represents an adjustment to interest.

Effects of major differences between the shareholders' equity under CASS and the total equity under IFRS Accounting Standards are analysed as follows:

	Notes	31 December 2024 RMB million	31 December 2023 RMB million
Shareholders' equity under CASS		976,293	958,655
Adjustments:			
Government grants	(i)	(815)	(868)
Capitalisation of exchange difference of specific loans	(iii)	(3,331)	(1,978)
Total equity under IFRS Accounting Standards*		972,147	955,809

Effects of major differences between the net profit under CASS and the profit for the year under IFRS Accounting Standards are analysed as follows:

	Notes	2024 RMB million	2023 RMB million
Net profit under CASS		57,547	70,046
Adjustments:			
Government grants	(i)	53	47
Safety production fund	(ii)	(47)	(248)
Capitalisation of exchange difference of specific loans	(iii)	(1,353)	(1,978)
Others		(24)	(3)
Profit for the year under IFRS Accounting Standards*		56,176	67,864

* The figures are extracted from the consolidated financial statements prepared in accordance with the accounting policies complying with IFRS Accounting Standards during the year ended 31 December 2023 and 2024 which have been audited by KPMG.

Differences between Consolidated Financial Statements Prepared in Accordance with the Accounting Policies Complying with CASS and IFRS Accounting Standards (Unaudited)

(D) SUPPLEMENTAL INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED)

This section provides supplemental information on oil and gas exploration and producing activities of the Group and its equity method investments at 31 December 2024 and 2023, and for the years then ended in the following four separate tables. Table I provides costs incurred in oil and gas exploration and development. Table II through IV provide information on the Group's and its equity method investments' estimated net proved reserve quantities, standardised measure of discounted future net cash flows, and changes in the standardised measure of discounted cash flows.

Table I: Costs incurred in oil and gas exploration and development

	2024			2023		
	RMB million			RMB million		
	Total	China	Other countries	Total	China	Other countries
The Group						
Exploration	24,879	24,879	–	23,514	23,514	–
Development	58,270	57,982	288	56,940	56,782	158
Total costs incurred	83,149	82,861	288	80,454	80,296	158
Equity method investments						
Share of costs of exploration and development of associates and joint ventures	853	–	853	705	–	705
Total of the Group's and its equity method investments'	84,002	82,861	1,141	81,159	80,296	863

Table II: Reserve quantities information

The Group's and its equity method investments' estimated net proved underground oil and gas reserves and changes thereto for the years ended 31 December 2024 and 2023 are shown in the following table.

Proved oil and gas reserves are those quantities of oil and gas, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be economically producible from a given date forward, from known reservoirs, and under existing economic conditions, operating methods, and government regulation before contracts providing the right to operate expire, unless evidence indicates that renewal is reasonably certain, regardless of whether the estimate is a deterministic estimate or probabilistic estimate. Due to the inherent uncertainties and the limited nature of reservoir data, estimates of underground reserves are subject to change as additional information becomes available.

Proved developed oil and gas reserves are proved reserves that can be expected to be recovered through existing wells with existing equipment and operating methods or in which the cost of the required equipment is relatively minor compared with the cost of a new well.

"Net" reserves exclude royalties and interests owned by others and reflect contractual arrangements and obligation of rental fee in effect at the time of the estimate.

(D) SUPPLEMENTAL INFORMATION ON OIL AND GAS PRODUCING ACTIVITIES (UNAUDITED) (CONTINUED)

Table II: Reserve quantities information (Continued)

