中國石化上海石油化工股份有限公司
SINOPEC SHANGHAI PETROCHEMICAL COMPANY LIMITED

(A joint stock limited company incorporated in the People's Republic of China)
Stock code: 00338 Hong Kong 600688 Shanghai

2024
ANNUAL REPORT

Contents

IMPORTANT MESSAGE

I. The Board of Directors and the Supervisory Committee of Sinopec Shanghai Petrochemical Company Limited (the "Company") as well as its Directors, Supervisors and senior management warrant the truthfulness, accuracy and completeness of the information contained in the 2024 annual report, and warrant that there are no false representations or misleading statements contained in, or material omissions from, the 2024 annual report of the Company, and accept legal responsibility.

II. Directors who have not attended in person the Board meeting for approving the 2024 annual report of the Company are.

Name of Director	Position	Reasons for Absence	Name of Proxy
Xie Zhenglin	Non-executive Director	Business Engagement	Guo Xiaojun
Huang Jiangdong	Independent Non-executive Director	Business Engagement	Tang Song

III. The financial statements for the year ended 31 December 2024 (the "Reporting Period"), prepared under the People's Republic of China ("PRC" or "China")'s Accounting Standards ("CAS") as well as the International Financial Reporting Standards ("IFRS"), were audited by KPMG Huazhen LLP and KPMG, respectively, and both firms have issued unqualified opinions on the financial statements in their auditors' reports.

IV. Mr. Guo Xiaojun, Chairman and the responsible person of the Company; Mr. Du Jun, Director, Vice President and Chief Financial Officer in charge of the accounting work; and Ms. Fu Hejuan, person in charge of the Accounting Department (Accounting Chief) and President of the Finance Department hereby warrant the truthfulness, accuracy, and completeness of the financial statements contained in the 2024 annual report.

V. Plan for profit distribution or capitalization of capital reserves for the Reporting Period considered by the Board

In 2024, the net profit attributable to equity shareholders of the Company amounted to RMB316,500 thousand under CAS (net profit of RMB310,980 thousand attributable to equity shareholders of the Company under IFRS). According to the 2024 profit distribution plan approved by the Board on 19 March 2025, the Board resolved to distribute a dividend of RMB0.02 per share (including tax) (the "Final Dividend") for the year of 2024 based on the total number of issued shares of the Company as at the record date for distributing dividend. The 2024 profit distribution plan will be implemented subject to the approval of the Company's 2024 annual general meeting (the "AGM"). The date and time of the AGM and book closure arrangement will be announced later. The notice of the AGM will be announced separately in accordance with the provisions of the Articles of Association of Sinopec Shanghai Petrochemical Company Limited. The notice of the AGM, the circular and the proxy form will be provided to holders of H shares in accordance with the Hong Kong Listing Rules.

If the Final Dividend is declared by the approval of the resolution by the shareholders of the Company at the AGM, the Final Dividend on H shares is expected to be distributed on or around Thursday, 24 July 2025 to shareholders whose names appear on the register of members of the Company's H shares at the close of business on Tuesday, 1 July 2025. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the holders of the Company's A shares shall be paid in Renminbi while those payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC for one calendar week prior to the approval of the Final Dividend at the AGM.

The Company is expected to close the register of members of the Company's H shares from Thursday, 26 June 2025 to Tuesday, 1 July 2025 (both days inclusive), during which period no transfer of H shares will be registered in order to confirm the shareholders' entitlement to receive the Final Dividend. The holders of the Company's H shares who wish to receive the Final Dividend should lodge the completed transfer documents and relevant share certificates with Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:30 p.m. on Wednesday, 25 June 2025.

The record date for dividend distribution, distribution plan and time for the distribution applicable to holders of the Company's A shares will be announced separately.

VI. Declaration of risks involved in the forward-looking statements

Forward-looking statements such as future plans and development strategies contained in this report do not constitute any substantive commitments of the Company to investors. The Company has alerted investors on the relevant investment risks.

VII. There was no appropriation of funds by the controlling shareholder and its connected persons for non-operational purposes.

VIII. The Company did not provide any external guarantees in violation of the required decision-making procedures.

IX. Material risk warning

Potential risks are elaborated in this report. Please refer to "Section II Management Discussion and Analysis" under "Report of the Directors" in Chapter 3 for details of the potential risks arising from the future development of the Company.

X. The annual report is published in both Chinese and English. In the event of any discrepancy between the Chinese and English versions, the Chinese version shall prevail.

Definitions

In this report, unless the context otherwise specifies, the following terms shall have the following meanings:

"Company" or "the Company" or "SPC"	Sinopec Shanghai Petrochemical Company Limited
"Board"	the board of directors of the Company
"Director(s)"	the director(s) of the Company
"Supervisory Committee"	the supervisory committee of the Company
"Supervisor(s)"	the supervisor(s) of the Company
"PRC" or "China" or "State"	the People's Republic of China
"Reporting Period"	the year ended 31 December 2024
"Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Shanghai Stock Exchange"	The Shanghai Stock Exchange
"Group"	the Company and its subsidiaries
"Sinopec Group"	China Petrochemical Corporation
"Sinopec Corp."	China Petroleum & Chemical Corporation
"Hong Kong Listing Rules"	The Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Shanghai Listing Rules"	The Rules Governing the Listing of Securities on the Shanghai Stock
"Model Code for Securities Transactions"	the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix C3 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Securities Law"	the PRC Securities Law
"Company Law"	the PRC Company Law
"CSRC"	China Securities Regulatory Commission
"Articles of Association"	the articles of association of Sinopec Shanghai Petrochemical Company Limited
"Hong Kong Stock Exchange website"	www.hkexnews.hk
"Shanghai Stock Exchange website"	www.sse.com.cn
"website of the Company"	www.spc.com.cn
"HSE"	Health, Safety and Environment
"LDAR"	Leak Detection and Repair
"COD"	Chemical Oxygen Demand
"VOCs"	Volatile Organic Compounds
"SFO"	the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong)
"Corporate Governance Code"	the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange
"Share Option Incentive Scheme"	the A Share Option Incentive Scheme of the Company

Company Profile

As one of the major integrated petrochemical enterprises in China with an integrated refinery and petrochemical capacity, the Company possesses competitive business scale and strength, which have made it a major manufacturer of refined oil and chemical products. It also has self-owned utilities and environmental protection systems, as well as sea transport, inland shipping, rail transport and road transport ancillary facilities.

Located at Jinshanwei in the southwest of Shanghai, the Group is a highly integrated petrochemical enterprise which mainly produce a broad range of petroleum products and chemical products through crude oil processing. The Group sells most of its products within the PRC domestic market and derives most of its revenues from customers in Eastern China, one of the fastest growing regions in the PRC.

The Group's high-quality development is supported by the ever-increasing demand in the PRC for petrochemical products. Leveraging on its advantages in refining and chemical integration, the Group is actively optimizing its product mix and improving the quality and variety of its existing products. The Group is also strengthening the development of new products and market exploration, enhancing industrial technology research and product performance upgrading and promoting its high-quality development with green and low-carbon transformation.

In July 1993, the Company became the first company incorporated under the laws of the PRC to make a global equity offering, and its shares were listed on the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the New York Stock Exchange.

Since the listing of its shares, the Company has strived to continuously improve and enhance its operation and management efficiency with an aim to become a domestic leading and world-class energy, chemical and new materials company.

Main Financial Indicators

(I) Financial information prepared under IFRS (for the past five years)

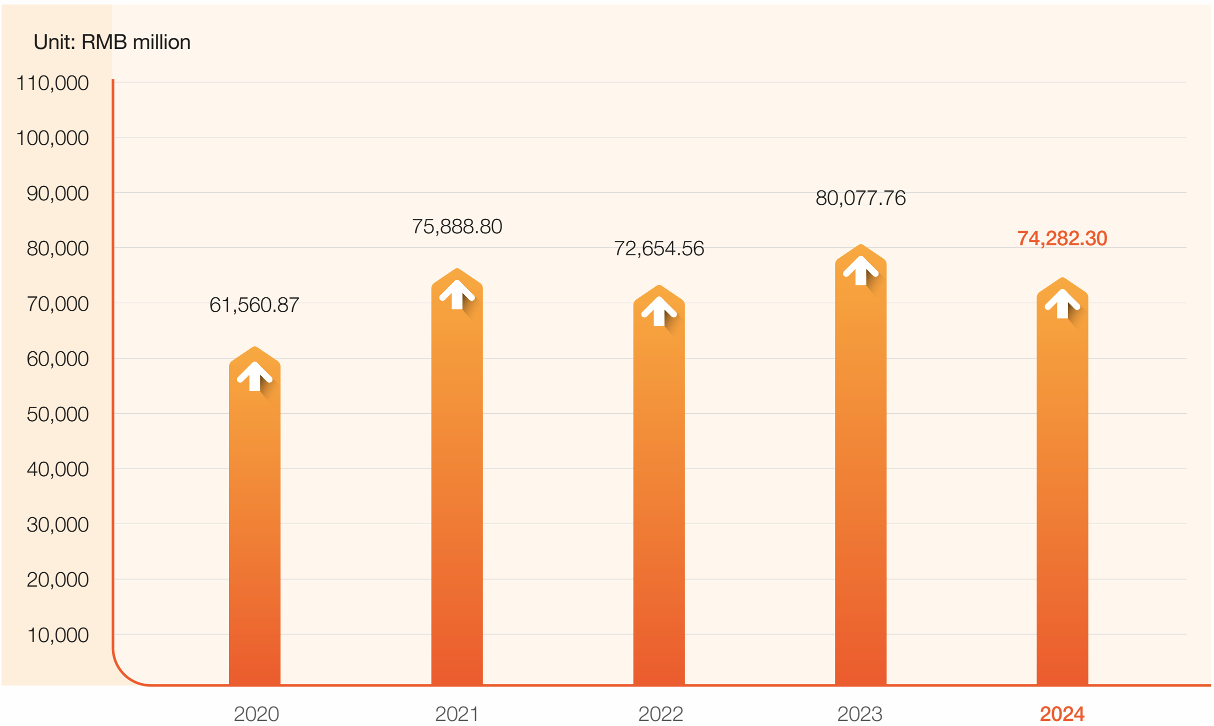
Unit: RMB million

Year ended 31 December	2024	2023	2022 (Restated)	2021 (Restated)	2020 (Restated)
Net sales	**74,282.30**	80,077.76	72,654.56	75,888.80	61,560.87
Profit/(loss) before taxation	**423.32**	(1,655.41)	(3,573.65)	2,721.09	590.78
Profit/(loss) after taxation	**317.00**	(1,349.31)	(2,842.19)	2,076.54	656.40
Profit/(loss) attributable to equity shareholders of the Company	**310.98**	(1,346.15)	(2,846.05)	2,073.37	645.08
Basic earnings/(losses) per share (RMB/share)*	**0.029**	(0.125)	(0.263)	0.192	0.060
Diluted earnings/(losses) per share (RMB/share)*	**0.029**	(0.125)	(0.263)	0.192	0.060
As at 31 December					
Equity attributable to equity shareholders of the Company	**25,028.25**	24,810.92	26,227.72	30,242.08	29,197.99
Total assets	**41,687.34**	39,564.23	41,136.76	46,920.59	44,619.13
Total liabilities	**16,554.84**	14,635.34	14,781.36	16,543.26	15,284.16

* The Company cancelled the repurchased H shares in February 2023, after which the total share capital of the Company was decreased by 24,528,000 shares;

The Company cancelled the repurchased H shares in June 2024, after which the total share capital of the Company was decreased by 124,058,000 shares.

Net Sales for the Past Five Years (prepared under IFRS)



(II) Main accounting data and financial indicators in the past three years (Prepared under CAS)

Unit: RMB'000

Major accounting data	**2024**	2023	Increase/ decrease compared to the previous year (%)	2022	
				After restatement	Before restatement
Operating income	**87,132,820**	93,013,595	-6.32	82,518,315	82,518,315
Profit/(loss) before income tax	**428,835**	(1,715,136)	N/A	(3,599,570)	(3,599,570)
Net profit/(loss) attributable to equity shareholders of the Company	**316,500**	(1,405,876)	N/A	(2,871,969)	(2,872,072)
Net profit/(loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	**338,003**	(1,365,513)	N/A	(2,790,670)	(2,790,773)
Net cash flow generated from/ (used in) operating activities	**7,740,447**	806,996	859.17	(7,337,499)	(7,337,499)
	End of 2024	End of 2023	Increase/ decrease compared to the end of the previous year (%)	End of 2022	
				After restatement	Before restatement
Net assets attributable to equity shareholders of the Company	**25,040,254**	24,824,929	0.87	26,243,746	26,243,705
Total assets	**41,769,339**	39,658,244	5.32	41,242,782	41,242,740

Major financial indicators	**2024**	2023	Increase/decrease compared to the previous year (%)	2022	
				After restatement	Before restatement
Basic earnings/(losses) per share (RMB/Share)	**0.030**	(0.130)	N/A	(0.265)	(0.265)
Diluted earnings/(losses) per share (RMB/Share)	**0.030**	(0.130)	N/A	(0.265)	(0.265)
Basic earnings/(losses) per share excluding extraordinary gains and losses (RMB/Share)	**0.032**	(0.127)	N/A	(0.258)	(0.258)
Return/(loss) on net assets (weighted average) (%)*	**1.270**	(5.504)	Increased by 6.77 percentage points	(10.162)	(10.163)
Return/(loss) on net assets excluding extraordinary gains and losses (weighted average) (%)*	**1.356**	(5.346)	Increased by 6.70 percentage points	(9.875)	(9.875)
Net cash flow per share generated from/(used in) operating activities (RMB/Share)	**0.726**	0.075	870.47	(0.678)	(0.678)
	End of 2024	End of 2023	Increase/decrease compared to the end of the previous year (%)	End of 2022	
				After restatement	Before restatement
Net assets per share attributable to equity shareholders of the Company (RMB/Share)*	**2.346**	2.299	2.040	2.425	2.426
Gearing ratio (%)	**39.802**	37.105	Increased by 2.70 percentage points	36.058	36.058

* The above-mentioned net assets do not include non-controlling shareholders' interests.

** Explanation of reasons for retrospective adjustment or restatement:

Since 1 January 2023, the Group has implemented the requirement of the "Accounting treatment of initial recognition exemption not applicable to deferred income tax related to assets and liabilities arising from an individual transaction" under the Interpretation of Accounting Standards for Business Enterprises No. 16 promulgated by the Ministry of Finance.

According to the provisions of Interpretation No. 16, if the individual transaction of the Group is not a business combination, or its occurrence does not affect the accounting profit nor taxable income (or deductible loss), and the initially recognized assets and liabilities result in equal taxable temporary difference and deductible temporary difference, the requirement of the Accounting Standards for Business Enterprises No. 18-Income Tax on the exemption from the initial recognition of deferred income tax liabilities and deferred income tax assets is not applicable. According to the Accounting Standards for Business Enterprises No. 18-Income Tax and other relevant regulations, as for the taxable temporary difference and deductible temporary difference arising from the initial recognition of assets and liabilities, the Group recognizes the corresponding deferred income tax liabilities and deferred income tax assets respectively when the transaction occurs.

The above requirement took effect on 1 January 2023. The Group has made retrospective adjustments to the individual transactions that occurred between 1 January 2022 and the date of initial implementation to which the requirement applies. For the lease liabilities and right-of-use assets recognized on 1 January 2022 due to the individual transactions subject to the requirement resulting in taxable temporary difference and deductible temporary difference, the Group adjusted the cumulative impact amount to the opening retained earnings and other related financial statement items of the earliest period presented in the financial statements in accordance with the requirement and the Accounting Standards for Business Enterprises No. 18-Income Tax.

(III) Differences between financial statements prepared under CAS and IFRS

Unit: RMB'000

	Net profit/(loss)		**Net asset**	
	The Reporting Period	Corresponding period of the previous year	**End of the Reporting Period**	Opening of the Reporting Period
Prepared under CAS	**322,517**	(1,409,043)	**25,144,495**	24,942,907
Prepared under IFRS	**316,997**	(1,349,314)	**25,132,492**	24,928,894

For detailed differences between the financial statements prepared under CAS and IFRS, please refer to supplements to the financial statements prepared under CAS.

(IV) Major quarterly financial data in 2024 (Prepared under CAS)

Unit: RMB'000

	First Quarter (January to March)	Second Quarter (April to June)	Third Quarter (July to September)	Fourth Quarter (October to December)
Operating income	21,282,263	22,250,543	22,462,479	21,137,535
Net profit/(loss) attributable to equity shareholders of the Company	84,061	(56,149)	6,627	281,961
Net profit/(loss) attributable to equity shareholders of the Company excluding extraordinary gains and losses	98,108	(36,803)	13,632	263,066
Net cash flow (used in)/generated from operating activities	(718,251)	1,060,221	10,083,631	(2,685,154)

(V) Extraordinary gains and losses (Prepared under CAS)

Unit: RMB'000

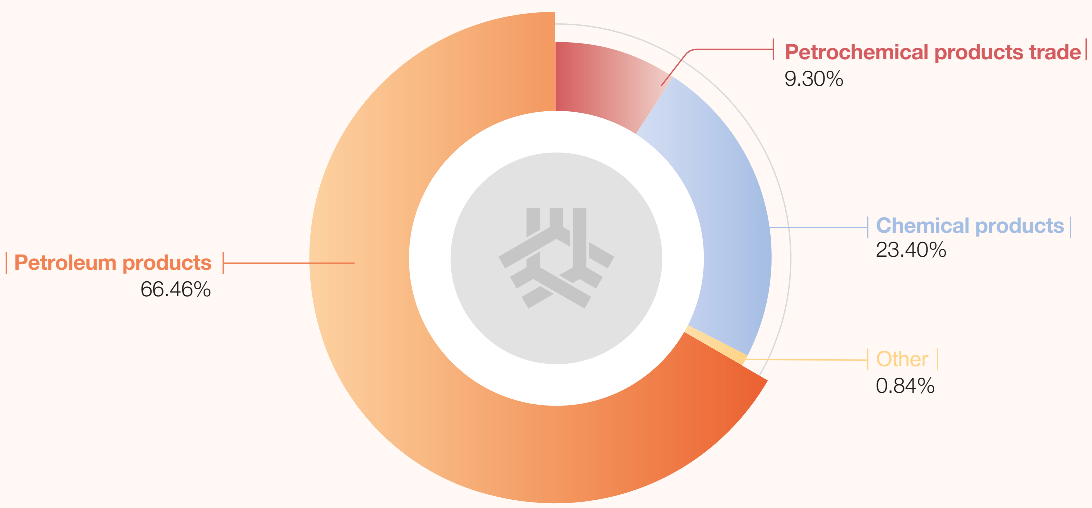
Extraordinary gains and losses items	**2024**	2023	2022
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	**41,482**	(26,758)	(26,767)
Government grants recognized in profit or loss, except for those which are closely related to the Company's normal operations, which the Company is entitled to under established standards in accordance with government policies and which have a continuing impact on the profits and losses of the Company	**17,759**	49,819	43,055
For a company which is not a financial institution, gains and losses arising from changes in the fair value of financial assets and financial liabilities held by the company, and those arising from the disposal of financial assets and financial liabilities, other than those held for effective hedging related to normal operations of the Company	**4,028**	10,000	(16,727)
Reversal of the allowance for impairment of receivables that is individually tested for impairment	**–**	645	–
One-off costs incurred by the enterprise as a result of the discontinuation of the relevant business activities, e.g. termination benefit	**(31,317)**	(49,348)	(33,739)
Gains and losses from external entrusted loans	**–**	–	2,704
Other gains and losses classified to extraordinary gains and losses	**(3,501)**	(4,403)	(3,148)
Other non-operating income and expenses other than those mentioned above	**(43,449)**	(21,951)	(60,087)
Less: Income tax effect amount	**(6,861)**	(5,279)	12,692
Effect on non-controlling interests (after tax)	**356**	6,912	718
Total	**(21,503)**	(40,363)	(81,299)

Principal Products

The Group produces more than 60 different products, including various specifications of petroleum products and chemical products

The Company is a highly integrated petrochemical company. Most of the petroleum products and chemical products produced by the Company are used in the production of the Company's downstream products.

The following table sets forth the respective net sales of the Group's major products in 2024 as a percentage of total net sales and their respective typical uses.



Major products sold by the Group	% of 2024 net sales	Typical use
Manufactured products		
Petroleum products		
Gasoline	31.46	Transportation fuels
Diesel	21.09	Transportation and agricultural machinery fuels
Jet Fuel	8.27	Transportation fuels
Others	5.64	
Subtotal	66.46	
Chemical Products		
Acrylic staple	0.24	Cotton type fabrics, wool type fabrics
PE pellets	5.39	Films, ground sheeting, wire and cable compound and other injection moulding products such as housewares and toys
PP pellets	4.04	Films or sheets, injection moulding products such as housewares, toys and household electrical appliances and automobile parts
PVA	–	PVA fibres, building coating materials and textile starch
Ethylene	0.09	Feedstock for PE, EG, PVC and other intermediate petrochemical products which can be further processed into resins and plastics and synthetic fibre
Ethylene oxide	–	Intermediate for chemical and pharmaceutical industry, dyes, detergents and adjuvant
Benzene	3.42	Chemical products, styrene, plastics, explosives, dyes, detergents, epoxies and polyamide fibre
PX	6.46	Chemical products, polyester
Butadiene	0.77	Synthetic rubber and plastics
Ethylene glycol	–	Fine chemicals
Others	2.99	
Subtotal	23.40	
Trading of petrochemical products	9.30	Import and export trade of petrochemical products (purchased from domestic and overseas suppliers)
Others	0.84	
TOTAL	100.00	

Change in Share Capital of Ordinary Shares and Shareholders

(I) Changes in share capital of ordinary shares during the Reporting Period

1. Changes in share capital of ordinary shares during the Reporting Period

Save as disclosed below, the Group had no changes in share capital of ordinary shares during the Reporting Period.

(II) Issue of shares

1. Issue of shares during the Reporting Period

During the Reporting Period, the Company didn't issue any shares.

2. Changes in the Company's total number of ordinary shares, shareholding structure and the structure of the Company's assets and liabilities

On 17 June 2024, the Company canceled 124,058,000 H shares repurchased from the Hong Kong Stock Exchange during the period from 3 November 2023 to 5 June 2024. With this cancellation, the total number of shares issued by the Company has been reduced to 10,675,227,500, including 7,328,813,500 A shares and 3,346,414,000 H shares.

On 3 March 2025, the Company canceled 96,346,000 H shares repurchased from the Hong Kong Stock Exchange during the period from 9 September 2024 to 13 February 2025. With this cancellation, the total number of shares issued by the Company has been reduced to 10,578,881,500, including 7,328,813,500 A shares and 3,250,068,000 H shares.

3. Employees shares

The Company had no employees' shares as at the end of the Reporting Period.

(III) Shareholders and de facto controller

1. Total number of shareholders

Total number of shareholders of ordinary shares as of the end of the Reporting Period	86,462
Total number of shareholders of ordinary shares as at the end of the month immediately preceding the publication date of the annual results announcement	83,161

2. Shareholding of the top ten shareholders as at the end of the Reporting Period

Shareholding of the top ten shareholders

Full name of shareholder	Class of shares	Increase/ decrease of shareholding during the Reporting Period (Shares)	Number of shares held at the end of the Reporting Period (Shares)	Percentage of shareholding (%)	Number of shares held with selling restrictions (Shares)	Pledged/Marked/Frozen Status of shares	Pledged/Marked/Frozen Number of Shares	Nature of shareholder
China Petroleum & Chemical Corporation	A Shares	0	5,459,455,000	51.14%	0	None	0	State-owned legal person
HKSCC Nominees Limited	H Shares	-148,073,250	3,303,332,780	30.94%	0	Unknown	–	Overseas legal person
HKSCC Limited	A Shares	-37,433,353	57,943,592	0.54%	0	None	0	Overseas legal person
Zhang Mucheng(張沐城)	A Shares	25,317,200	42,018,200	0.39%	0	None	0	Domestic natural person
Yinhua Fund – Agricultural Bank of China – Yinhua CSI Financial Asset Management Plan	A Shares	-510,200	36,741,316	0.34%	0	None	0	Others
Southern Fund – Agricultural Bank of China – Southern CSI Financial Asset Management Plan	A Shares	-2,629,200	36,402,500	0.34%	0	None	0	Others
GF Fund – Agricultural Bank of China – GF CSI Financial Asset Management Plan	A Shares	-3,212,700	34,827,100	0.33%	0	None	0	Others
Dacheng Fund – Agricultural Bank of China – Dacheng CSI Financial Asset Management Plan	A Shares	-3,191,400	33,837,269	0.32%	0	None	0	Others
Agricultural Bank of China Limited – CSI 500 Traded Open-End Index Securities Investment Fund	A Shares	31,049,700	31,049,700	0.29%	0	None	0	Others
Bosera Fund – Agricultural Bank of China – Bosera CSI Financial Asset Management Plan	A Shares	-246,100	28,131,500	0.26%	0	None	0	Others
Note on connected relations or acting in concert of the above shareholders	Among the above-mentioned shareholders, Sinopec Corp., a state-owned legal person, does not have any connected relationship with the other shareholders, and does not constitute an act-in-concert party under the Administrative Measures on Acquisition of Listed Companies. Among the above-mentioned shareholders, HKSCC Nominees Limited is a nominee and HKSCC Limited is the nominal holder of the Company's Shanghai-Hong Kong Stock Connect Program. Apart from the above shareholders, the Company is not aware of any connected relationship among the other shareholders, or whether any other shareholder constitutes an acting-in-concert party under the Administrative Measures on Acquisition of Listed Companies.							

3. Participation of top ten shareholders in lending of shares through refinancing business

Nil

4. Changes in the top ten shareholders compared with the previous period

Changes in the top ten shareholders compared with the end of the previous period

Full name of shareholder	Additions/Withdrawals during this Reporting Period	Number of shares lent through refinancing that have not yet been returned at the end of the period		Number of general and credit account holdings and shares lent through refinancing that have not yet been returned at the end of the period	
		Total number	Percentage (%)	Total number	Percentage (%)
Zhang Mucheng (張沐城)	Addition	0	0	42,018,200	0.39%
Agricultural Bank of China Limited – CSI 500 Traded Open-End Index Securities Investment Fund	Addition	0	0	31,049,700	0.29%
Wang Lei	Withdrawal	0	0	28,035,200	0.26%
Harvest Fund – Agricultural Bank of China – Harvest CSI Financial Asset Management Plan	Withdrawal	0	0	24,733,800	0.23%

(IV) Details of the controlling shareholder and the de facto controller

1. Details of the controlling shareholder

(1) Legal person

Name	China Petroleum & Chemical Corporation		
Responsible person or legal representative	Ma Yongsheng		
Date of incorporation	25 February 2000		
Major business operations	The production, storage, pipeline transportation, land transportation, water transportation and sale of non-coal mines (oil and natural gas etc.), dangerous chemicals (ethylene, propylene, butadiene and naphtha etc.), heavy oil, rubber and other petrochemical raw materials and products; oil refining; wholesaling and retailing (for subsidiaries only) of gasoline, kerosene and diesel oil; the production, storage, transportation and sale of natural gas chemicals and coal chemicals; sale of lubricant, fuel oil, solvent naphtha and asphalt; production of chemical fertilizer; operation of LPG station, sale of CNG, LNG, LPG and city gas; operation of electrical vehicle charging station; production, supervision of manufacturing, installation of oil and petrochemical machinery and equipment; manufacturing of equipment, tools, instruments and gauges in petroleum drilling and production; purchase and sale of oil and petrochemical raw and auxiliary materials, equipment and parts; technology and information, research, development, application and consultation of alternative energy products; production and sale of electricity, steam, water and industrial gases; wholesaling of farm, forestry and pasture products; operation of general merchandise convenience stores; wholesaling and retailing of knitted garments and housewares; wholesaling and retailing of cultural and sports goods and equipment; sale of food, beverages and tobacco products; wholesaling and retailing of pharmaceuticals and medical devices; retailing of automobiles, motorcycles and components; repair and maintenance of and technical training for automobiles and motorcycles; wholesaling and retailing of machineries, hardware products, electronic products and household appliances; retailing of furniture and materials for indoor decoration; stalls, no-store sale and other forms of retail business; general merchandise retail; accommodation and catering services; manufacturing of food and food additives; residents' services; transportation agency services; warehousing; operation of self-owned properties; leasing of natural gas storage facility; leasing of houses, vehicles, equipment and working places; lease of machineries; media, advertising and acting as commission agent; insurance brokerage and agency services; financial trust and management services; E-commerce; self-operation of and acting as agency for the import and export of various commodities and technologies (other than those restricted or prohibited by the state from import and export); contractor of overseas mechanical, electronics, petrochemical projects and domestic international bid-inviting projects; export of equipment and materials required for the aforementioned overseas projects; dispatch of labour required for the aforementioned overseas projects; railway transportation; auxiliary operations for coastal engineering, port operations, oil spill emergency response, security protection, vessel pollution cleaning operations; quality inspection technical services in professional technical service industry, environment and ecology monitoring and testing services; edible salt production, wholesale, retail; exploration, development, storage, pipeline transportation and sale of shale gas, coalbed methane, shale oil, natural gas hydrate and other resources; gas-fired power generation and power supply; installation and maintenance of power facilities, power technology development and services. Hydrogen energy businesses and related services such as operation of hydrogen, production, storage, transportation and sales of hydrogen; manufacturing and sales of equipment for hydrogen production, refuelling and storage. Power businesses and related services such as power supply; motor vehicle charging; operation of new energy power generation facilities such as solar power generation and wind power generation facilities, as well as new energy vehicle charging facilities; battery sales; battery swapping for new energy vehicle.		
Details of controlling interests and investments in other domestic and overseas-listed companies during the Reporting Period	Details of direct shareholding of Sinopec Corp. in other listed companies are as follows:		
	Company name	Number of shares held	Percentage of shareholding
	Sinopec Shandong Taishan Petroleum Co., Ltd.	118,140,120	24.57%

2. Details of the de facto controller

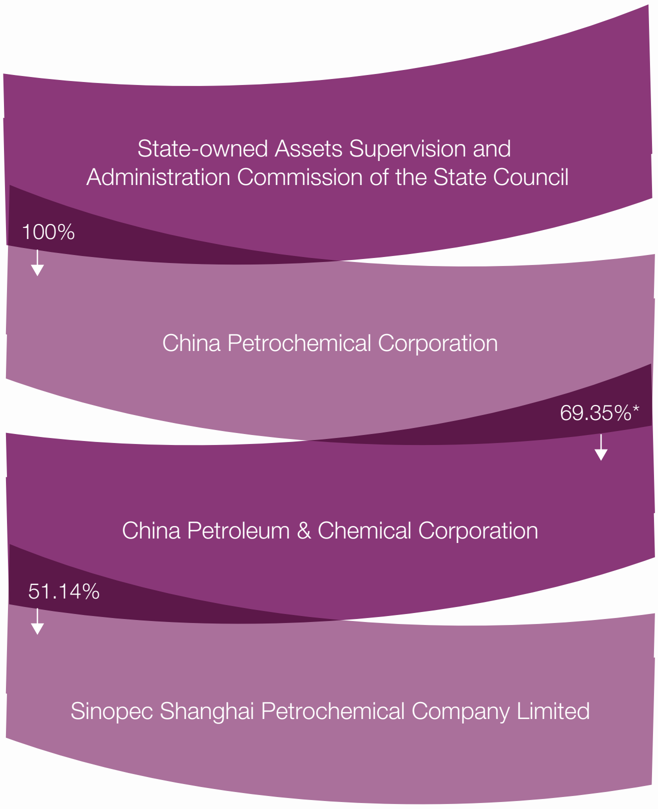
(1) Legal person

Name	China Petrochemical Corporation		
Responsible person or legal representative	Ma Yongsheng		
Date of incorporation	24 July 1998		
Major business operations	Organize the exploration, exploitation, storage and transportation (including pipeline transportation), sales and comprehensive utilization of oil and natural gas of affiliated enterprises; Organize the petroleum refining of affiliated enterprises; Organize the wholesale and retail of refined oil products of affiliated enterprises; Organize the production, sales, storage and transportation of petrochemical and other chemical products of affiliated enterprises; Industrial investment and investment management; Exploration design, construction, construction and installation of petroleum and petrochemical engineering; Maintenance of petroleum and petrochemical equipment; Mechanical and electrical equipment manufacturing; Technology and information, research, development, application and consulting services of alternative energy products; Import and export business.		
Details of controlling interests and investments in other domestic and overseas-listed companies during the Reporting Period	Details of shareholding of other listed companies in which Sinopec Group directly holds more than 5% of the shares are as follows:		
	Company name	Number of shares held	Percentage of shareholding
	China Petroleum & Chemical Corporation [Note 1]	83,062,059,096	68.49%
	Sinopec Oilfield Service Corporation [Note 2]	9,968,726,364	52.52%
	SINOPEC Engineering (Group) Co., Ltd.	2,687,876,000	61.12%
	Sinopec Oilfield Equipment Corporation	456,756,300	47.77%
	China Merchants Energy Shipping Co., Ltd.	1,095,463,711	13.45%

Note 1: In addition, 1,042,664,000 H shares are held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group.

Note 2: In addition, 2,595,786,987 H shares are held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group.

3. Diagram of the ownership and controlling relationship among the Company, the controlling shareholder and the de facto controller



* Including 1,042,664,000 H shares in Sinopec Corp. held by Sinopec Century Bright Capital Investment Limited, an overseas wholly-owned subsidiary of Sinopec Group, through HKSCC Nominees Limited.

(V) Specific implementation of share repurchase during the Reporting Period

Unit: HKD Currency: HKD

Name of share repurchase plan	Proposal to the shareholders at the general meeting to authorize the Board of Directors to repurchase domestic shares and/or overseas-listed foreign shares of the Company
Time of disclosure of share repurchase plan	28 June 2023, 6 June 2024
Number of shares to be repurchased and its percentage of total share capital (%)	Not exceeding 10% of the total capital of H share issued
Amount to be repurchased	–
Period of proposed repurchase	From 28 June 2023 until the 2024 Annual General Meeting
Repurchase purpose	Safeguard corporate value
Number of shares repurchased (shares)	109,236,000 H shares
Percentage of the repurchased number of shares to the underlying shares involved in the equity incentive plan (%) (if any)	–
Progress of the Company's share repurchase reduction by means of centralized bidding transactions	–

(VI) Other legal person shareholders holding more than 10% of the Company's shares

As at 31 December 2024, HKSCC Nominees Limited held 3,303,332,780 H shares of the Company, representing 30.94% of the total number of issued shares of the Company.

(VII) Public float

Based on the public information available to the Board, as of 19 March 2025, the Company had a public float which is in compliance with the minimum requirement under the Hong Kong Listing Rules.

(VIII) Interests and short positions of the substantial shareholders of the Company in shares and underlying shares of the Company

As at 31 December 2024, so far as was known to the Directors or chief executive of the Company, the interests and short positions of the Company's substantial shareholders (being those who are entitled to exercise or control the exercise of 5% or more of the voting power at any general meeting of the Company but excluding the Directors, chief executive and Supervisors) in the shares and underlying shares of the Company who are required to disclose their interests pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept under Section 336 of the SFO were as set out below:

Interests in ordinary shares of the Company

Name of shareholders	Interests held or deemed as held (shares)	Note	Percentage of total issued shares of the Company (%)	Percentage of total issued shares of the relevant class (%)	Capacity
China Petroleum & Chemical Corporation	5,459,455,000 A shares (L) Shares of legal person	(1)	51.14	74.49	Beneficial owner
Corn Capital Company Limited	211,008,000 H shares (L)	(2)	1.98	6.31	Beneficial owner
	200,020,000 H shares (S)		1.87	5.98	
Hung Hin Fai	211,008,000 H shares (L)	(2)	1.98	6. 31	Interests of controlled corporation
	200,020,000 H shares (S)		1.87	5.98	
Yardley Finance Limited	200,020,000 H shares (L)	(3)	1.87	5.98	Secured equity holders
Chan Kin Sun	200,020,000 H shares (L)	(3)	1.87	5.98	Interests of controlled corporation

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

Notes:

(1) Based on the information obtained by the Directors from the website of the Hong Kong Stock Exchange and as far as the Directors are aware, Sinopec Group directly and indirectly owned 69.35% of the issued share capital of Sinopec Corp. as at 31 December 2024. By virtue of such relationship, Sinopec Group was deemed to be interested in the 5,459,455,000 A shares of the Company directly owned by Sinopec Corp.

(2) These shares were held by Corn Capital Company Limited. Hung Hin Fai held 100% interests in Corn Capital Company Limited. Pursuant to the SFO, Hung Hin Fai was deemed to be interested in the shares held by Corn Capital Company Limited.

(3) These shares were held by Yardley Finance Limited. Chan Kin Sun held 100% interests in Yardley Finance Limited. Pursuant to the SFO, Chan Kin Sun was deemed to be interested in the shares held by Yardley Finance Limited.

Save as disclosed above, as at 31 December 2024, the Directors of the Company have not been notified by any person (other than the Directors, chief executive and Supervisors) who had interests or short positions in the shares and underlying shares of the Company which would fall to be disclosed to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO or as recorded in the register of interests required to be kept by the Company under Section 336 of the SFO.

Section I Business Overview

(I) Description of the principal business, operating model and industry in which the Company operated during the Reporting Period

Located at Jinshanwei in the southwest of Shanghai, the Group is a highly integrated petrochemical enterprise which mainly produce a broad range of petroleum products and chemical products through crude oil processing. The Group sells most of its products within the PRC domestic market and derives most of its revenues from customers in Eastern China, one of the fastest growing regions in the PRC.

The Group's high-quality development is supported by the ever-increasing demand in the PRC for petrochemical products. Leveraging on its advantages in refining and chemical integration, the Group is actively optimizing its product mix and improving the quality and variety of its existing products. The Group is also strengthening the development of new products and market exploration, enhancing industrial technology research and product performance upgrading and promoting its high-quality development with green and low-carbon transformation.

For details on the industry in which the Group operates its business, please refer to Section III of this chapter "Analysis of Operational Information in Chemical Industry".

(II) Analysis of Core Competitiveness During the Reporting Period

As one of the major integrated petrochemical enterprises in China with an integrated refinery and petrochemical capacity, the Group possesses competitive business scale and strength, which have made it a major manufacturer of refined oil and chemical products in China. It also has self-owned public utilities and environmental protection systems, as well as sea transport, inland shipping, rail transport and road transport ancillary facilities.