	Total	China	2024 Other countries	Total	China	2023 Other countries
The Group						
Proved developed and undeveloped reserves (oil)						
(million barrels)						
Beginning of the year	1,716	1,696	20	1,659	1,642	17
Revisions of previous estimates	87	85	2	88	80	8
Improved recovery	128	128	–	89	89	–
Extensions and discoveries	144	144	–	130	130	–
Production	(253)	(248)	(5)	(250)	(245)	(5)
End of the year	1,822	1,805	17	1,716	1,696	20
Proved developed reserves						
Beginning of the year	1,524	1,507	17	1,506	1,489	17
End of the year	1,601	1,587	14	1,524	1,507	17
Proved undeveloped reserves						
Beginning of the year	192	189	3	153	153	–
End of the year	221	218	3	192	189	3
Proved developed and undeveloped reserves (gas)						
(billion cubic feet)						
Beginning of the year	9,307	9,307	–	8,802	8,802	–
Revisions of previous estimates	726	726	–	880	880	–
Improved recovery	40	40	–	20	20	–
Extensions and discoveries	1,049	1,049	–	819	819	–
Production	(1,260)	(1,260)	–	(1,214)	(1,214)	–
End of the year	9,862	9,862	–	9,307	9,307	–
Proved developed reserves						
Beginning of the year	7,525	7,525	–	7,135	7,135	–
End of the year	7,942	7,942	–	7,525	7,525	–
Proved undeveloped reserves						
Beginning of the year	1,782	1,782	–	1,667	1,667	–
End of the year	1,920	1,920	–	1,782	1,782	–

Table II: Reserve quantities information (Continued)

	Total	China	2024 Other countries	Total	China	2023 Other countries
Equity method investments						
Proved developed and undeveloped reserves of associates and joint ventures (oil) (million barrels)						
Beginning of the year	287	–	287	303	–	303
Revisions of previous estimates	6	–	6	1	–	1
Improved recovery	–	–	–	2	–	2
Extensions and discoveries	5	–	5	5	–	5
Production	(23)	–	(23)	(24)	–	(24)
End of the year	275	–	275	287	–	287
Proved developed reserves						
Beginning of the year	253	–	253	260	–	260
End of the year	244	–	244	253	–	253
Proved undeveloped reserves						
Beginning of the year	34	–	34	43	–	43
End of the year	31	–	31	34	–	34
Proved developed and undeveloped reserves of associates and joint ventures (gas) (billion cubic feet)						
Beginning of the year	4	–	4	4	–	4
Revisions of previous estimates	8	–	8	3	–	3
Improved recovery	–	–	–	–	–	–
Extensions and discoveries	–	–	–	–	–	–
Production	(3)	–	(3)	(3)	–	(3)
End of the year	9	–	9	4	–	4
Proved developed reserves						
Beginning of the year	4	–	4	3	–	3
End of the year	9	–	9	4	–	4
Proved undeveloped reserves						
Beginning of the year	–	–	–	1	–	1
End of the year	–	–	–	–	–	–
Total of the Group and its equity method investments						
Proved developed and undeveloped reserves (oil) (million barrels)						
Beginning of the year	2,003	1,696	307	1,962	1,642	320
End of the year	2,097	1,805	292	2,003	1,696	307
Proved developed and undeveloped reserves (gas) (billion cubic feet)						
Beginning of the year	9,311	9,307	4	8,806	8,802	4
End of the year	9,871	9,862	9	9,311	9,307	4

Table III: Standardised measure of discounted future net cash flows

The following table represents the standardised measure of discounted future net cash flows related to the above proved oil and gas reserves. Estimated future cash inflows from production are computed by applying the average, first-day-of-the-month price adjusted for differential for oil and gas during the twelve-month period before the ending date of the period covered by the report to year-end quantities of estimated net proved reserves. Future price changes are limited to those provided by contractual arrangements in existence at the end of each reporting year. Future development and production costs are those estimated future expenditures necessary to develop and produce year-end estimated proved reserves based on year-end cost indices, assuming continuation of year-end economic conditions. Estimated future income taxes are calculated by applying appropriate year-end statutory tax rates to estimated future pre-tax net cash flows, less the tax basis of related assets. Discounted future net cash flows are calculated using 10% discount factors. This discounting requires a year-by-year estimate of when the future expenditure will be incurred and when the reserves will be produced.