The Group's major competitive advantages include quality, geographical location and its vertically integrated production. The Company has more than 50 years of petrochemical production and management experience, and has accumulated extensive resources in the petrochemical industry, which has garnered multiple quality product awards from the central and local governments. Located at the core region of Yangtze River Delta, the most economically active region in China with a strong demand for petrochemical products, the Company built a comprehensive logistics system and supporting facilities to tap its geographic proximity with most of its clients and the convenient coastal and inland shipping. This gave it a competitive edge in terms of transportation costs and timely delivery. The Company has leveraged its advantages in integrated refinery and petrochemical capacity to actively strengthen product structure, while continuously developing new products and improving products quality and variety. It has also improved production technology to maximize the use and the efficiency in the utilisation of its corporate resources, and is therefore able to achieve strong and sustainable development.

Section II Management Discussion and Analysis

(I) Management Discussion and Analysis

(Unless otherwise specified, the financial information included in this "Management Discussion and Analysis" section was extracted from the financial statements prepared under IFRS.)

1. General – Review of the Company's operations during the Reporting Period

The year 2024 was a year of significant development, reformation and adjustment in the petrochemical industry. The global petroleum and petrochemical industry landscape has been deeply reshaped, the development of the electric revolution has far exceeded expectations, and the competitive situation in the market has further intensified. In the face of the complex economic and industrial situation domestically and abroad, the Group made every effort to promote safety and environmental protection, operation and efficiency, transformation and development, in-depth reform and other important work, and achieved new results and breakthroughs, and comprehensively won the "Three Major Battles" of safe production, turning losses into profits and high-quality development. The total volume of crude oil processed for the year was 13.3458 million tons (including 1.4863 million tons of processing on order), representing a year-on-year (the same below) decrease of 5.48%; the volume of refined oil produced for the year was 8.6498 million tons, representing a year-on-year decrease of 0.19%; the total volume of goods within the main commodities categories was 11.7419 million tons, representing a year-on-year decrease of 5.98%. The Group's turnover was RMB87.060 billion, representing a year-on-year decrease of 6.32%. The Group's product sale rate was 99.89% and the payment return rate for loans was 100%, signaling premium and stable product quality.

(1) Petrochemicals' prices fluctuated and declined

In 2024, the petroleum market was undergoing continuous adjustments with deep competition between supply and demand. Under the interweaving of positive and negative factors, international oil prices showed a wide range of volatility trend, and the overall price level shifted slightly downward. As of 31 December 2024, the weighted average prices (excluding tax) of petroleum products and chemical products of the Group decreased by 0.96% and increased by 6.67% year on year respectively as compared with the previous year.

(2) Year-on-year decline in crude oil processing volume

In 2024, the Group processed a total of 13.3458 million tons of crude oil, representing a decrease of 5.48% year on year. In 2024, the annual crude oil processing cost was RMB4,282.18 per ton, representing a decrease of RMB76.25 per ton or 1.75% over the previous year. The total crude oil processing cost for the year decreased by RMB6,045 million or 10.64% over the previous year, accounting for 68.52% of the total cost of sales.

(3) *Deepening strict management to ensure safety production*

The Group reinforced accountability for safety production, improved the systems for safety inspections and hidden hazard identification, coordinated and advanced the special rectification of safety risks associated with hazardous chemicals, continuously enhanced the risk prevention and control system, deepened the equipment integrity management system, strictly implemented the contractors' qualification assessment, rigorously managed direct operational procedures, so as to maintain overall stable production operations throughout the year. The Group implemented a high-quality green enterprise action plan and strengthened the whole-process control and in-depth treatment of wastewater and exhaust emissions. The average value of VOCs concentration at the Company's boundary was 65.14 ug/m^3, representing a year-on-year decrease of 9.90%, resulting in continuous improvement in environmental quality.

(4) *Deepening efforts to tap potential and enhance efficiency to achieve the turnaround of losses to profitability*

The Group focused on strengthening internal management and expanding external market, successfully reversing the passive situation of consecutive losses. It advanced the adjustment of refined oil product structures, dynamically optimized the operation of the industrial chain, conducted in-depth cost driver analysis, and further promoted cost reductions in crude oil procurement, operational optimization, energy conservation and emission reduction, resource optimization, material procurement, logistics, storage, and transportation, as well as financial management.

(5) *Deepening transformation and upgrading to achieve high-quality development*

The Group has been accelerating the implementation and construction of key projects, with comprehensive technological transformation and quality upgrading project being successfully incorporated into plans in steady progress. The cleanliness and efficiency improvement project for thermal power units has entered full-scale civil construction. The elastomer and its supporting projects have achieved mechanical completion. The basic design for the National Hazardous Chemicals Emergency Rescue (Shanghai) Base project has been finalized. The carbon fiber composite material experimental base has been completed and put into operation, with the entire process of the thermosetting prepreg pilot line being fully established. The Group was making every effort to tackle core technologies, building high-quality innovation consortia, and continuously expanding the key application fields of carbon fiber composite materials. The 48K large tow carbon fiber project (phase I) has fully met performance benchmarks. The Group has overcome the industrial production technology of high-strength, medium-modulus carbon fiber, achieving full coverage of the carbon fiber product spectrum. The 24K carbon fiber has reached the T700 level, filling the domestic gap in the sodium thiocyanate wet spinning route for carbon fiber in this field. The Group was committed to enhancing efficiency through digital intelligence, coordinating the advancement of multiple informatization projects, including safety and environmental data governance, and dual-prevention intelligent control systems.

(6) Deepening the reform of mechanisms to promote the modernization of the corporate governance system

The Group has continuously enhanced corporate governance efficiency, solidly carried out the reform deepening and improvement actions, optimized the management systems and mechanisms, strengthened equity management, solidly improved the quality of listed company, completed withdrawal from the listing in the U.S. stock market in compliance with laws and regulations, and achieved top ranking in ESG ratings. The Group comprehensively strengthened the construction of talent teams, fully promoted the tenure system and contracting management system of middle-level and grassroots management cadres; established a clear orientation for performance-based compensation and efficiency-linked incentives, enhanced top-level design to improve talent management and training mechanisms, optimized and smoothed career growth paths, and motivated employees to innovate and improve efficiency to the maximum extent.

2. Accounting judgments and estimates

The preparation of the financial statements requires management of the Group to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods.

(1) Net realizable value of inventories

Inventories are valued at the lower of cost and net realizable value. The net realizable value is determined based on the estimated selling prices in the ordinary course of business less the estimated costs to completion, and other costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at the end of each reporting period to ensure inventory is measured at the lower of cost and net realizable value.

(2) Impairments for non-current assets

At the end of each reporting period, the Group estimates the recoverable amount of an asset or a cash-generating unit ("CGU") (a portion of which related to certain production facilities), at the higher of its fair value less costs of disposal and its value in use, to determine the impairment losses. If circumstances indicate that the carrying amount of the asset or CGU may not be recoverable, the asset or CGU may be considered "impaired", and an impairment loss may be recognized.

The recoverable amount of assets or CGUs is the higher of the fair value less costs of disposal and the present value of the estimated future cash flows. As the fair value of certain assets or CGUs may not be publicly available, 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 for projections of product sales and operating costs and discount rate of the present value of the estimated future cash flows. In particular, in determining the present value of the estimated future cash flows of the Group's specific CGUs, significant judgements are required on the accounting estimates which are based on the assumptions relating to product sales growth rates, related costs growth rates and discount rate applied.

(3) Useful life and residual value of property, plant and equipment

Property, plant and equipment, 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 and estimated residual value of the assets 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, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(4) Recognition of deferred tax assets

The Group recognizes the corresponding deferred income tax asset to the extent that it is likely to obtain the taxable income amount to offset the deductible loss in the future period. The taxable income obtained in future periods shall include the taxable income that can be realized by the Group through normal production and business activities, and the taxable income that will be increased when the taxable temporary differences arising from previous periods are reversed in future periods. The Group needs to use estimation and judgment when determining the time and amount of taxable income to be generated in the future period. Any discrepancy between the actual situation and the estimate may result in an adjustment to the carrying value of the deferred income tax assets.

(5) Classification of financial assets

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group determines the business model for managing financial assets at the level of the financial asset portfolio. The factors considered include the way to evaluate and report the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and their management methods, and the way for relevant business management personnel to obtain remuneration, etc.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic lending arrangements, the Group has the following main judgments: whether the time distribution or amount of the principal may change in the duration due to prepayment and other reasons; whether the interest only includes the time value of money, credit risk, other basic lending risks and the consideration of cost and profit. For example, whether the amount of prepayment only reflects the outstanding principal and the interest based on the outstanding principal, as well as the reasonable compensation paid for the early termination of the contract.

3. Comparison and analysis of results of the Company's operations (prepared under IFRS)

3.1 Summary

The following table sets forth the Group's sales volumes and net sales (net of sales taxes and surcharges) for the years indicated:

	For the years ended 31 December								
	2024			2023			2022		
	Sales volume	**Net sales (RMB million)**	**%**	Sales volume	Net sales (RMB million)	%	Sales volume	Net sales (RMB million)	%
Petroleum products	**9,450.52**	**49,366.06**	**66.46**	9,747.76	51,881.58	64.79	7,211.38	41,444.66	57.04
Chemical products	**2,296.31**	**17,380.29**	**23.40**	2,780.32	19,032.11	23.77	2,455.95	18,271.47	25.15
Trading of petrochemical products	**–**	**6,906.19**	**9.30**	–	8,174.13	10.20	–	12,007.55	16.53
Others	**–**	**629.76**	**0.84**	–	989.94	1.24	–	930.88	1.28
Total	**11,746.83**	**74,282.30**	**100.00**	12,528.08	80,077.76	100.00	9,667.33	72,654.56	100.00

The following table sets forth a summary of the Group's consolidated statement of profit or loss for the years indicated (prepared under IFRS):

	For the years ended 31 December					
	2024		2023		2022	
	RMB million	**% of net sales**	RMB million	% of net sales	RMB million	% of net sales
Petroleum products						
Net sales	**49,366.06**	**66.46**	51,881.58	64.79	41,444.66	57.04
Cost of sales and operating expenses	**(48,046.70)**	**(64.68)**	(52,111.60)	(65.08)	(41,443.69)	(57.04)
Segment profit/(loss) from operations	**1,319.36**	**1.78**	(230.02)	(0.29)	0.97	–
Chemical products						
Net sales	**17,380.29**	**23.40**	19,032.11	23.77	18,271.47	25.15
Cost of sales and operating expenses	**(18,687.38)**	**(25.16)**	(20,529.62)	(25.64)	(21,995.90)	(30.28)
Segment loss from operations	**(1,307.09)**	**(1.76)**	(1,497.51)	(1.87)	(3,724.43)	(5.13)
Trading of petrochemical products						
Net sales	**6,906.19**	**9.30**	8,174.13	10.20	12,007.55	16.53
Cost of sales and operating expenses	**(6,888.40)**	**(9.28)**	(8,132.36)	(10.15)	(11,994.71)	(16.51)
Segment profit from operations	**17.79**	**0.02**	41.77	0.05	12.84	0.02
Others						
Net sales	**629.76**	**0.84**	989.94	1.24	930.88	1.28
Cost of sales and operating expenses	**(610.64)**	**(0.81)**	(1,057.13)	(1.32)	(1,063.63)	(1.46)
Segment profit/(loss) from operations	**19.12**	**0.03**	(67.19)	(0.08)	(132.75)	(0.18)
Total						
Net sales	**74,282.30**	**100.00**	80,077.76	100.00	72,654.56	100.00
Cost of sales and operating expenses	**(74,233.12)**	**(99.93)**	(81,830.71)	(102.19)	(76,497.93)	(105.29)
Profit/(loss) from operations	**49.18**	**0.07**	(1,752.95)	(2.19)	(3,843.37)	(5.29)
Net finance income	**194.56**	**0.26**	238.68	0.30	443.33	0.61
Share of profit/(loss) of associates and joint ventures	**179.58**	**0.24**	(141.13)	(0.18)	(173.61)	(0.24)
Profit/(loss) before tax	**423.32**	**0.56**	(1,655.40)	(2.07)	(3,573.65)	(4.92)
Income tax	**(106.32)**	**(0.14)**	306.09	0.38	731.46	1.01
Profit/(loss) for the year	**317.00**	**0.42**	(1,349.31)	(1.69)	(2,842.19)	(3.91)
Attributable to:						
Equity shareholders of the Company	**310.98**	**0.41**	(1,346.15)	(1.69)	(2,846.05)	(3.92)
Non-controlling shareholders	**6.02**	**0.01**	(3.16)	0.00	3.86	0.01
Profit/(loss) for the year	**317.00**	**0.42**	(1,349.31)	(1.69)	(2,842.19)	(3.91)

3.2 *Comparison and analysis*

Comparison between the year ended 31 December 2024 and the year ended 31 December 2023 is as follows:

3.2.A Operating results

(1) Net sales

In 2024, the net sales of the Group amounted to RMB74,282 million, a decrease of 7.24% from the previous year's RMB80,078 million. Analysis by products is as follows:

(i) Petroleum products

In 2024, the Group's net sales of petroleum products amounted to RMB49,366 million, a decrease of 4.85% from the previous year's RMB51,882 million. This was mainly due to a decrease of 3.05% in sales volume of petroleum products in the current year.

The net sales of petroleum products accounted for 66.46% of the Group's net sales in the current year, an increase of 1.67 percentage points from the previous year.

(ii) Chemical products

In 2024, the Group's net sales of chemical products amounted to RMB17,380 million, a decrease of 10.17% from the previous year's RMB19,032 million. The net sales of chemical products accounted for 23.40% of the Group's net sales in the current year, a decrease of 0.37 percentage point from the previous year.

(iii) Trading of petrochemical products

In 2024, the Group's net sales of trading of petrochemical products amounted to RMB6,906 million, a decrease of 15.51% from the previous year's RMB8,174 million. This was mainly due to the decrease in the sales of the subsidiary and sub-subsidiary, namely Jinshan Associated Trading Company Limited and Shanghai JMGJ Company Limited, in the current year.

The net sales of trading of petrochemical products accounted for 9.30% of the Group's net sales in the current year, a decrease of 0.90 percentage point from the previous year.

(iv) Others

In 2024, the Group's net sales of other products amounted to RMB630 million, a decrease of 36.36% from the previous year's RMB990 million.

The net sales of other products accounted for 0.84% of the Group's net sales in the current year, a decrease of 0.40 percentage point from the previous year.

(2) Cost of sales and operating expenses

Cost of sales and operating expenses consist of cost of sales, sales and administrative expenses, other operating expenses and other operating income, etc.

In 2024, the Group's cost of sales and operating expenses amounted to RMB74,233 million, a decrease of 9.28% from RMB81,831 million in 2023. Cost of sales and operating expenses of petroleum products, chemical products, trading of petrochemical products and other products amounted to RMB48,047 million, RMB18,687 million, RMB6,888 million, and RMB610 million respectively, representing a decrease of 7.80%, a decrease of 8.98%, a decrease of 15.30% and a decrease of 42.19% year on year respectively.

Compared with the last year, the cost of sales and operating expenses of petroleum products, chemical products, trading of petrochemical products and others decreased this year, which was mainly due to the decrease in the processing volume of crude oil and the consequent decrease in corresponding product costs during the Reporting Period.

– Cost of sales

In 2024, the Group's cost of sales amounted to RMB74,121 million, a decrease of 9.18% from previous year's RMB81,613 million, which was mainly due to the decrease in the price of crude oil. The cost of sales accounted for 99.78% of the net sales this year.

– Selling and administrative expenses

In 2024, the Group's selling and administrative expenses amounted to RMB235 million, a decrease of 25.63% from the previous year's RMB316 million. This was mainly due to the overall decrease in sales volumes in the year.

– Other operating income

In 2024, the Group's other operating income amounted to RMB113 million, a decrease of 14.39% from previous year's RMB132 million, which was mainly due to the decrease in rental income of investment properties.

– Other operating expenses

In 2024, the Group's other operating expenses amounted to RMB24 million, an increase of RMB4 million from previous year's RMB20 million.

(3) Operating profit/(loss)

In 2024, the Group's operating profit amounted to RMB49 million, an increase of profit of RMB1,802 million from the operating loss of RMB1,753 million in the previous year. In 2024, international oil prices oscillated downwards and the demand side of the market gradually recovered. The Company continued to optimize its production operations and product structure, so the operating profit increased from the previous year.

(i) Petroleum products

The operating profit of petroleum products amounted to RMB1,319 million in the year, an increase of profit of RMB1,549 million from the operating loss of RMB230 million in the previous year. The profit of petroleum products was mainly due to the decline in international crude oil prices in the current year, resulting in a decrease in costs and the decline in sales prices was lower than the decline in cost prices.

(ii) Chemical products

The operating loss of chemical products amounted to RMB1,307 million in the year, a decrease of loss of RMB191 million from the operating loss of RMB1,498 million in the previous year, which had no significant change compared with the previous year.

(iii) Trading of petrochemical products

The Group's operating profit of trading of petrochemical products amounted to RMB18 million in the year, a decrease of RMB24 million from the operating profit of RMB42 million in the previous year, which was mainly due to the decrease in trading sales volume during the year and the year-on-year decrease in the cost and expenses of trading.

(iv) Others

The Group's other operating profit amounted to RMB19 million in the year, an increase of profit of RMB86 million from the operating loss of RMB67 million in the previous year.

(4) Net finance income

In 2024, the Group's net financial income amounted to RMB195 million, a decrease of RMB44 million from the net financial income of RMB239 million in the previous year, which was mainly due to a decrease in the Group's interest income from time deposits by RMB74 million from RMB384 million in 2023 to RMB310 million in 2024, and the interest expense decreased by RMB30 million from RMB145 million in 2023 to RMB115 million in 2024 during the Reporting Period.

(5) Profit/(loss) before taxation

In 2024, the Group's profit before taxation amounted to RMB423 million, an increase of profit of RMB2,078 million from the loss before taxation of RMB1,655 million in the previous year.

(6) Income tax

The income tax expense of the Group amounted to RMB106 million in 2024 and the income tax benefit amounted to RMB306 million in the previous year.

In accordance with the Enterprise Income Tax Law of the PRC (amended in 2018), the income tax rate applicable to the Group in 2024 was 25% (2023: 25%).

(7) Profit for the year

In 2024, the Group's profit after taxation amounted to RMB317 million, representing an increase of profit of RMB1,666 million from the loss after taxation of RMB1,349 million in the previous year.

3.2.B Liquidity and capital sources

The Group's primary sources of capital are cash inflows from investing activities arising from the maturity of time deposits. The Group's primary uses of capital are costs of sales, other operating expenses and capital expenditures.

(1) Capital sources

(i) Net cash flow generated from operating activities

In 2024, the Group's net cash inflows generated from operating activities amounted to RMB7,624 million, representing an increase of cash inflows of RMB6,960 million from the net cash inflows of RMB664 million in the previous year. The Group realised profit from operation during the Reporting Period. The Group's cash inflows generated from operating activities before interest and taxation in 2024 amounted to RMB7,747 million, representing an increase of cash inflows of RMB6,978 million from the cash inflows generated from operating activities before interest and taxation of RMB769 million in the previous year.

(ii) Borrowings

The total borrowings of the Group at the end of 2024 amounted to RMB1.569 billion, representing a decrease of RMB2.131 billion compared with the end of the previous year, which was mainly due to a decrease of RMB1.5 billion in short-term borrowings at the end of the year as compared with the end of the previous year and the repayment of RMB700 million in long-term borrowings maturing within 1 year.

The Group managed to maintain its gearing ratio at a safe level by enhancing controls over both liabilities (including borrowings) and financing risks. The Group generally does not experience any seasonality in borrowings. However, due to the nature of the Group's capital expenditure plan, expenditures for long-term bank borrowings can be arranged in advance while short-term borrowings are used to meet operational needs. The terms of the Group's existing borrowings do not restrict its ability to distribute dividends for its shares.

(2) Gearing ratio

As at 31 December 2024, the Group's gearing ratio was 39.71% (2023: 36.99%). The gearing ratio is calculated using this formula: total liabilities/total assets*100%.

3.2.C Research and development, patents and licenses

Research and development expenses refer to various expenditures incurred in the process of research and development or commissioned development of new products, technologies and processes.

The Group owns various technology development departments including the Advanced Materials Innovation Research Institute, Synthetic Materials Research Institute and Environmental Protection Research Institute, which are responsible for the research and development of new technologies, products, processes, equipment and environmental protection. The Group's research and development expenses for 2022, 2023 and 2024 amounted to RMB131 million, RMB187 million and RMB174 million, respectively.

The Group does not rely on any patents, licenses, industrial, commercial or financial contracts or new production processes in any material respect.

3.2.D Off-balance sheet arrangements

Please refer to Note 35 to the financial statements prepared under IFRS in the annual report for details of the Group's capital commitments. During the Reporting Period, the Group did not provide any guarantee to external parties.

3.2.E Contractual obligations

The following table sets forth the Group's obligations to repay loan principal in future as at 31 December 2024:

	As at 31 December 2024 payment due by period				
	Total RMB'000	**Within 1 year RMB'000**	**After 1 year but within 2 years RMB'000**	**After 2 years but within 5 years RMB'000**	**Over 5 years RMB'000**
Contractual obligations					
Short-term borrowings	1,500,000	1,500,000	–	–	–
Long-term borrowings	67,685	–	–	–	67,685
Total contractual obligations	1,567,685	1,500,000	–	–	67,685

3.2.F Analysis of operation and results of major controlled companies and invested companies during the Reporting Period

As at 31 December 2024, the principal subsidiaries in which the Company had more than 50% equity interests are as follows:

Company name	Place of registration	Principal business	Country for principal activities	Type of legal person	Percentage of equity interests held by the Company (%)	Percentage of equity interests held by the Group (%)	Paid-in capital ('000)	Net profit/(loss) for the year 2024 (RMB'000)
Shanghai Petrochemical Investment Development Company Limited ("Shanghai Investment Development")	China	Investment management	China	Limited company	100.00	100.00	RMB2,100,000	24,178
China Jinshan Associated Trading Corporation ("Jinshan Associated Trading")	China	Import and export of petrochemical products and equipment	China	Limited company	67.33	67.33	RMB25,000	22,370
Shanghai Jinchang Engineering Plastics Company Limited ("Shanghai Jinchang")	China	Production of polypropylene compound products	China	Limited company	–	100.00	USD9,154	(9,695)
Shanghai Golden Phillips Petrochemical Company Limited ("Shanghai Golden Phillips")	China	Production of polypropylene products	China	Limited company	–	100.00	RMB415,623	251
Shanghai Jinshan Trading Corporation ("JMGJ")	China	Import and export of petrochemical products and equipment	China	Limited company	–	67.33	RMB100,000	2,471
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian")	China	Storage and transportation services	China	Limited company	–	100.00	RMB620,000	(12,641)

Note: None of the subsidiaries has issued any debt securities.

The Group's share of interests in associates comprises a 38.26% equity interests in Shanghai Chemical Industry Park Development Co., Ltd. ("Chemical Industry Park") established in the PRC in the amount of RMB2,299 million. The main business of Chemical Industrial Park is to plan, develop, and operate a chemical industry zone located in Shanghai, China.

(1) Explanation of profits of major controlled companies and invested companies affecting more than 10% of the net profit of the Group

In 2024, Chemical Industry Park recorded an operating income of RMB1.979 billion, and the net profit after taxation attributable to equity shareholders of the Company reached RMB539 million, and the Company recognized investment gains of RMB149 million using the equity method.

(2) Analysis of operational performance of major controlled companies and invested companies with a 30% or more year-on-year change

a) Shanghai Investment Development achieved a turnaround from loss to profit in 2024, which was mainly due to the increase in hazardous chemicals storage and transportation business of Zhejiang branch of Shanghai Petrochemical Investment Development Company Limited for the year, which resulted in an increase in operating income of RMB31.83 million in 2024.

b) The net loss of Shanghai Jinchang decreased by 81.67% in 2024 as compared with the previous year. The decrease was mainly due to the fact that Jinchang has been inactive since October 2023, which resulted in a significant decrease in costs and expenses in the Reporting Period as compared to the previous year, leading to a decrease in operating loss in 2024.

c) The net profit of Shanghai Golden Phillips decreased by 97.80% in 2024 as compared with the previous year. The decrease was mainly due to the increase in ethylene prices this year, which resulted in an increase in operating costs, leading to a significant decrease in operating results in 2024.

d) The net profit of JMGJ decreased by 63.33% in 2024 as compared with the previous year. The decrease was mainly due to a decrease in export sales for the year, resulting in a simultaneous decline in operating income for the year.

e) The net loss of Zhejiang Jinlian decreased by 47.93% in 2024 as compared with the previous year. The decrease was mainly due to the fact that normal operations were realized in the current year as a result of the completion of the project renovation in December 2023.

3.2.G. Major suppliers and customers

The Group's top five suppliers in 2024 were Sinopec Group, Sinochem Oil Co., Ltd., Shanghai Gas Co., Ltd., State Grid Huitongjincai (Beijing) Information Technology Co., Ltd. and CNOOC (China) East China Sea Xihu Oil & Gas Operation Company(中海石油(中國)東海西湖石油天然氣作業公司). Total procurement costs involving these five suppliers, which amounted to RMB67,482 million, accounted for 83.64% of the total procurement costs of the Group for the year. Among the top five suppliers, the purchase amount of related parties was RMB60,895 million, accounting for 75.48% of the total annual purchase amount. The total procurement from the largest supplier amounted to RMB57,549 million, representing 71.33% of the total costs of purchases by the Group for the year.

The Group's top five customers in 2024 were Sinopec Group, Zhejiang Dushan Energy Co., Ltd., Jiaxing Petrochemical Co., Ltd., Shanghai SECCO Petrochemical Company Limited (hereinafter referred to as "Shanghai Secco") and Zhejiang Baling Hengyi Caprolactam Limited Company. Total sales to these five customers amounted to RMB71,498 million, representing 82.12% of the Group's total turnover for the year. Among the sales of the top five customers, the sales of related parties was RMB65,954 million, accounting for 75.76% of the total annual sales. Sales to the Group's largest customer amounted to RMB63,740 million, representing 73.21% of the Group's total turnover for the year.

To the knowledge of the Board, among the suppliers and customers listed above, shareholders and Directors of the Company and their close associates have no interest in Zhejiang Dushan Energy Co., Ltd., Jiaxing Petrochemical Co., Ltd., Sinochem Oil Co., Ltd., Shanghai Gas Co., Ltd., State Grid Huitongjincai (Beijing) Information Technology Co., Ltd. and CNOOC (China) East China Sea Xihu Oil & Gas Operation Company; Shanghai Secco is an associate of the Company; Zhejiang Baling Hengyi Caprolactam Limited Company is a joint venture of Sinopec Corp., the controlling shareholder of the Company; Sinopec Group is the ultimate holding company.

(II) Principal Operations of the Company during the Reporting Period

Discussion and analysis of the Company's operation (prepared under CAS)

1. Analysis of the Company's principal activities

1.1 Analysis of changes in the consolidated income statement and the consolidated cash flow statement

Unit: RMB'000

Item	**Amount for the year ended 31 December 2024**	Amount for the year ended 31 December 2023	Percentage change (%)
Operating income	**87,132,820**	93,013,595	-6.32
Operating cost	**72,045,290**	79,157,873	-8.99
Selling and distribution expenses	**224,141**	315,853	-29.04
General and administrative expenses	**1,583,632**	1,827,268	-13.33
Financial expenses ("–" for financial income)	**-171,454**	-228,627	-25.01
Research and development expenditure	**173,953**	186,978	-6.97
Net cash inflow generated from operating activities ("–" for net outflow)	**7,740,447**	806,996	859.17
Net cash inflow generated from investing activities ("–" for net outflow)	**-2,051,134**	1,984,375	-203.36
Net cash inflow generated from financing activities ("–" for net outflow)	**-2,388,635**	1,223,125	-295.29

Analysis of major changes in the consolidated income statement

Unit: RMB'000

	For the years ended 31 December				
Item	**2024**	2023	Increase/ Decrease amount	Increase/ Decrease (%)	Major reason for change
Investment income ("–" for loss)	**174,984**	-155,531	330,515	N/A	The carrying value of the long-term equity investment in Shanghai SECCO Petrochemical Company Limited at the beginning of the year was reduced to zero, and no further investment loss was recognised in respect of the excess loss, which resulted in an increase in investment income in the Reporting Period as compared with the same period of the last year.
Gains from changes in fair value	**-**	10,000	-10,000	-100.00	There was no gain arising from changes in fair value of held-for-trading financial assets during the year.
Assets impairment losses	**-285,929**	-476,569	190,640	N/A	The gross margin of petrochemical products increased during the year, and the amount of provisions for inventory impairment loss decreased as compared with the previous year.
Gains from asset disposals	**42,310**	923	41,387	4483.97	This was mainly due to the disposal of idle assets.
Income tax expense ("–" for expense)	**-106,318**	306,093	-412,411	N/A	The Company realized operating profits and incurred income tax expenses during the year.
Net profit attributable to equity shareholders of the Company ("–" for loss)	**316,500**	-1,405,876	1,722,376	N/A	The gross margin of petrochemical products increased this year, resulting in a year-on-year increase in operating results.

Analysis of major changes in the cash flow statement

Unit: RMB'000

Item	For the years ended 31 December 2024	2023	Increase/ Decrease amount	Increase/ Decrease (%)	Major reason for change
Net cash inflow generated from operating activities ("–" for net outflow)	**7,740,447**	806,996	Inflow increased by 6,933,451	Inflow increased by 859%	Cash paid for purchasing goods and services during the year decreased as compared with the previous year.
Net cash inflow generated from investing activities ("–" for net outflow)	**-2,051,134**	1,984,375	Outflow increased by 4,035,509	Outflow increased by 203%	The net cash received from the time deposits during the year decreased as compared with the previous year, and expenditures on the acquisition and construction of long-term assets increased as compared with the previous year.
Net cash inflow generated from financing activities ("–" for net outflow)	**-2,388,635**	1,223,125	Outflow increased by 3,611,760	Outflow increased by 295%	The net cash outflow from the obtaining and repayment of borrowings during the year increased as compared with the previous year.

1.2 *Operating income*

(1) Analysis of factors causing the changes in operating income in the Reporting Period

In 2024, the sales volume of the Group's petroleum products and chemical products decreased by 3.05% and 17.41% respectively, leading to a decrease in the Group's operating income in 2024 as compared with the previous year.

(2) Major customers

Please refer to 3.2.G of the Management Discussion and Analysis in this chapter for details of major customers of the Group.

1.3 Operating cost

(1) Analysis of operating cost

In 2024, the Group's operating cost was RMB72,045 million, representing a decrease of 8.99% from the previous year's RMB79,158 million. This was mainly due to the decline in production and sales volume of petrochemical products in the year.

The following table sets forth the details of the operating cost of the Group during the Reporting Period:

	For the years ended 31 December				
	2024		2023		
	Amount (RMB million)	**% of the total operating cost**	Amount (RMB million)	% of the total operating cost	Increase/ Decrease (%)
Cost of raw materials					
Crude oil	**50,784.85**	70.49	56,829.84	71.79	-10.64
Other raw materials, auxiliary materials and power	**9,049.92**	12.56	8,159.52	10.31	10.91
Depreciation and amortisation	**2,006.89**	2.79	1,758.74	2.22	14.11
Employee wage and others	**2,077.59**	2.88	2,240.45	2.83	-7.27
Trading cost	**6,817.56**	9.46	8,070.38	10.20	-15.52
Others	**1,308.48**	1.82	2,098.94	2.65	-37.66
Total	**72,045.29**	100.00	79,157.87	100.00	-8.99

(2) Major suppliers

For details of major suppliers of the Group, please refer to Section 3.2.G of the Management Discussion and Analysis in this chapter.

1.4 Expenses

Please refer to "Analysis of changes in the consolidated income statement and the consolidated cash flow statement" under the "Analysis of the Company's principal activities" set forth in the "Discussion and analysis of the Company's operation" for details of the changes in expenses of the Group during the Reporting Period.

1.5 Research and development ("R&D") expenditure

(1) R&D expenditure

Unit: RMB'000

Expensed R&D expenditure during the Reporting Period	173,953
Capitalised R&D expenditure during the Reporting Period	–
Total R&D expenditure	173,953
% of R&D expenditure to operating income	0.20
% of capitalised R&D expenditure	–

(2) R&D personnel

Number of R&D personnel	153
% of number of R&D personnel to total number of staff	2.17
Educational structure of R&D personnel	
Education structure category	Education structure number
Doctor	9
Master	49
Undergraduate	56
Junior college graduate	22
High school and below	17
Age structure of R&D personnel	
Age structure category	Age structure number
Under 30 years old (excluding 30 years old)	18
30-40 years old (including 30 years old and excluding 40 years old)	38
40-50 years old (including 40 years old and excluding 50 years old)	40
50-60 years old (including 50 years old and excluding 60 years old)	57
Over 60 years old	0

For details of R&D, patents and licenses of the Group, please refer to Section 3.2.C of the Management Discussion and Analysis in this chapter.

1.6 Cash flow

Please refer to "Analysis of changes in the consolidated income statement and the consolidated cash flow statement" under the "Analysis of the Company's principal activities" set forth in the "Discussion and analysis of the Company's operation" for details of changes in the consolidated cash flow statement.

2. Analysis of income and cost

2.1 Principal activities by product

Unit: RMB'000

By product	Operating income	Operating cost	Gross profit margin (%)	Increase/ Decrease of operating income as compared to the previous year	Increase/ Decrease of operating cost as compared to the previous year	Change of gross profit margin as compared to the previous year (percentage point)
Petroleum products[Note]	62,069,226	47,757,325	23.06	-3.98%	–7.77%	Increased by 3.16 percentage points
Chemical products	17,157,166	16,829,739	1.91	-10.23%	–8.25%	Decreased by 2.11 percentage points
Trading of petrochemical products	6,912,378	6,817,560	1.37	-15.49%	–15.52%	Increased by 0.04 percentage point
Others	91,343	90,274	1.17	-81.77%	–82.07%	Increased by 1.65 percentage points

Note: The gross profit margin is calculated according to the price of petroleum products, which includes consumption tax. The gross profit margin of petroleum products after deducting the consumption tax amounted to 5.18%.

2.2 Operating income by geographical location

Unit: RMB'000

Geographical location	**Operating income**	**Increase/Decrease of operating income compared with the previous year (%)**
East China	84,296,811	-1.48%
Other regions in China	787,724	-7.07%
Export	2,048,285	-68.96%

3. Analysis of assets and liabilities

Unit: RMB'000

Item	**As at 31 December 2024**		As at 31 December 2023		Change of amount on 31 December 2024 compared to 31 December 2023 (%)	Major reason for change
	Amount	**% of total assets**	Amount	% of total assets		
Cash at bank and on hand	12,096,477	28.96	5,607,013	14.14	115.74	Time deposits maturing within one year were reclassified from other non-current assets to cash at bank and on hand.
Accounts receivable	701,587	1.68	1,448,947	3.65	-51.58	The decrease in amounts due from related parties.
Receivables under financing	388,230	0.93	236,487	0.60	64.17	At the end of the year, the third-party sales revenue of the trading segment increased as compared with the end of the previous year, resulting in an increase in accounts receivable at the end of the period.
Prepayments	146,453	0.35	32,536	0.08	350.13	The increase in prepayments for consumption tax on imported naphtha.
Other receivables	690,537	1.65	352,064	0.89	96.14	The increase in consumption tax refund receivable on imported naphtha.

Item	As at 31 December 2024 Amount	As at 31 December 2024 % of total assets	As at 31 December 2023 Amount	As at 31 December 2023 % of total assets	Change of amount on 31 December 2024 compared to 31 December 2023 (%)	Major reason for change
Other current assets	57,543	0.14	26,098	0.07	120.49	The increase in carbon emission rights assets purchased during the year.
Construction in progress	2,064,067	4.94	1,200,602	3.03	71.92	Promotion of cleanliness and efficiency improvement project for thermal power units during the year.
Other non-current assets	–	0.00	2,782,500	7.02	-100.00	Time deposits maturing within one year were reclassified from other non-current assets to cash at bank and on hand.
Short-term loans	1,500,940	3.59	3,000,000	7.56	-49.97	Repayments of borrowings during the year.
Bills payable	9,047,594	21.66	1,535,334	3.87	489.29	The increase in using of bank acceptance bills for payment of procurement during the year.
Accounts payable	2,730,914	6.54	6,296,912	15.88	-56.63	
Non-current liabilities due within one year	1,159	0.00	707,515	1.78	-99.84	Maturity of borrowings at the end of the previous year.
Long-term loans	67,685	0.16	–	0.00	100.00	Long-term loans newly increased during the year to supplement the funding needs of engineering construction projects.
Deferred income	238,679	0.57	110,222	0.28	116.54	The government subsidies received increased during the year.

Overseas assets

During the Reporting Period, the overseas assets held by the Company were RMB12,795 thousand, accounting for 0.03% of the total assets.

4. Others

(1) Directors, Supervisors, senior management and employees

Please refer to Chapter 4 "Directors, Supervisors, Senior Management and Employees" in this annual report.

(2) Acquisition, sale and investment

Save and except as disclosed in the annual report, there was no material acquisition or sale of the Group's subsidiaries, associates or joint ventures or any other material investments in 2024.

(3) Pledge of assets

As of 31 December 2024, no fixed assets were pledged by the Group (31 December 2023: Nil).

(4) Material events after the Reporting Period

The Board has not noticed any significant events affecting the Group since the end of the Reporting Period.

5. Financial assets and financial liabilities held in foreign currencies

As at 31 December 2024, cash at bank and on hand, trade receivables, other receivables, accounts payables and other payables, and other financial assets and liabilities denominated in foreign currencies held by the Group were equivalent to net liabilities of RMB137,531 thousand.

6. Investment of the Company

6.1 Entrusted wealth management and entrusted loans

(1) Entrusted wealth management

The Company did not engage in any entrusted wealth management during the Reporting Period.

(2) Entrusted loans

The Company did not engage in any entrusted loans during the Reporting Period.

6.2 Analysis of major subsidiaries and investing companies

For the analysis of major subsidiaries and investing companies, please refer to 3.2.F Analysis of operation and results of major controlled companies and invested companies during the Reporting Period under the Management Discussion and Analysis section in this chapter.

6.3 Non-fundraising projects

In 2024, the capital expenditures of the Group amounted to RMB1,767 million, representing an increase of 21.53% as compared with RMB1,454 million in 2023. Major projects include the following:

Major project	Total amount of project investment RMB'000	Amount of project investment during the Reporting Period RMB'000	Project progress as of 31 December 2024
SPC 24,000 tons/year precursor fiber and 12,000 tons/year 48K large tow carbon fiber project	3,489,638	170,000	Phase I in operation
SPC cleanliness and efficiency improvement project for thermal power units	3,287,711	720,000	Under construction
Supporting engineering project of 250,000 tons/year thermoplastic elastomer project	211,326	80,000	Under construction

Note: In addition to the major capital expenditure items disclosed in the above table, the total capital expenditure of other projects of the Company is RMB797 million.