The information provided does not represent management's estimate of the Group's and its equity method investments' expected future cash flows or value of proved oil and gas reserves. Estimates of proved reserve quantities are imprecise and change over time as new information becomes available. Moreover, probable and possible reserves, which may become proved in the future, are excluded from the calculations. The arbitrary valuation requires assumptions as to the timing and amount of future development and production costs. The calculations are made for the years ended 31 December 2024 and 2023 and should not be relied upon as an indication of the Group's and its equity method investments' future cash flows or value of its oil and gas reserves.

	2024 RMB million			2023 RMB million		
	Total	China	Other countries	Total	China	Other countries
The Group						
Future cash flows	1,439,530	1,429,660	9,870	1,365,530	1,354,246	11,284
Future production costs	(596,614)	(592,612)	(4,002)	(576,620)	(571,451)	(5,169)
Future development costs	(110,305)	(108,376)	(1,929)	(105,071)	(102,896)	(2,175)
Future income tax expenses	(184,546)	(182,168)	(2,378)	(172,520)	(169,975)	(2,545)
Undiscounted future net cash flows	548,065	546,504	1,561	511,319	509,924	1,395
10% annual discount for estimated timing of cash flows	(162,045)	(161,766)	(279)	(146,846)	(146,599)	(247)
Standardised measure of discounted future net cash flows	386,020	384,738	1,282	364,473	363,325	1,148
Equity method investments						
Future cash flows	45,867	–	45,867	42,746	–	42,746
Future production costs	(17,221)	–	(17,221)	(16,828)	–	(16,828)
Future development costs	(6,073)	–	(6,073)	(6,449)	–	(6,449)
Future income tax expenses	(4,366)	–	(4,366)	(3,426)	–	(3,426)
Undiscounted future net cash flows	18,207	–	18,207	16,043	–	16,043
10% annual discount for estimated timing of cash flows	(8,705)	–	(8,705)	(7,656)	–	(7,656)
Standardised measure of discounted future net cash flows	9,502	–	9,502	8,387	–	8,387
Total of the Group's and its equity method investments' results of standardised measure of discounted future net cash flows	395,522	384,738	10,784	372,860	363,325	9,535

Table IV: Changes in the standardised measure of discounted cash flows

	2024 RMB million	2023 RMB million
The Group		
Sales and transfers of oil and gas produced, net of production costs	(132,173)	(121,932)
Net changes in prices and production costs	(3,560)	(75,738)
Net changes in estimated future development cost	(22,786)	(21,664)
Net changes due to extensions, discoveries and improved recoveries	77,661	61,899
Revisions of previous quantity estimates	35,705	40,389
Previously estimated development costs incurred during the year	24,928	21,883
Accretion of discount	48,768	52,985
Net changes in income taxes	(6,996)	10,690
Net changes for the year	21,547	(31,488)
Equity method investments		
Sales and transfers of oil and gas produced, net of production costs	(2,247)	(1,443)
Net changes in prices and production costs	2,001	(6,646)
Net changes in estimated future development cost	(232)	335
Net changes due to extensions, discoveries and improved recoveries	272	329
Revisions of previous quantity estimates	381	94
Previously estimated development costs incurred during the year	464	343
Accretion of discount	964	1,411
Net changes in income taxes	(488)	1,107
Net changes for the year	1,115	(4,470)
Total of the Group's and its equity method investments' results of net changes for the year	22,662	(35,958)

STATUTORY NAME

中國石油化工股份有限公司

ENGLISH NAME

China Petroleum & Chemical Corporation

CHINESE ABBREVIATION

中國石化

ENGLISH ABBREVIATION

Sinopec Corp.