The Group's capital expenditures for 2025 are estimated at approximately RMB2.850 billion.

6.4 Financial Assets Measured at Fair Value

Project	Opening amount	Closing amount	Profit and loss from changes in fair value in the current period	Cumulative changes in fair value included in equity	Impairment accrued in the current period	Source of funds
Financial assets measured at fair value through profit or loss						
– Other non-current financial assets	36,500	36,500	–	–	–	Own capital
Financial assets at fair value through other comprehensive income						
– Derivative financial assets	–	49	–	28,246	–	Own capital
– Receivables under financing	236,487	388,230	–	–	–	Own capital
– Investment in other equity instruments	3,869	3,872	–	3	–	Own capital
Total	276,856	428,651	–	28,249	–	

Derivative investments for hedging purposes during the Reporting Period

Type of derivative investment	Initial investment amount	Opening book value	Gains or losses arising from changes in fair value for the period	Cumulative changes in fair value included in equity	Amount purchased during the Reporting Period	Amount disposed during the Reporting Period	Closing book value	Proportion of closing book value to net assets of the Company at the end of the Reporting Period (%)
Commodity swaps contracts	–	–	–	28,246	2,996,358	3,024,555	49	0.00%
Total	–	–	–	28,246	2,996,358	3,024,555	49	0.00%

The accounting policies, specific principles of accounting for hedging operations during the Reporting Period, and a statement of whether there are significant changes compared with the previous reporting period	No significant change.
Statement of actual profit or loss during the Reporting Period	The actual profit of the Company's commodity swap contracts was RMB28,246 thousand.
Statement of the effect of hedging	The Group engages in petrochemical business, which exposed the Group to commodity price risks related to the price of crude oil, refined oil and other chemical products. The fluctuation of the price of crude oil, refined oil and other chemical products may have a significant impact on the Group. The Group uses derivative financial instruments such as commodity swap contracts to manage such commodity price risks. The Group has no recognized hedge ineffectiveness in 2024 in relation to the commodity swap contracts.
Source of funds for derivative investment	Own capital.

Risk analysis and control measures (including but not limited to market risks, liquidity risks, credit risks, operational risks and legal risks) in respect of derivative positions during the Reporting Period	The Company's financial derivatives transactions are all for the purpose of locking in costs or profits, responding to market changes and hedging risks, and are in line with actual operational business needs, which help the Company to avoid the impact of risks and stabilize its operating results. From the perspective of financial derivatives business, there are certain risks, and the main risks are as follows: 1. market risk of loss due to changes in the price of the underlying assets that are contrary to expectations. 2. operational risk due to human error or system failure or control failure of trading or management personnel. Risk control measures in respect of the Company's financial derivative transactions: 1. selecting trading products with simple structure, high liquidity and controllable risk, and conducting them only within the amount authorized by the Board and strictly controlling the scale of transactions. 2. formulating the standardized business operation procedures and authorization management system, arranging full-time personnel, clarifying job responsibilities, and strictly engaging in monetary financial derivatives business within the scope of authorization; improving business training, professional ethics and quality of relevant personnel, and establishing a timely reporting system for abnormal situations, so as to maximize the avoidance of operation risks.
The changes of market price of derivatives invested or the fair value of products during the Reporting Period. Specific usage and settings of relevant assumptions and parameters of the analysis on the fair value of derivatives shall be disclosed	The Group's analysis for the fair value of commodity swap contracts uses the price of the underlying commodity and the discount rate for counterparty credit risk.
Date of announcement relating to the derivative investment approved at the Board meeting	20 March 2024

(III) Discussion and analysis on future development of the Company

1. Industry competition and development trends

In 2025, the macroeconomic landscape and geopolitical environment will become more complex and volatile, presenting complicated challenges to production and operations. From the perspective of the international oil and gas market, geopolitical fluctuations and energy policies of major countries may drive a new round of supply-side structural adjustments, increasing downward pressure on international oil prices. Domestically, in the refining and petrochemical market, as refinery processing volume reached an overall peak and refined oil consumption enters a downward trend, market competition is intensifying into a "cutthroat battle". The annual consumption of gasoline and diesel is expected to decline, meanwhile, ethylene production is entering a new wave of capacity expansion, and the chemical market is anticipated to maintain a dual growth in both supply and demand.

2. Development strategies of the Company

The Group's development objectives are to evolve itself into a "leading domestically, first-class globally" energy and chemical and new material enterprise. The Company will insist on taking into account both low cost and differentiation, and focusing on both scale and refinement. The Company is guided by value and market orientation, creativity, talents as the backbone of the Company, the emphasis of green and low carbon and integrated development, to focus on low cost and large scale of the upstream, and high value-added and refinement of the downstream. The Company will give full play to its advantages of broad product chain, diversified products and close proximity to the market to enhance competitiveness. Under the guidance of the development strategy, the Company will persist in the transformation and upgrading of traditional industries and accelerate the development of strategic emerging industries, with synchronous promotion in both directions. According to the requirements of North-South Transformation raised by Shanghai Government, the Company will orderly promote the transformation of oil refining to chemical industry, chemical industry to materials, materials to high-end products, and parks to ecology, will carry out comprehensive technological transformation and quality upgrades, and will further optimize refining product structure. The Company will strengthen the core industries of mid-to-high-end new materials such as carbon fiber, and take polyolefin, elastomer, and C-5 downstream fine chemical new materials as breakthrough and extension for the mid-to-high-end new materials which will help the North-South transformation in Shanghai and the construction of Carbon Valley Green Bay and local industrial parks in Jinshan District. The Company will develop wind, light, fire, and biological integrated power generation and green hydrogen production technology, and will realize the energy structure transformation from fossil energy to fossil energy combined with renewable energy to achieve the development of energy saving, consumption reduction, green and low carbon.

3. Management plan

In 2025, the Group will adhere to the general principle of seeking progress while maintaining stability, fully, accurately, and comprehensively implement the new development philosophy, integrate high-quality development with high-level security, deepen reform in an all-around way, accelerate the development of new quality productive forces, and achieve the goals and tasks of the 14th Five-Year Plan with high quality, laying a solid foundation for a strong start to the 15th Five-Year Plan. In 2025, the Company plans to process a total of 13.10 million tons of crude oil, produce a total of 8.39 million tons of petroleum products, 622,200 tons of ethylene, 688,000 tons of p-xylene. In order to achieve the business objectives for 2025, the Group will focus on the following five areas of work:

(1) Adhering to strict management and control and unswervingly solidifying the foundation of security and stability

The Group will comprehensively implement responsibilities for safety and environmental protection, strengthen safety leadership, enhance the operational effectiveness of the HSE system, systematically prevent safety risks and hazards, manage and control the source of risks, strictly control the contractors and direct operation risks, vigorously push forward the construction of standardized sites, intelligent sites and intelligent operation and maintenance, and comprehensively enhance the performance of environmental protection management, so as to guarantee the Company's high-quality development with excellent HSE performance.

(2) Persisting in coordinated optimization to support outstanding achievements in production and operations

The Group will focus on leveraging its integrated advantages, overall coordinating production and operations optimization, advancing the operation of the industrial and supply chains, integrated value creation, and new product research and development, fully unleashing its potential for value creation. It will conduct scientific research initiatives, using digital intelligence to shorten R&D iteration cycles and accelerate the industrial transformation of scientific research outcomes. The Group will optimize the refining oil product structure, coordinate and optimize equipment maintenance schedules and material balance, ensuring the maximization of overall production and operational efficiency. It will strengthen the analysis, management and control of the whole process, reinforce the constraint boundaries of key performance indicator management and control, promote the tilting of resources toward value creation, and drive continuous reduction in costs and expenses.

(3) *Persisting in innovation-driven development to further expand growth opportunities*

The Group will adhere to the development strategy of "transformation of oil refining to chemical industry, chemical industry to materials, materials to high-end products, and parks to ecology", actively seek new technologies and processes for refining and chemical transformation, vigorously develop the fine chemicals and high-end new materials industrial chains, and steadily advance comprehensive technological transformation and quality upgrading projects. It will methodically implement the cleanliness and efficiency improvement for thermal power units and the National Hazardous Chemicals Emergency Rescue (Shanghai) Base project, commission the elastomer projects at an appropriate time, seize opportunities for regional expansion, accelerate the construction of the large-tow carbon fiber project, promote cost reduction and efficiency improvement for small-tow products, enhance the operational performance of high-performance carbon fiber facilities, and complete the thermoplastic carbon fiber composite materials research project with high quality.

(4) *Insisting on deepening reforms to further optimize corporate governance*

The Group will firmly establish a sense of innovation and compliance, benchmark against leading enterprises, deepen reforms with a focus on value creation, improve the quality of listed companies, strengthen market value management and brand management, and take multiple measures to enhance corporate image. Driven by digital and intelligent transformation, the Group will deepen management innovation, comprehensively enhance vitality and efficiency, strengthen modern corporate governance capabilities, and achieve breakthroughs in management innovation, technological leadership, and product excellence.

(5) *Insisting on pragmatic innovation to ensure further enhancement of team capacity*

The Group will improve talent development pathways, systematically building a talent growth system that is vertically seamless and horizontally interconnected. It will optimize training and talent management mechanisms, refine the Company's training curriculum and project systems, and provide detailed guidance for the growth and development of various types of talents. The Group will establish and improve a "human resources pool," create a market-oriented employment mechanism that allows for flexible entry and exit, revitalize human resources, organize business competitions effectively, and achieve overall improvement in employee capabilities.

4. Possible risks

(1) The cyclical characteristics of the petroleum and petrochemical products market and price volatility in crude oil and petrochemical products may have an adverse impact on the Group's operations

A large part of the Group's operating income is derived from the sales of refined oil and petrochemical products. Historically, such products have been cyclical in nature and relatively sensitive to macroeconomic changes. Additionally, changes in regional and global economic conditions, productivity and output, prices and supply of raw materials, consumer demand and prices and supply of substitutes also have an effect. From time to time, these factors have a material impact on the prices of the Group's products in regional and global markets. In addition, the prices of crude oil and petrochemical products will remain volatile, and uncertain. Higher crude oil prices and lower petrochemical products prices are likely to have an adverse impact on the Group's business, operating results and financial condition.

(2) The Group may be exposed to risks associated with the procurement of imported crude oil and may not be able to pass on all increased costs due to rising crude oil prices

At present, the Group consumes a significant amount of crude oil for the production of petrochemical products. More than 95% of the crude oil consumption is imported. In recent years, crude oil prices have been subject to significant fluctuations due to a variety of factors, and the Group cannot rule out the possibility of any major unexpected event which may cause a suspension in crude oil supply. The Group has attempted to mitigate the effects of increased costs from rising crude oil prices by passing them on to the customers, but the ability to do so is limited because of market conditions and government control over the pricing of petroleum products. Since there is a time-lag between increases in crude oil prices and increases in petrochemical product prices, higher costs cannot be totally offset by raising the sales prices. In addition, the State also imposes control over the distribution of some petroleum products within China. For instance, some of the Group's petroleum products are required to be sold to designated customers (such as subsidiaries of Sinopec Corp.). Hence, when crude oil prices are high, the higher costs cannot be totally offset by raising the sales prices of the Group's petroleum products.

(3) *Substantial capital expenditures and financing requirements are required for the Group's development plans, presenting a number of risks and uncertainties*

The petrochemical industry is a capital-intensive industry. The Group's ability to maintain and raise income, net income and cash flows is closely connected with ongoing capital expenditures. The Group's estimated capital expenditures amount to approximately RMB2.850 billion in 2025, which will be met by financing activities and certain of own funds. The Group's effective capital expenditures may vary significantly due to the Group's ability to generate sufficient cash flows from operations, investments and other factors that are beyond control. Furthermore, there is no assurance as to the completion, cost or outcome of the Group's fundraising projects.

The Group's ability to secure external financing in the future is subject to a number of uncertainties which include the Company's operating results, financial conditions and cash flow in the future; China's economic conditions and the market conditions for the Group's products; financing costs and conditions of the financial market, and issuance of government approval documents, as well as other risks associated with the development of infrastructure projects in China and so forth. The Group's failure to secure sufficient financing required for its operations or development plans may have an adverse impact on the Group's business, operating results and financial condition.

(4) *The Group's business operations may be affected by existing or future environmental protection regulations*

The Group is subject to a series of environmental protection laws and regulations. Waste products (waste water, waste gas and waste residue) are generated during the Group's production operations. Currently the Group's operations fully comply with all applicable environmental protection laws and regulations. However, the government departments may further enforce stricter environmental standards, and the Group cannot assure that the state or local governments will not issue more regulations or enforce stricter regulations which may cause the Group to incur additional expenses on environmental protection measures.

(5) Changes in the monetary policy and fluctuations in the value of Renminbi may have an adverse impact on the Group's business and operating results

The exchange rate of the Renminbi against the US Dollar and other foreign currencies may fluctuate and is subject to alterations due to changes on the Chinese political and economic situations. In July 2005, the government overhauled its policy of pegging the value of the Renminbi to the US dollar by permitting the Renminbi to fluctuate within a certain band against a basket of foreign currencies. Since the adoption of this new policy, the value of the Renminbi against the US dollar fluctuates daily. In addition, the government has been under international pressure to further ease its exchange rate policy, and may as a result further change its currency policy. A small portion of our cash and cash equivalents are denominated in foreign currencies, including the US dollar. Any increase in the value of Renminbi against other currencies, including the US dollar, may decrease the Renminbi value of our cash and cash equivalents that are denominated in foreign currencies. On the other hand, most of our revenue is denominated in Renminbi, but a major part of our procurement of crude oil, certain equipment and certain debt repayments are denominated in foreign currencies. Any devaluation of Renminbi in the future will increase our costs and jeopardize profitability. Any devaluation of Renminbi may also have an adverse impact on the value of dividends payable in foreign currencies by the Group for H shares.

(6) Connected transactions may have an adverse impact on the Group's business and economic efficiency

The Group will, from time to time, continue to conduct transactions with the Group's controlling shareholder Sinopec Corp. and Sinopec Corp.'s controlling shareholder Sinopec Group as well as their connected parties (subsidiaries or associates). These connected transactions include the provision of the following services by such connected parties to the Group: raw materials purchases, agency sale of petrochemical products, construction, installation and engineering design services, petrochemical products industry insurance services and financial services, and the sale of petroleum and petrochemical products by the Group to Sinopec Corp. and its connected parties. These connected transactions and services conducted by the Group are carried out under normal commercial terms and in accordance with the relevant agreements. However, if Sinopec Corp. and Sinopec Group refuse to conduct such transactions or revise the agreements between the Group and itself in a manner unfavorable to the Group, the Group's business and business efficiency will be adversely impacted. Furthermore, Sinopec Corp. has an interest in certain sectors that are directly or indirectly competing with or which may compete with the Group's business. Since Sinopec Corp. is the controlling shareholder of the Group and its own interests may conflict with those of the Group, it may act for its own benefit regardless of the Group's interests.

(7) Risks associated with control by the substantial shareholder

As of 31 December 2024, Sinopec Corp., the controlling shareholder of the Company, owns approximately 5,459 million shares of the Company, which represents 51.14% of the total number of shares of the Company and gives it an absolute controlling position. Sinopec Corp. may, by using its controlling position, exercise influence over the Group's production operations, fund allocations, appointment or removal of senior staff and so forth, thereby adversely affecting the Group's production operations as well as minority shareholders' interests.

Section III Analysis of Operating Information in Chemical Industry

(I) Basic information of the industry

1. Industry policy and changes

In 2024, many policies were frequently introduced both home and abroad to actively promote the transformation, upgrading and green development of the petrochemical industry.

The PRC has vigorously promoted large-scale equipment upgrades and trade-ins for consumer goods. In March 2024, the State Council issued the "Action Plan for Promoting Large-scale Equipment Renewal and Consumer Goods Trade-ins" (《推動大規模設備更新和消費品以舊換新行動方案》). In June, multiple departments jointly released the "Work Plan for the Phase-Out and Upgrading of Outdated Chemical Equipment." In July, the National Development and Reform Commission and the Ministry of Finance jointly introduced the "Measures to Strengthen Support for Large-Scale Equipment Upgrades and Trade-Ins for Consumer Goods" (《關於加力支持大規模設備更新和消費品以舊換新的若干措施》, allocating approximately RMB300 billion in ultra-long-term special government bonds to support these initiatives. Various departments and local governments have followed up promptly, rapidly establishing a policy framework for equipment upgrades and clarifying timelines and roadmaps for key areas of equipment renewal.

Energy conservation and carbon reduction initiatives have been launched in an orderly manner. In May, the State Council issued the "2024-2025 Energy Conservation and Carbon Reduction Action Plan" (《2024 – 2025 年節能降碳行動方案》), promoting the restructuring of petrochemical and chemical processes and the substitution of renewable energy. In June, multiple departments released the "Special Action Plan for Energy Conservation and Carbon Reduction in the Refining Industry" (《煉油行業節能降碳專項行動》), setting targets for capacity control, energy efficiency improvement, and emission reduction. In September, the National Development and Reform Commission and the Civil Aviation Administration launched a pilot project for sustainable aviation fuel. In October, six ministries and commissions issued the "Guiding Opinions on Vigorously Implementing Renewable Energy Substitution Initiative" (《關於大力實施可再生能源替代行動的指導意見》), proposing a comprehensive enhancement of renewable energy supply capacity. In November, the "Energy Law of the People's Republic of China" (《中華人民共和國能源法》) was passed, providing a solid legal foundation for the development of the energy sector. The Ministry of Finance and the State Taxation Administration jointly issued the "Announcement on Adjusting Export Tax Rebate Policies", which included products such as motor gasoline, aviation gasoline, aviation kerosene, and diesel in the list of products with reduced export tax rebate rates, aiming to optimize the export product structure and drive related industries toward higher value-added development.

Internationally, the European Union has actively advanced its green industry initiatives. In February, the EU Council and the European Parliament reached a provisional agreement on the "Net Zero Industry Act" (《淨零工業法案》), which was formally adopted in May, aiming to enhance the EU's net-zero industrial production capacity. In November, at the 29th Conference of the Parties to the United Nations Framework Convention on Climate Change, the parties reached a consensus on the carbon credit creation standards under Article 6.4 of the Paris Agreement, laying the foundation for the formal launch of carbon trading among nations worldwide. This milestone was regarded as a historic moment for the global carbon market.

2. Basic situation of major segments and the Company's industry status

According to data from the National Bureau of Statistics, in 2024, the petrochemical industry achieved operating income of RMB16.28 trillion, representing a year-on-year increase of 2.1%; the total profit was RMB789.71 billion, representing a year-on-year decrease of 8.8%; the total imports and exports amounted to US$948.81 billion, representing a year-on-year decrease of 2.4%. The industrial value added in the petrochemical industry achieved a rapid growth, 1.1 percentage points higher than the national industrial added value growth rate in the same period. The growth rate of added value showed a trend of being high at the beginning and then declining. The main features are as follows:

1. The production in the petrochemical industry maintained an overall growth. The total output of domestic crude oil and natural gas in the whole year was 435 million tons (oil equivalent), representing a year-on year increase of 4.0%. Among them, the output of crude oil reached 213 million tons, representing a year-on-year increase of 1.8%, achieving "sixth consecutive increases" in output and maintaining a stable production of more than 200 million tons for three consecutive years; the output of natural gas was 246.37 billion cubic meters, representing a year-on-year increase of 6.2%, with the increase in production exceeding 10 billion cubic meters for eight consecutive years. The cumulative processing of crude oil in China reached 708 million tons, representing a year-on-year decrease of 1.6%. The output of refined oil (gasoline, kerosene and diesel, the same below) in China was 419 million tons, representing a year-on-year increase of 0.3%, with the growth rate dropping by 16.2 percentage points as compared with 2023. Among them, the output of diesel was 203 million tons, representing a year-on-year decrease of 4.0%; the output of gasoline was 160 million tons, representing a year-on-year increase of 1.6%; the output of kerosene was 55.657 million tons, representing a year-on-year increase of 14.9%.

2. The apparent consumption of energy and major chemicals basically maintained stable. According to data from the National Bureau of Statistics and customs, the total apparent consumption of crude oil and natural gas for the year was 1.146 billion tons (oil equivalent), representing an increase of 1.8% year-on-year. Among them, the apparent consumption of crude oil was 764 million tons, representing a year-on-year decrease of 1.0%; the apparent consumption of natural gas was 424.42 billion cubic meters, representing a year-on-year increase of 8.0%. The apparent consumption of refined oil in China was 383 million tons, representing a year-on-year increase of 1.7%, in which the apparent consumption of gasoline, kerosene and diesel were 150 million tons, 37.168 million tons and 196 million tons respectively, representing an increase of 3.5%, an increase of 12.6% and a decrease of 1.4%, respectively. The consumption of ethylene increased 1.1% year-on-year. The apparent consumption of synthetic resin was 136 million tons, representing a year-on-year increase of 0.8%; the apparent consumption of synthetic rubber was 14.201 million tons, representing a year-on-year decrease of 2.8%; the apparent consumption of synthetic fiber monomers and polymers was 92.083 million tons, representing a year-on-year increase of 10.2%.

3. The overall price level of industry products has declined, leading to a decrease in profits. In 2024, the average spot price of Brent crude oil was US$80.8 per barrel, representing a year-on-year decrease of 2.3%. Chemical prices fell significantly, especially for some basic chemicals and synthetic materials, which experienced larger declines. By the end of 2024, the operating income of above-scale enterprises in the petroleum and chemical industry increased by 2.1% year-on-year, while the total profits decreased by 8.8% year-on-year (a year-on-year decrease of 20.7% in 2023).

4. Industry import volumes showed divergence, while export volumes of major chemicals experienced rapid growth. According to data from customs, the import volume of crude oil was 553 million tons in 2024, representing a year-on-year decrease of 1.9% and the foreign-trade dependence of crude oil was 72.2%, representing a year-on-year decrease of 0.7 percentage point. Imports of natural gas were 132 million tons, representing a year-on-year increase of 9.9% and the foreign-trade dependence of natural gas was 42.0%, representing a year-on-year increase of 1.0 percentage point. The export volume of refined oil products was 36.767 million tons, representing a year-on-year decrease of 12.4%. The export volume of organic chemicals was 29.977 million tons, representing a year-on-year increase of 20.8%. The year-on-year growth rate of export volumes for synthetic resin, synthetic rubber and synthetic fiber monomers all exceeded 20%. The import volume of polyethylene was 13.852 million tons, representing a year-on-year increase of 3.1%; the import volume of polypropylene was 2.356 million tons, representing a year-on-year decrease of 12.6%; the import volume of ethylene was 2.232 million tons, representing a year-on-year increase of 5%; and the import volume of ethylene glycol was 6.554 million tons, representing a year-on-year decrease of 8.3%. The total export trade volume of the industry decreased by 1.3% year-on-year, and the total import trade volume decreased by 3.0% year-on-year. The trade deficit narrowed by 4.8% year-on-year.

The Group is one of the major large-scale refining and chemical integration enterprises in China. In 2024, jet fuel production accounted for nearly 4.2% of domestic production, while the output of other main products accounted for 1.0%-2.0% of the national output of corresponding products. As the production capacity of the Group's main products has not increased in recent years, while relevant domestic enterprises have been expanding their capacity, the output of ethylene, p-xylene, ethylene glycol and other products produced by the Group continued to decline in the market share of similar products in China in 2024. In 2023, the output of the Group's main products accounted for 1.0%-2.0% of the national output of corresponding products.

(II) Products and production

1. Main operating model

The Company's main operating models are: crude oil procurement; processing and production of petroleum products and chemical products; realizing profit through product sales.

2. Main products

Product	Industry segment	Primary upstream raw material	Transport/storage method	Primary downstream application fields	Key price-influencing factors
Diesel	Petroleum products	Petroleum	Pipeline transportation and shipping/ storage tank	Transportation fuel, agricultural machinery fuel	International crude oil price, government control
Gasoline	Petroleum products	Petroleum	Pipeline transportation and shipping/ storage tank	Transportation fuel	International crude oil price, government control
Jet Fuel	Petroleum products	Petroleum	Pipeline transportation and shipping/ storage tank	Transportation fuel	International Crude oil price, supply–demand balance
PX	Intermediate petrochemical products	Naphtha	Road transportation/storage tank	Intermediate petrochemical products and polyester	Raw material price, supply-demand balance
Benzene	Intermediate petrochemical products	Naphtha	Road transportation, shipping, rail transportation/storage tank	Intermediate petrochemical products, styrene, plastic, explosive, dye, detergent, epoxy resin, chinlon	International crude oil price, market supply-demand condition
Ethylene Glycol	Intermediate petrochemical products	Naphtha	Road transportation/storage tank	Fine Chemicals engineering	International crude oil price, market supply-demand condition
Ethylene Oxide	Intermediate petrochemical products	Naphtha	Road transportation, pipeline transportation/storage tank	Chemical and medical industry intermediate products, including dyes, detergents and auxiliary	International crude oil price, market supply-demand condition
Ethylene	Intermediate petrochemical products	Naphtha	Road transportation, pipeline transportation, shipping/storage tank	PE, EG, PVC and other raw material for further processing of intermediate petrochemical products such as resins, plastics and synthetic fibres	International crude oil price, supply-demand balance
PE	Resins and plastics	Ethylene	Road transportation, shipping and rail transportation/warehousing	Film, mulching film, cable insulation material and housewares, toys injection moulding products	Raw material price and market supply-demand condition
PP	Resins and plastics	Propylene	Road transportation, shipping and rail transportation/warehousing	Film, sheets, housewares, toys, household appliances and auto parts injection moulding products	Raw material price and market supply-demand condition
Acrylics	Synthetic fibers	Acrylonitrile	Road transportation, shipping and rail transportation/warehousing	Simple spinning or blend with other material for texture or acrylic top	Raw material price and market supply-demand condition
Fine chemical products	Intermediate petrochemical products	C-5	Road transportation, shipping and rail transportation/warehousing	Resin, adhesive, traffic paint, building and ornament material, packaging material, printing ink, rubber processing, etc.	Raw material price and market supply-demand condition

Product	Production			Sales		
	2024 (10,000 tons)	2023 (10,000 tons)	Year-on-year change	**2024 (10,000 tons)**	2023 (10,000 tons)	Year-on-year change
Diesel Note 1	**285.53**	339.23	-15.83%	**285.87**	340.39	-16.02%
Gasoline	**345.24**	334.89	3.09%	**343.90**	335.20	2.60%
Jet Fuel Note 1	**234.21**	192.54	21.64%	**142.05**	132.08	7.55%
Paraxylene	**68.99**	70.72	-2.45%	**69.01**	70.87	-2.62%
Benzene Note 2	**34.97**	37.27	-6.17%	**34.98**	34.43	1.60%
Ethylene Glycol	**0.01**	7.19	-99.86%	**0.06**	6.05	-99.01%
Ethylene Oxide	**0.00**	11.97	-100.00%	**0.00**	11.47	-100.00%
Ethylene Note 2	**44.92**	64.11	-29.93%	**1.00**	0	–
Polyethylene	**50.33**	52.56	-4.24%	**50.21**	49.84	0.74%
Polypropylene	**39.99**	42.18	-5.19%	**40.14**	40.64	-1.23%
Acrylic	**2.48**	2.14	-15.83%	**2.57**	2.42	-16.02%

Note 1: Excludes sales volume on a sub-contract basis.

Note 2: The difference between production and sales are internal sales.

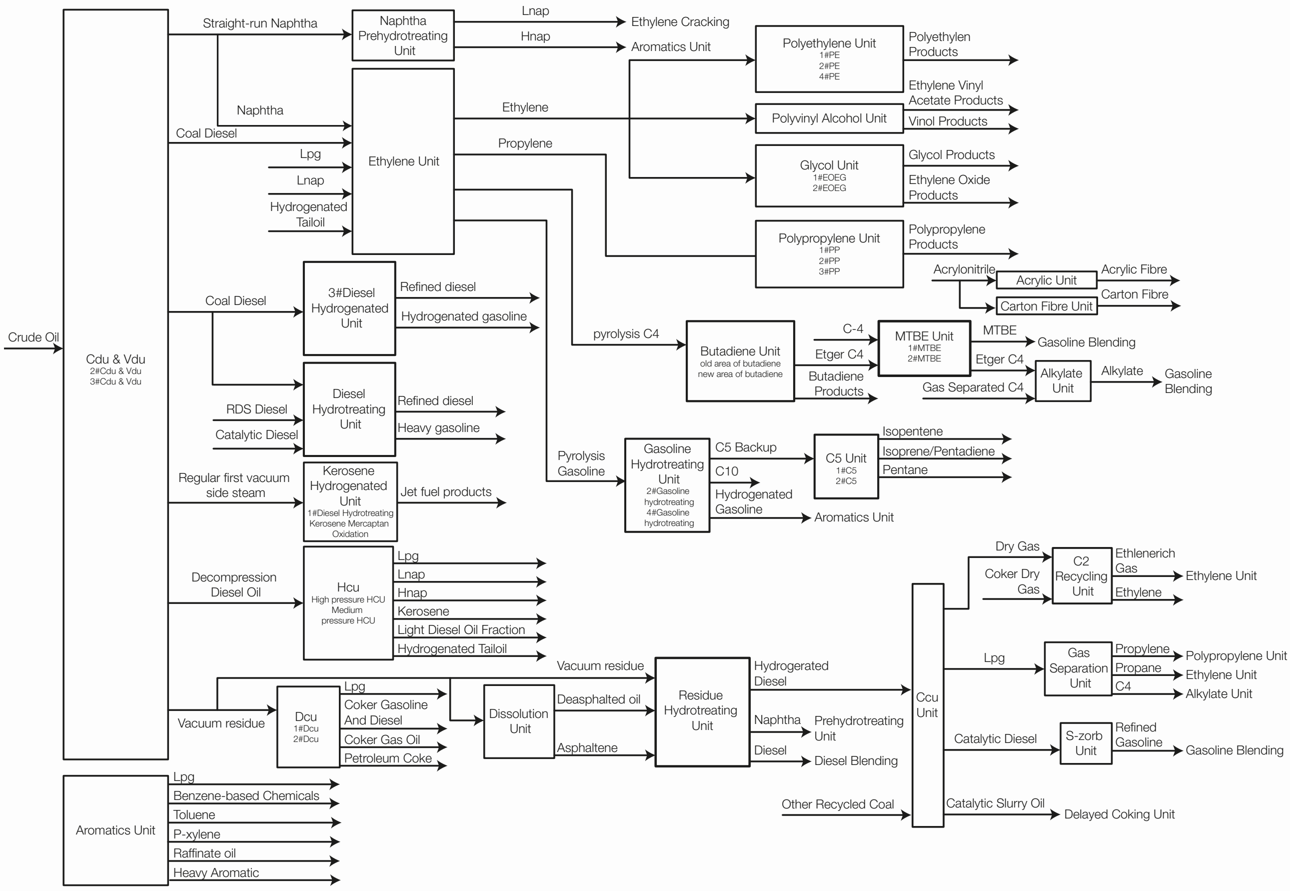
The above-mentioned sales volume does not include the trading of petrochemical products of the Group.

3. R&D and innovation

Please refer to 3.2.C of the section Management Discussion and Analysis in this chapter for details of the R&D and innovation of the Group.

4. Production techniques and processes

The key component of the vertically integrated production facility of the Company is the ethylene facility producing ethylene and propylene and aromatics facility mainly producing paraxylene and benzene. Ethylene is the main raw material for the production of polyethylene and ethylene glycol, while ethylene glycol and PTA polymerization produces polyester. Propylene is the main raw material for the production of polypropylene. The above-mentioned products all use crude oil as raw material and are processed through a series of petrochemical facilities. The chart below illustrates in brief the production processes of the Company.



5. Capacity and operation status

Key production facilities (number of sets)	Designed capacity (tons)	Capacity Utilization (%)
Crude oil distillation facility (2)	14,000,000	86.82
Hydrocracking facility (2)	3,000,000	95.65
Ethylene facility [Note 1]	700,000	102.30
Aromatics facility (2) [Note 2]	835,000	100.42
Ethylene oxide/Ethylene glycol facility (2) [Note 3]	525,000	–
Catalytic cracking	3,500,000	99.75
Delayed coking (2)	2,200,000	98.01
Diesel hydrogenation (2) [Note 4]	3,850,000	76.61
Acrylonitrile facility [Note 4]	650,000	88.39
C-5 Separation (2)	185,000	122.31
Polyester facility (2) [Note 5]	250,000	–
Polyester staple fibre facility (2)	158,000	–
Polyester filament facility	21,000	–
Acrylics staple fibre facility (2) [Note 6]	94,000	95.81
Polyethylene facility (3)	408,000	90.31
Polypropylene facility (3)	400,000	89.16
Vinyl acetate facility	86,100	96.57

Note 1: The new ethylene facility (300,000 tons/year) was suspended for the whole year, and its average load rate was equivalent to that of the old ethylene facility (400,000 tons/year).

Note 2: No.1 PX facility (235,000 tons/year) was suspended for the whole year, and its average load rate being the value of No.2 PX facility (600,000 tons/year).

Note 3: Ethylene oxide/Ethylene glycol facility was shut down for business throughout the year.

Note 4: No. 2 Diesel hydrogenation facility (1,200,000 tons/year) was revamped into acrylonitrile facility by the end of 2016. Annual production is 650,000 tons/year.

Note 5: No. 2 polyester facility has been scrapped and dismantled, and the other two polyester facilities were suspended for the whole year.

Note 6: Acrylic north unit (66,000 tons/year) was suspended for the whole year. Acrylic south unit (46,800 tons/year) was transformed into large tow carbon fiber and precursor fiber device. The average load rate was the value of Jinyang Acrylic Factory (28,000 tons/year).

For capital expenditure items, please refer to “Non-fundraising projects” in section “Discussion and analysis of the Company’s operation” in Section II Management Discussion and Analysis of this chapter.

(III) Raw material procurement

1. Basic information of major raw materials

Major raw materials	Procurement mode	Settlement method	Year on year change rate of price	Purchase quantity	Consumption
Crude oil	Agency procurement	Agreement settlement	-2.81%	11,898.6 thousand tons	11,859.6 thousand tons

Impact of price changes of major raw materials on the Company's operating costs

The Company's unit cost of crude oil processing decreased by 1.75% year-on-year, reducing the Company's operating costs by 1.39%.

2. Basic information of major energy sources

Major energy sources	Procurement mode	Settlement method	Year on year change rate of price	Purchase quantity	Consumption
Coal	Entrusted procurement	Conduct monthly assessment and settlement according to the benchmark price	-10.99%	1,543.7 thousand tons	1,533.7 thousand tons

Impact of major energy sources price changes on the Company's operating costs

The Company's coal unit cost decreased by 12.26% year-on-year, reducing the Company's operating costs by 0.24%.

3. Measures to deal with the risk of raw material price fluctuation

A Brief account of holding derivatives and other financial products

In 2024, the Company conducted hedging business for refined oil products. It purchased 390,000 barrels of DTD SWAP and sold 390,000 barrels of DUBAI SWAP; sold 469,700 barrels of Gasoil 10 ppm Sin and purchased 469,700 barrels of DUBAI SWAP; sold 938,500 barrels of Kerosene Sin and purchased 938,500 barrels of DUBAI SWAP. By the end of December 2024, the Company had closed positions of 390,000 barrels of DTD SWAP-DUBAI SWAP, 469,700 barrels of Gasoil 10 ppm Sin-DUBAI SWAP, and 908,500 barrels of Kerosene Sin-DUBAI SWAP. All commodity derivative transactions conducted were part of hedging business. As of the end of December 2024, the net position of the Company's commodity derivatives business was 0 barrels, the corresponding physical commodity risk exposure of the net position of the derivatives business was 0 barrels and the net position scale at the end of the period/corresponding physical commodity risk exposure was 100%. All derivative positions at the end of the period were related to physical commodities, with no speculative positions, and the position risks were controllable.

For the accounting policies related to hedge accounting of the Company, please refer to Note III.29 to the financial statements prepared under CAS in this annual report.

(IV) Sales of products

1. Sales model

The Company's sales models are mainly direct sales and agency sales. The products are mostly sold to large trading companies and industrial users, including Sinopec Group and its designated clients. The Company has established long-term relationships with these clients.

2. Pricing strategy and change in prices of major products

Most of the products of the Company are sold at market price. However, sales of the Company's major petroleum products (gasoline, diesel and jet fuel) are also subject to different extent of government pricing (guided-price).

The prices of products of the Company that are not subject to price control are fixed with reference to the market price in the main chemical products market of Shanghai and other places in China. The Company keeps strictly monitoring major international commodity markets, especially the price trend in Asian markets. In most cases, the Company revises product prices monthly while more frequent price revisions will be made during periods of intense price fluctuations.

3. Basic information of main businesses of the Company by industry segment

Please refer to "Comparison and analysis of results of the Company's operations" in Management Discussion and Analysis of this chapter for basic information of main business of the Group by industry segment.

4. Basic information of main businesses of the Company by sales channel

Unit: RMB'000

Sales channel	Revenue from main business	Year-on-year increase/decrease in revenue (%)
Direct sales	60,502,565	-4.77%
Agency sales	18,815,170	-11.33%
Trading	6,912,378	-15.49%

5. Basic information of joint products, side products, semi-finished products, waste, residual heat utilization products during the production process of the Company

The Company owns a power plant which provides power and steam resources mainly to the Company while the surplus is sold to external parties. In 2024, the Company sold 1,013.2 thousand giga joules of steam, generating operating income of RMB93 million.

(V) Environmental protection and safety

1. Major safety production accident of the Company during the Reporting Period

Nil.

2. Major environmental violations

Nil.

Section IV Major Events

(I) Plan for profit distribution of ordinary shares or capital reserve capitalization

1. Cash dividend policy and its formulation, implementation or adjustment

In 2016, the Company made amendments to its cash dividend policy in the Articles of Association. The proposed amendments to the Articles of Association and its appendices were considered and approved at the annual general meeting of 2015 held on 15 June 2016. According to Article 206 of the Articles of Association currently in force and the relevant provisions of the Regulatory Guidelines for Listed Companies No. 3 – Cash Dividend of Listed Companies:

The profit distribution policy of the Company 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. The Company gives priority to adopting cash dividends for profit distribution, and is able to deliver an interim profit distribution. When the net profits and retained earnings of the Company are positive in current year, and in the event that the cash flow of the Company can satisfy the normal operation and sustainable development, the Company should adopt cash dividends, and the distribution profits in cash every year are no less than 30% of the net profits of the Company realised during the corresponding year.