LEGAL REPRESENTATIVE

Mr. Ma Yongsheng

AUTHORISED REPRESENTATIVESMr. Zhao Dong
Mr. Huang Wensheng**SECRETARY TO THE BOARD**

Mr. Huang Wensheng

REPRESENTATIVE ON SECURITIES MATTERS

Mr. Zhang Zheng

REGISTERED ADDRESS AND PLACE OF BUSINESSNo.22 Chaoyangmen North Street,
Chaoyang District
Beijing, PRCPostcode : 100728
Tel. : 86-10-59960028
Fax : 86-10-59960386
Website : <http://www.sinopec.com>
E-mail addresses : ir@sinopec.com**REGISTERED ADDRESS CHANGE INFORMATION**

No change during the reporting period

PLACE OF BUSINESS IN HONG KONG20th Floor, Office Tower
Convention Plaza
1 Harbour Road
Wanchai
Hong Kong**CHANGES IN THE PLACES FOR INFORMATION DISCLOSURE AND THE PROVISION OF REPORTS**

No change during the reporting period

LEGAL ADVISORS*Domestic China:*
Haiwen & Partners
20th Floor, Fortune Financial Centre
No.5, Dong San Huan Central Road
Chaoyang District
Beijing PRC
Postcode: 100020*Hong Kong, China:*
Zhong Lun Law Firm LLP
4th Floor, Jardine House
1 Connaught Plaza
Central, Hong Kong**REGISTRARS***A Shares:*
China Securities Registration and Clearing
Company Limited Shanghai Branch Company
188 Yanggao South Road
Shanghai Pilot Free Trade Zone, PRC*H Shares:*
Computershare Hong Kong Investor Services
Limited
Shops 1712-1716, 17th Floor, Hopewell Centre
183 Queen's Road East
Wan Chai, Hong Kong**COPIES OF THIS ANNUAL REPORT ARE AVAILABLE AT***The PRC:*
China Petroleum & Chemical Corporation
Board Secretariat
No.22 Chaoyangmen North Street,
Chaoyang District
Beijing, PRC**PLACES OF LISTING OF SHARES, STOCK NAMES AND STOCK CODES***A Shares:*Shanghai Stock Exchange
Stock short name: SINOPEC CORP
Stock code: 600028*H Shares:*Hong Kong Stock Exchange
Stock short name: SINOPEC CORP
Stock code: 00386**NAMES AND ADDRESSES OF AUDITORS OF SINOPEC CORP.**Domestic : KPMG Huazhen LLP
Auditors Certified Public Accountants in
China
Address : 8th Floor
KPMG Tower
Oriental Plaza
1 East Chang An Avenue,
Beijing, PRC
Postcode : 100738
Overseas : KPMG
Auditors Public Interest Entity Auditor
registered in accordance with
the Accounting and Financial
Reporting Council Ordinance
Address : 8th Floor, Prince's Building
10 Chater Road Central,
Hong Kong

The Company's 2024 annual report is disclosed on the website of the SSE (<http://www.sse.com.cn>) and the Company's designated information disclosure media China Securities News, Shanghai Securities News and Securities Times. The following documents will be available for inspection during normal business hours after 21 March 2025 at the registered address of Sinopec Corp. upon requests by the relevant regulatory authorities and shareholders in accordance with the Articles of Association and the laws and regulations of PRC:

- a) The original copies of the 2024 annual report signed by Mr. Ma Yongsheng, the Chairman;
- b) The original copies of the audited financial statements and consolidated financial statements as of 31 December 2024 prepared under CASs and IFRS Accounting standard, signed by Mr. Ma Yongsheng, the Chairman, Mr. Zhao Dong, the Vice Chairman and President, Ms. Shou Donghua, the Chief Financial Officer and head of the financial department of Sinopec Corp.;
- c) The above original auditors' reports signed by the auditors; and
- d) Copies of the documents that Sinopec Corp. has published during the reporting period.

By Order of the Board
Ma Yongsheng
Chairman

Beijing, PRC, 21 March 2025

If there is any inconsistency between the Chinese and English versions of this annual report, the Chinese version shall prevail.



中国石油化工股份有限公司 SINOPEC CORP.

中國北京市朝陽區朝陽門北大街 22 號
22 Chaoyangmen North Street, Chaoyang District,
Beijing, China
www.sinopec.com

 Printed on environmentally friendly paper