The profit distribution plan of the Company for the corresponding year will be carried out in accordance with the policy and procedures stipulated in the Articles of Association, with the advice of minority shareholders being heard and considered. Meanwhile, the independent Directors fulfilled their responsibilities and played their role.

2. Plan for profit distribution or capitalization of capital reserves for the Reporting Period

In 2024, the net profit attributable to equity shareholders of the Company amounted to RMB316,500 thousand under CAS (net profit of RMB310,980 thousand attributable to equity shareholders of the Company under IFRS). According to the 2024 profit distribution plan approved by the Board on 19 March 2025, the Board resolved to distribute a dividend of RMB0.02 per share (including tax) for the year of 2024 based on the total number of issued shares of the Company as at the record date for distributing dividend. The 2024 profit distribution plan will be implemented subject to the approval of the AGM. The date and time of the AGM and book closure arrangement will be announced later. The notice of the AGM will be announced separately in accordance with the provisions of the Articles of Association of Sinopec Shanghai Petrochemical Company Limited. The notice of the AGM, the circular and the proxy form will be provided to holders of H shares in accordance with the Hong Kong Listing Rules.

Subject to the passing of the resolution by the shareholders of the Company at the AGM, the Final Dividend on H shares is expected to be distributed on or around Thursday, 24 July 2025 to shareholders whose names appear on the register of members of the Company's H shares at the close of business on Tuesday, 1 July 2025. The Final Dividend is denominated and declared in Renminbi. The Final Dividend payable to the holders of the Company's A shares shall be paid in Renminbi while those payable to the holders of the Company's H shares shall be paid in Hong Kong dollars. The amount of Hong Kong dollars payable shall be calculated on the basis of the average closing exchange rates for Hong Kong dollars as announced by the Foreign Exchange Trading Centre of the PRC for one calendar week prior to the approval of the Final Dividend at the AGM.

The Company is expected to close the register of members of the Company's H shares from Thursday, 26 June 2025 to Tuesday, 1 July 2025 (both days inclusive), during which period no transfer of H shares will be registered in order to confirm the shareholders' entitlement to receive the Final Dividend. The holders of the Company's H shares who wish to receive the Final Dividend should lodge the completed transfer documents and relevant share certificates with the Company's H share registrar, Computershare Hong Kong Investor Services Limited, at Shops 1712-1716, 17/F, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong on or before 4:30 p.m. on Wednesday, 25 June 2025.

The record date for dividend distribution, distribution plan and time for the distribution applicable to holders of the Company's A shares will be announced separately.

3. Cash dividends in the past three accounting years

Unit: RMB'000

Amount of cumulative cash dividends (tax inclusive) in the past three accounting years	211,577.64
Average annual net profit attributable to shareholders of the listed company in the past three accounting years	-1,320,448.33
Cash dividend ratio in the past three accounting years (%)	N/A
Net profit attributable to ordinary shareholders of the listed company in the consolidated statement for the most recent accounting year	316,500.00
Retained profits at end of the year in the parent company's financial statements for the most recent accounting year	6,412,715.00

(II) Fulfilment of undertakings

1. Undertakings made by the de facto controller, shareholders, connected parties and purchasers of the Company and the Company itself during the Reporting Period or continuing up to the Reporting Period

Undertakings about share reform

The Company disclosed The Explanatory Memorandum for the Share Reform Scheme of the Company (the Revised Draft) on 20 June 2013, in which the Company's controlling shareholder, Sinopec Corp., made the following major undertakings that continued up to the Reporting Period:

Sinopec Corp. shall continue to support the development of the Company upon the completion of the share reform scheme, and shall use the Company as a platform for the development of related businesses in the future.

For details, please refer to the relevant announcements uploaded to the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company as well as "The Explanatory Memorandum for the Share Reform Scheme of the Company" (the Revised Draft) (Full Version) published in Shanghai Securities News and China Securities Journal on 20 June 2013.

The share reform scheme was reviewed and approved at the A shares shareholders' meeting held on 8 July 2013. After the implementation of the share reform scheme on 20 August 2013, the Company's A shares resumed trading, and non-circulating shares previously held by non-circulating shares shareholders attained the right of circulation. For details of the implementation of the share reform scheme, please refer to the relevant announcements uploaded to the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 14 August 2013 and the "Implementation Announcement of Sinopec Shanghai Petrochemical Company Limited Share Reform Scheme" published in China Securities Journal and Shanghai Securities News on 13 August 2013.

With regard to the aforementioned undertakings, the Company did not notice any violation in fulfilling the above undertakings by Sinopec Corp.

2. Fulfillment of performance guarantee and its effects on goodwill impairment

Not applicable

(III) Events regarding capital occupation and repay during the Reporting Period

Nil.

(IV) Explanation on the reasons for and impact of the Company's changes in accounting policies, accounting estimates, or correction of previous significant accounting errors

1. New standards adopted by the Group and revision and explanation of the standards

The Group has applied the following standards for the first time for their financial year commencing 1 January 2024.

- The provisions on *classification of liabilities as current or non-current* in Accounting Standards for Business Enterprises Interpretation No.17 (Cai Kuai [2023] No. 21) ("Interpretation No. 17")
- The provisions on *disclosure of supplier finance arrangements* in Interpretation No.17
- The provisions on *accounting treatment for sale and leaseback transactions* in Interpretation No.17
- The provisions on *accounting treatment of product quality warranties that do not fall within the category of standalone performance obligation* in Accounting Standards for Business Enterprises Interpretation No.18 (Cai Kuai [2024] No. 24) ("Interpretation No. 18")
- Amendments to IAS 1 *Presentation of Financial Statements: classification of liabilities as current or non-current and non-current liabilities with covenants*
- Amendments to IFRS 16 *Lease Liability in a Sale and Leaseback*
- Amendments to IAS 7 *Statement of Cash Flows* and IFRS 7 *Financial Instruments: Disclosures- Supplier Finance Arrangements*

The adoption of the above new standards does not have a significant impact on the financial position and operating results of the Group.

No other standard or interpretation revision with impact on the Group's consolidated financial statements was first effective for the financial year starting on 1 January 2024.

(V) Appointment and dismissal of auditors

During the Reporting Period, the original accounting firm of the Company has served for the audit period. The Company held a general meeting of shareholders on 6 June 2024 and approved re-election of KPMG Huazhen LLP as the domestic auditor of the Company for the year of 2024 and KPMG as the overseas auditor of the Company for the year of 2024.

Details of the auditors appointed by the Company during the Reporting Period and the appointment details are as below:

Unit: RMB Yuan

	Current
Name of the domestic auditors	KPMG Huazhen LLP
Remuneration of the domestic auditors	3,278,000
Duration of audit of the domestic auditors	4 years
Name of certified public accountants of the domestic auditors	Wang wenli, Zhang Lin
Duration of audit of certified public accountants of the domestic auditors	4 years
Name of the international auditors	KPMG Public Interest Entity Auditor registered in accordance with the Accounting and Financial Reporting Council Ordinance
Remuneration of the international auditors	3,278,000
Duration of audit of the international auditors	4 years
Name of certified public accountants of the international auditors	Au Yat Fo
Duration of audit of certified public accountants of the international auditors	4 years

During the Reporting Period, KPMG Huazhen LLP and KPMG and its member firms provided tax consulting services to the Group at a service fee of RMB115 thousand.

(VI) Material litigation or arbitration

During the Reporting Period, the Company was not involved in any material litigation or arbitration.

(VII) Punishment and reprimand of the listed company and its Directors, Supervisors, senior management, controlling shareholder, de facto controller and purchasers

During the Reporting Period, the Company and its Directors, Supervisors, senior management, controlling shareholder and de facto controller had not been investigated or taken administrative regulatory measure by the CSRC, nor have been subject to any compulsory measures according to law, criminal liability, administrative penalties or disciplinary sanctions by the stock exchange due to reasons attributable to the Company.

(VIII) Credit status of the Company and its controlling shareholder and de facto controller during the Reporting Period

During the Reporting Period, the Company and its controlling shareholder and de facto controller of the Company were not involved in any events regarding failure to perform obligations under a judgement of courts, nor have they had any relatively large amount of debts which have become due and outstanding.

(IX) The Share Option Incentive Scheme of the Company

The Share Option Incentive Scheme of the Company took effect from 23 December 2014, with a validity period of 10 years until 22 December 2024. The first grant of A-share share options under the Share Option Incentive Scheme was on 6 January 2015. For details, please refer to the relevant announcements uploaded on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 6 January 2015. All the exercise periods of the first grant have ended on 28 December 2018. For details, please refer to the relevant announcements uploaded on the websites of Shanghai Stock Exchange, Hong Kong Stock Exchange and the Company on 28 December 2018. At present, the Company has no other granting scheme.

During the Reporting Period, the Company did not grant A-share share options under the Share Option Incentive Scheme, nor did the grantees exercise any A-share share options, and no A-share share options were cancelled or lapsed.

(X) Major connected transactions

1. Connected transactions in relation to daily operations

Continuing connected transactions under Chapter 14A of the Hong Kong Listing Rules

The Board of the Company considered and approved on 10 November 2022 the entering into a Mutual Product Supply and Sales Services Framework Agreement and a Comprehensive Services Framework Agreement among the Company, Sinopec Group and Sinopec Corp., which are valid for three years until 31 December 2025. The Company entered into a Financial Services Framework Agreement with Sinopec Group, the de facto controller of the Company on 27 November 2023. Accordingly, Sinopec Finance, a subsidiary and an associate of Sinopec Group, provides financial services to the Company, including but not limited to loans, collection and payment, discount, settlement and entrusted loan, and other financial services from Sinopec Finance allowed under relevant laws and regulations, with the service period from 1 January 2024 to 31 December 2025, and the maximum annual transaction fee is RMB200 million. The Company has disclosed aforementioned three agreements and the continuing connected transactions thereunder in the announcements dated 10 November 2022 and 25 October 2023, and considered and approved the Mutual Product Supply and Sales Services Framework Agreement, the Comprehensive Services Framework Agreement and the continuing connected transactions thereunder, as well as the annual caps for the years 2023 to 2025 at the third extraordinary general meeting of the Company in 2022. For definitions and details, please refer to the announcements and circular of the Company on the website of the Hong Kong Stock Exchange dated 10 November 2022, 30 November 2022 and 25 October 2023.

On 29 December 2023, the Company entered into a storage service agreement with Sinopec Petroleum Reserve Company Limited, a wholly-owned subsidiary of Sinopec Group, the de facto controller of the Company, and its Baishawan branch ("Baishawan Branch"). Accordingly, Baishawan Branch provides storage services to the Company, with the service period from 1 January 2024 to 31 December 2024. On 27 December 2024, the Company renewed the storage service agreement with Sinopec Petroleum Reserve Company Limited and its Baishawan Branch, with the service period from 1 January 2025 to 31 December 2025. Under the aforesaid storage service agreements, the maximum annual storage service fee is RMB114 million (including value added tax). For details, please refer to the announcements of the Company on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange dated 14 December 2023 and 27 December 2024.

The table below sets out the transaction amounts of the Company's continuing connected transactions with Sinopec Corp. and Sinopec Group during the Reporting Period:

Unit: RMB'000

Type of connected transaction	Connected person	Annual cap for 2024	Transaction amount during the Reporting Period	Percentage of the transaction amount of the same type of transaction (%)
Mutual Product Supply and Sales Services Framework Agreement				
Purchases of raw materials	Sinopec Group, Sinopec Corp. and their associates	124,513,000	55,237,715	78.67%
Sales of petroleum products and petrochemicals	Sinopec Corp. and its associates	93,169,000	67,364,801	77.38%
Agency sales of petrochemical products	Sinopec Corp. and its associates	216,000	48,430	100.00%
Comprehensive Services Framework Agreement				
Construction, installation and engineering design services	Sinopec Group, Sinopec Corp. and their associates	1,542,000	116,928	16.93%
Petrochemical industry insurance services	Sinopec Group	130,000	124,642	100.00%
Property leasing	Sinopec Corp. and its associates	43,000	30,223	40.24%
Comprehensive services	Sinopec Group and its associates	49,000	16,118	0.02%
Financial Services Framework Agreement				
Financial services	Associate of Sinopec Group (Sinopec Finance)	200,000	4,860	1.57%
Storage Services Agreement				
Storage services	Associate of Sinopec Group (Baishawan Branch)	114,000	114,000	91.92%

The prices of continuing connected transactions among the Company, Sinopec Group, Sinopec Corp. and their associates are based on: 1) national pricing; or 2) national guidance price; or 3) the market price is determined by both parties through negotiation, and the conclusion of the connected transaction agreement is based on the needs of the Company's production and operation. Therefore, the above continuing connected transactions do not have a significant impact on the independence of the Company. The Company confirmed that the prices and terms of the continuing connected transactions conducted during the Reporting Period comply with its pricing policy.

The Independent Non-executive Directors of the Company have reviewed the continuing connected transactions of the Group and confirmed that: The above continuing connected transactions have been entered into: 1) in the ordinary and usual course of business of the Company; 2) on normal commercial terms or better; 3) according to the relevant agreement terms that are fair and reasonable and in the interests of the shareholders as a whole; and 4) have not exceeded the annual caps.

Pursuant to Article 14A.56 of the Listing Rules, the Company has engaged its independent external auditor, KPMG, to perform the engagement in accordance with the Hong Kong Standard on Assurance Engagements No. 3000 (Revised) "Assurance Engagements Other than Audits or Reviews of Historical Financial Information" and with reference to Practice Note 740 (Revised), "Auditor's Letter on Continuing Connected Transactions under the Hong Kong Listing Rules", issued by the Hong Kong Institute of Certified Public Accountants, that was, to perform the assurance engagement regarding the continuing connected transactions of the Group for the year ended 31 December 2024, and KPMG has issued a letter to the Board to confirm that, nothing has come to their attention that causes them to believe that the Continuing Connected Transactions: (1) have not been approved by the Board; (2) were not, in all material respects, in accordance with the pricing policies of the Group for transactions involving the provision of goods or services by the Group; (3) were not entered into, in all material respects, in accordance with the relevant agreements governing the Continuing Connected Transactions; and (4) have exceeded their respective annual caps for the year 2024 as set by the Group.

Connected transactions under Chapter 14A of the Hong Kong Listing Rules

As considered and approved at the 6th meeting of the eleventh session of the Board, the Company entered into the relevant Technology Development Documents with Sinopec Corp., Sinopec Shanghai Engineering Co., Ltd. (hereinafter referred to as "Sinopec Shanghai Engineering"), Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd. (hereinafter referred to as "Sinopec Shanghai Research Institute"), Sinopec Hunan Petrochemical Co., Ltd. (hereinafter referred to as "Hunan Petrochemical"), Sinopec Beijing Research Institute of Chemical Industry CO., Ltd. (hereinafter referred to as "Sinopec Beijing Research Institute"), and other entities. Sinopec Corp. entrusted the entrusted parties (including the Company) to research and develop the topic of industrialized complete set of high-strength medium-modulus SCF55H carbon fiber technology and its application research, the topic of process optimization technology of thermoplastic composite material preparation for aerospace applications, the topic of production technology development of a pilot plant for the production of thermoplastic carbon fiber composite materials for aerospace applications, the topic of a new generation of coarse denier, high compression strength, high tensile strength, medium modulus SCF56 carbon fibers, and the topic of the development and application of domestic carbon fibers in the technology of electrode plates for new carbon- carbon composite materials for heaters. A total of RMB114.75 million was required to be paid to the Company. Sinopec Corp. is the controlling shareholder of the Company, Sinopec Shanghai Engineering, which is an indirect non-wholly owned subsidiary of Sinopec Group, the de facto controller of the Company, Sinopec Shanghai Research Institute and Sinopec Beijing Research Institute, which are direct wholly-owned subsidiaries of Sinopec Corp., and Hunan Petrochemical, which is a direct non-wholly owned subsidiary of Sinopec Corp., thus the transaction involved in the foregoing constitutes a connected transaction of the Company. Since the Technology Development Documents were entered into with the same connected person and are similar in nature, the highest applicable percentage ratio of the above Technology Development Documents on an aggregated basis shall exceed 0.1% but is less than 5% in accordance with the relevant requirements of Rule 14A.81 of the Hong Kong Listing Rules. Entering into the Technology Development Documents is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. Related announcements were published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 21 March 2024 and 20 March 2024, respectively.

As considered and approved at the 7th meeting of the eleventh session of the Board, the Company entered into the Procurement Contract for Precious Metal Containing Spent Catalyst with Precious Metals Branch of Sinopec Catalyst Company Limited (hereinafter referred to as "Precious Metals Branch"). The Company proposed to sell the 139.5715 tons of silver-containing spent catalyst it held to Precious Metals Branch, and Precious Metals Branch shall pay the consideration of RMB236.23 million (including tax in total) to Shanghai Petrochemical by way of settlement by tranches. Precious Metals Branch is a branch of Sinopec Catalyst Company Limited, which is a wholly-owned subsidiary of Sinopec Corp., the controlling shareholder of the Company, thus the transaction involved in the foregoing constitutes a connected transaction of the Company. According to Chapter 14A of the Hong Kong Listing Rules, as the applicable percentage ratio of the aforesaid connected transaction exceeds 0.1% but is less than 5%, it is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval requirement under Chapter 14A of the Hong Kong Listing Rules. Related announcements were published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 25 April 2024 and 24 April 2024, respectively.

As considered and approved at the 11th meeting of the eleventh session of the Board, the Company entered into the Entrustment Contract with Shanghai Jinshan Baling New Materials Co., Ltd. (hereinafter referred to as "Baling New Materials"), pursuant to which, the Company shall provide personnel secondment services to Baling New Materials at a consideration of RMB84.80 million (including tax in total). Baling New Materials is 50% owned by Sinopec Hunan Petrochemical Co., Ltd., a non-wholly owned subsidiary of Sinopec Corp., the controlling shareholder of the Company and thus is an associate of Sinopec Corp., and the transaction involved in the foregoing constitutes a connected transaction of the Company. According to Chapter 14A of the Hong Kong Listing Rules, as the highest applicable percentage ratio of aforementioned connected transaction exceeds 0.1% but is less than 5%, it is subject to the reporting and announcement requirements but is exempted from the independent shareholders' approval under Chapter 14A of the Hong Kong Listing Rules. Relevant announcements were published on the websites of the Shanghai Stock Exchange and the Hong Kong Stock Exchange on 13 November 2024 and 12 November 2024, respectively.

The connected transactions among the Group, Sinopec Group, Sinopec Corp. and their associates, as disclosed in Note 33 to the financial statements prepared under IFRS in the 2024 annual report of the Company constituted connected transactions under Chapter 14A of the Hong Kong Listing Rules. The relevant connected transactions have been disclosed in accordance with Chapter 14A of the Hong Kong Listing Rules.

2. Connected parties' liabilities

Unit: RMB'000

Connected party	Connected relationship	Funds provided to connected parties			Funds provided by connected parties to the listed company		
		Balance as at the beginning of the period	Transaction amount	Balance as at the end of the period	Balance as at the beginning of the period	Transaction amount	Balance as at the end of the period
Sinopec Corp., its subsidiaries, joint ventures and associates & Sinopec Group and its subsidiaries	Controlling shareholder, de facto controller and their related parties	2,729	11,985	14,714	982,634	(707,732)	274,902

Note 1: The balance as at the end of the period of the funds provided by the Group to the connected parties was mainly the unsettled receivables for services rendered by the Group to joint ventures.

Note 2: The balance as at the end of the period of the funds provided by the connected parties to the Group was mainly unsettled payables arising from the provision of construction, installation and engineering design services by Sinopec Group and its subsidiaries.

(XI) Material contracts and their performance

1. Entrustments, sub-contracts and lease arrangements

Other companies leased the Company's plant, land, and equipment, that occurred during the Reporting Period or during the previous periods but continued to the Reporting Period with a total lease profit and loss of RMB59,618 thousand. The amount is determined based on the lease agreement, accounting for 13.90% of the Company's total audited profit for 2024.

2. Guarantees

There were no guarantees provided by the Company during the Reporting Period.

3. Entrusting others to conduct wealth management

Please refer to "Investment of the Company" in the section headed "Discussion and analysis of the Company's operation" in Section II "Management Discussion and Analysis" of this chapter.

4. Other major contracts

There were no major contracts of the Company during the Reporting Period.

(XII) The Company's fulfillment of its corporate social responsibility

For the Company's performance of corporate social responsibility in 2024 and the Company's 2024 ESG Report, please refer to the "2024 Environmental, Social and Governance Report of Sinopec Shanghai Petrochemical Company Limited" ("2024 ESG Report") published by the Company on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company.

2. Environmental protection situation of key pollutant-discharging companies and their subsidiaries as announced by the Ministry of Environmental Protection

The Company is one of the polluting enterprises under Intensive Monitoring and Control by the State proclaimed by the Ministry of Environmental Protection. According to the Measures for Self-Monitoring and Information Disclosure of the Enterprises subject to Intensive Monitoring and Control by the State (Trial Implementation), the Company has disclosed to the public on the website of the Shanghai Municipal Bureau of Ecology and Environment about the sites of the pollution sources, the types and concentration of pollutants which are subject to intensive monitoring and control by the State.

The Company, as a manufacturing enterprise in the petrochemical industry, consistently places environmental protection as its priority. It has maintained ISO14001 Environmental Management System Certification. In January 2013, it obtained the certifications from the Shanghai Audit Center of Quality, including quality (GB/T19001: 2008), environment (GB/T24001: 2004) and occupational health and safety (GB/T28001: 2011). In December 2022, the Company was awarded the title "Sinopec Green Enterprise for 2022"; and continued to use the title "All-China Environmentally Friendly Enterprise" (effective until 29 December 2025) through the review of China's environmentally friendly enterprises on 8 December 2023. In 2025, SPC was awarded the title "Class B of Sinopec Green Enterprise for 2024". In 2024, a total of 49 grass-roots units (43 secondary units + 6 quality management centers) participated in green base-level establishments. As of September 2024, a total of 45 grass-roots units have been successfully established, with a green grass-roots unit cultivation rate of 91.80%.

In 2024, the Company achieved a 100% comprehensive standard rate of effluents, a 100% standard rate of controlled exhaust gas discharge, and a 100% rate of proper disposal of hazardous waste.

The Company continued to progress the LDAR related work. From January to December 2024, LDAR detected a total of 2,831,039 points, with 8,971 points identified as leak points, of which 8,707 points were repaired, resulting in a cumulative repair rate of 97.06%.

In 2024, the Company paid environmental tax totaling RMB11.0660 million to Jinshan District Tax Bureau.

3. Administrative penalties for environmental problems during the Reporting Period

Nil

4. Pollutant treatment information

(a) Details of air pollutant emissions[1]

No.	Category of pollutant	Discharge outlet[2]	Discharge method[3]	Emission standard under implementation[4]	Permissible concentration limit[5]	Actual average concentration in 2024[6]	Approved actual emissions in 2024	Emission standard compliance in 2024
1	SO_2	71	Continuous	Air Pollutant Emission Standard for Coal-fired Power Plants in Shanghai (DB31/963-2016), Air Pollutant Emission Standard for Coal-fired Power Plants (GB 13223-2011), Air Pollutant Emission Standard (DB31/933-2015), Emission Standard of Air Pollutants for Boiler in Shanghai (DB31/387-2018), Pollutant Emission Standards for Petroleum Refining Industry (GB31570-2015), Pollutant Emission Standard for Petrochemical Industry (GB31571-2015), Pollutant Emission Standards for Synthetic Resin Industry (GB31572-2015)	10-100 mg/m^3	0.01-40mg/m^3	181.12 tons	Standard compliance rate: 100%, subject to the announcement of the competent department of ecological environment.
2	NO_x	68	Continuous	Air Pollutant Emission Standard for Coal-fired Power Plants in Shanghai (DB31/963-2016), Air Pollutant Emission Standard for Coal-fired Power Plants (GB 13223-2011), Air Pollutant Emission Standard (DB31/933-2015), Emission Standard of Air Pollutants for Boiler in Shanghai (DB31/387-2018), Pollutant Emission Standards for Petroleum Refining Industry (GB31570-2015), Pollutant Emission Standard for Petrochemical Industry (GB31571-2015), Pollutant Emission Standards for Synthetic Resin Industry (GB31572-2015)	50-150mg/m^3	0.1-80mg/m^3	968.65 tons	Standard compliance rate: 100%, subject to the announcement of the competent department of ecological environment.

Note 1: This report discloses the exhaust emissions that the Company has included in the key management items of pollution discharge permits. The data is calculated based on self-monitoring data, and the final data released by the local ecological environment department shall prevail.

Note 2: This item is designed to count the number of organized discharge outlets in relation to respective pollutant.

Note 3: Some outlets discharge intermittently.

Note 4: For the names of the main industry emission standards, the local emission standards and other standards under implementation, please refer to the public information of the ecological environment department.

Note 5: The industry discharge standard concentration prevails, and for other standard concentrations implemented, please refer to the public information of the ecological environment department.

Note 6: The annual average discharge concentrations of major discharge outlets in the year are all within the corresponding range as disclosed. For details, please refer to the public information of the ecological environment department.

(b) *Details of water pollutant emissions*[1]

No.	Category of pollutant	Discharge outlet	Discharge method	Emission standard under implementation[2]	Permissible concentration limit[3]	Actual average concentration of 2024[4]	Approved actual emissions	Emission standard compliance in 2024
1	COD	2	Intermittent	Pollutant Emission Standards for Petroleum Refining Industry (GB31570-2015), Pollutant Emission Standard for Petrochemical Industry (GB31571-2015), Pollutant Emission Standards for Synthetic Resin Industry (GB31572-2015)	60mg/L	20-30 mg/L	622.41 tons	100% up-to-standard daily average.
2	Ammonia nitrogen	2	Intermittent	Pollutant Emission Standards for Petroleum Refining Industry (GB31570-2015), Pollutant Emission Standard for Petrochemical Industry (GB31571-2015), Pollutant Emission Standards for Synthetic Resin Industry (GB31572-2015)	8mg/L	0.03-1mg/L	3.75 tons	100% up-to-standard daily average.

Note 1: This report discloses the wastewater emissions that the Company has included in the key management items of pollution discharge permits. The data is calculated based on self-monitoring data, and the final data released by the local ecological environment department shall prevail.

Note 2: For the names of the main industry emission standards, the local emission standards and other standards under implementation, please refer to the public information of the ecological environment department.

Note 3: The industry discharge standard concentration prevails, and for other standard concentrations implemented, please refer to the public information of the ecological environment department.

Note 4: The average discharge concentrations of major discharge outlets in the year are all within the corresponding range as disclosed. For details, please refer to the public information of the ecological environment department.

5. Construction and operation of pollution prevention facilities

Main pollution facilities	**Pollutant**	**Emission limits (mg/m^3)**	**Actual emission in 2024 (mg/m^3)**	**Reach (or not reach) the standard**
Thermoelectric boiler	SO_2	35	4.94	Reach
	NO_X	50	11.80	Reach
	Particulate matter	10	1.40	Reach
2#sulfur	SO_2	100	21.35	Reach
3#sulfur	SO_2	100	3.59	Reach
4#sulfur	SO_2	100	24.99	Reach
Catalytic cracking	SO_2	50	7.86	Reach
	NO_X	100	19.18	Reach
	Particulate matter	30	10.67	Reach
Process heating furnace	SO_2	50	2.40	Reach
	NO_X	100	33.20	Reach
	Particulate matter	20	1.24	Reach
Sewage treatment plant	CODmg/l	60	26.82	Reach
	Ammonia nitrogen mg/l	8	0.13	Reach

6. Environmental impact assessment and other environmental protection administrative licensing of construction projects

According to the requirements of laws and regulations such as the Environmental Impact Assessment Law, the Classified Management Directory of Environmental Impact Assessment of Construction Projects and the Implementation Specifications on Classified Management Directory of Environmental Impact Assessment of Construction Projects in Shanghai (2021), the Company implemented classification management in consideration of the impact of Company's construction projects on the environment. The Company also strictly verified the implementation of environmental protection measures during different stages such as feasibility study, design, construction and confirmation of trial production conditions, etc.

In 2024, seven projects, including the project of addition of feedstock and effluent component refinement in clean gasoline components units of oil refining department, the project of deep purification of fuel gas of oil refining department, and the project of optimization of trimerization products resource utilization of C5 combined unit chemical department, received the approval and official reply for environment assessment. Five projects, including Storage and Transportation Department T-121~124 Tank Intrinsic Safety and Environmental Protection Hazard Control Project (121/123), Aerospace Carbon Fiber Reinforced Thermoplastic Composites Pilot Line Project and Third Circuit 220kV Power Inlet Project, have completed their acceptance inspections.

7. Emergency response plan for emergent environmental incidents

The Company organized the revision of the "Emergency Response Plan for Emergent Environmental Incidents" in accordance with the Sinopec Group's "Guidelines for the Preparation of Enterprise Emergency Plans for Environmental Emergencies", formulated annual drill plans, equipped emergency materials as needed, and organized regular environmental emergency drills to improve emergency response and disposal capabilities. On 12 June 2024, the Company conducted "Chemical Department of Shanghai Petrochemical 1# Ethylene Glycol Combined Unit Fire Extinguishing and Rescue Drill". The drill plan applied the "Comprehensive Emergency Response Plan of SPC", the "Specific Emergency Plan for Fire and Explosion Accidents", the "Specific Emergency Plan for Hazardous Chemicals (with major hazard sources) Accidents", the "SPC's Comprehensive Emergency Response Plan for Environmental Emergencies" and other emergency plans. The drill proved that the aforementioned emergency plans were sufficient and effective. The drill process meets the requirements. On 18 December 2024, the Company conducted the "Emergency Response Drill for Leakage of SPC – SECCO Mutual Supply Material Pipeline". This drill was based on the "Comprehensive Emergency Response Plan of SPC", the "Specific Emergency Plan for Long-Distance Pipeline Leakage of SPC", and the "SECCO Specific Emergency Plan for External Pipelines". The incident handling procedure was rehearsed through a simulated pipeline leak under realistic scenarios, combining with the experience and achievements of the desktop drill, so as to improve the decision making and execution ability of relevant personnel to deal with emergencies quickly, which proved that the above-mentioned emergency plans were sufficient and effective.

8. Environmental self-monitoring programme

According to the environmental monitoring plan for 2024, the quality management center organized to complete six daily monitoring tasks such as discharged wastewater, atmospheric environment, exhaust gas, noise, groundwater and soil. A total of 35,462 water quality monitoring data was collected, including 1,952 outsourced projects; a total of 8,693 air and exhaust gas monitoring data was collected, including 5,602 outsourced projects; and a total of 284 noise monitoring data was collected; and groundwater and soil were monitored by external institutions, including 30 groundwater points and 33 soil points (including 20 surface soil points and 13 deep soil points).

9. Measures and effects taken to reduce carbon emissions during the Reporting Period

Whether to take carbon reduction measures	Yes
Emission reduction of CO_2 equivalent (in tons)	89,053
Type of carbon reduction measures (such as using clean energy to generate electricity, using carbon reduction technologies in the production process, developing and producing new products that help reduce carbon emissions, etc.)	1. Increase the purchase of green power, and the purchased green power was 177.89 million kilowatt hours in 2024, equivalent to reducing carbon emission by 74,714 tons. (Note: Calculated on the carbon emission factors for externally purchased electricity in Shanghai, the formal green electricity certificates and green certificates for November and December are pending acquisition. The data and billing statements may show slight discrepancies at that time) 2. Photovoltaic Power Plants fully operated: the photovoltaic power generation was 13.33 million kilowatt hours and the carbon emission reduced by 5,599 tons in 2024. (Note: Calculated on the carbon emission factors for externally purchased electricity in Shanghai) 3. Implemented the Aromatics 3# reforming project of four-in-one furnace residual heat recovery systems. This project saved 2.37 million Nm^3/year of natural gas, increased electricity consumption by 2.667 million kWh, and reduced carbon emissions by 4,056 tons per year (Note: Calculated based on the carbon emission factors for natural gas and externally purchased electricity in Shanghai). 4. In 2024, 3,318.74 tons of biomass fuel was combusted throughout the year, reducing carbon emission by 4,684 tons.

10. Consolidate and expand the poverty alleviation and rural revitalization

Poverty alleviation and Rural Revitalization projects	Number/Content	Explanation
Total investment (RMB)	1.50 million	Including: 1. Donation of RMB1.00 million to Baingoin County Middle School in Nagqu Town, Tibet Autonomous Region, aimed at advancing educational support and assisting in rural revitalization efforts; 2. Donation of RMB500,000 to Red Cross Society of Jinshan District to support local governments to carry out rural revitalization assistance projects.
Number of beneficiaries (person)	1,700	Beneficiaries of education assistance
Forms of poverty alleviation (such as industry, employment, education poverty alleviation, etc.)	Education assistance, industry development, charity assistance	–

(XIII) Equity-linked agreements

Apart from the Share Option Incentive Scheme of the Company disclosed in item (X) under Change in Share Capital of Ordinary Shares and Shareholders in Chapter 2 of this report, the Company does not enter or have any equity-linked agreements during the year.

(XIV) Tax rate

The income tax rate currently applicable to the Group is 25% (2023: 25%).

(XV) Deposits

The Group did not have any entrusted deposits during the Reporting Period. As at 31 December 2024, the Group did not have any term deposits which could not be collected upon maturity.

(XVI) Reserves

Details of changes in reserves are set out in Note 32 to the financial statements prepared under IFRS.

On 31 December 2024, the Company' reserves available for distribution to shareholders of the Company (including share capital premium and undistributed profits) were RMB6,412,715 thousand (2023: RMB6,070,476 thousand).

(XVII) Financial summary

A summary of the results, total assets, liabilities and shareholders' equity of the Group as of 31 December 2024 are set out on pages 6 to 8 of this annual report.

(XVIII) Bank loans and other borrowings

Details of bank loans and other borrowings of the Company and the Group for the year ended 31 December 2024 are set out in Note 27 to the financial statements prepared under IFRS.

(XIX) Interest capitalized

Details of interest capitalized during the year are set out in Note 9 to the financial statements prepared under IFRS.

(XX) Property, plant and equipment

Changes in property, plant and equipment during the year are set out in Note 16 to the financial statements prepared under IFRS.

(XXI) Purchase, sale and redemption of the Company's securities

On 28 June 2023, SPC's 2022 Annual General Meeting, the First A Shareholders Class Meeting for 2023 and the First H Shareholders Class Meeting for 2023 considered and approved the "Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas listed Foreign Shares of the Company"; and on 6 June 2024, SPC's 2023 Annual General Meeting, the First A Shareholders Class Meeting for 2024 and the First H Shareholders Class Meeting for 2024 considered and approved the "Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas listed Foreign Shares of the Company". Both proposals above authorized the Board (or the Directors authorised by the Board) to repurchase not more than 10% of the issued H shares of the Company. During the Reporting Period, the Company repurchased a total of 109,236,000 H shares from the Hong Kong Stock Exchange for a consideration of RMB109.584 million. The details of share repurchase are as follows:

		Price Paid per Share		**Total Consideration**	
Repurchase month	**Number of shares repurchased**	**Highest price (HK$)**	**Lowest price (HK$)**	**(HK$)**	**(RMB in thousand)**
2024					
January	23,840,000	1.17	1.01	26,224,743.40	23,833
February	17,358,000	1.09	1.02	18,359,206.60	16,662
April	4,646,000	1.08	1.05	5,005,173.60	4,545
May	5,384,000	1.15	1.13	6,188,706.20	5,627
June	2,638,000	1.15	1.13	3,023,224.00	2,758
September	24,754,000	1.06	1.00	25,489,755.4	22,987
October	7,912,000	1.20	1.14	9,306,750	8,532
November	15,520,000	1.20	1.14	18,172,981.4	16,784
December	7,184,000	1.20	1.16	8,484,402.8	7,856
Total	109,236,000	–	–	120,254,943.40	109,584

The Board considers that the repurchase of H shares has increased the net asset value per share of the Company, which is beneficial to the Company and its shareholders. For details, please refer to the relevant announcements on the websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company.

Save as disclosed in this report, neither the Company nor the Group has purchased, sold or redeemed any of the Company's listed securities.

(XXII) Pre-emptive rights

According to the Articles of Association and the laws of the PRC, there is no pre-emptive right which requires the Company to offer new shares to the existing shareholders of the Company in proportion to their shareholdings.

(XXIII) Donations

During the Reporting Period, the Company donated RMB1 million to Baingoin County Middle School in Nagqu Town, Tibet Autonomous Region to promote the education assistance and rural revitalization; donated RMB1 million to the Shanghai Flame Blue Fire and Rescue Fund to support the fire and rescue public welfare undertakings in Shanghai; and donated RMB1.9 million to the Jinyu Education Development Foundation in Jinshan District of Shanghai to support these two local schools in carrying out reward projects relating to education and teaching achievements. The Company donated RMB500,000 to the Red Cross Society in Jinshan District of Shanghai to support local governments in carrying out rural revitalization assistance projects; and donated RMB100,000 to the 2024 "SCIP+" Green Chemical and Chemical Engineering Innovation and Entrepreneurship Competition to facilitate the event's operations.

(XXIV) Tax relief

During the Reporting Period, the holders of listed securities of the Company were not entitled to tax relief due to the holding of listed securities of the Company in accordance with the PRC laws.

Section V Business Review and Outlook

Please refer to Section II "Management Discussion and Analysis" of this chapter for the business review of the Group for the year ended 31 December 2024 and the outlook for 2025.

(I) Shareholding changes and remuneration

1. Changes in shareholdings and remuneration of Directors, Supervisors and senior management who hold the position currently or resigned during the Reporting Period

Name	Used name/alias	Position	Gender	Age	Date of commencement of service term	Date of end of service term	Number of shares held at the beginning of the Reporting Period (ten thousand shares)	Number of shares held at the end of the Reporting Period (ten thousand shares)	Change in number of shares during the Reporting Period (ten thousand shares)	Reasons of change	Total Remuneration received from the Company during the Reporting Period (before taxation) (RMB ten thousand)	Whether received remuneration from connected person(s) of the Company
Guo Xiaojun	None	Executive Director & Chairman	M	56	June 2024	June 2026	0	0	0	–	35.68	No
Du Jun	Ma Jun	Executive Director, Vice President & Chief Financial Officer	M	54	June 2023	June 2026	0	0	0	–	112.36	No
Huang Xiangyu	None	Executive Director & Vice President	M	57	June 2023	June 2026	14	14	0	–	100.44	No
Xie Zhenglin	None	Non-executive Director	M	60	June 2023	June 2026	0	0	0	–	–	Yes
Qin Zhaohui	None	Non-executive Director	M	53	June 2023	June 2026	0	0	0	–	105.07	No
Tang Song	None	Independent Non-executive Director	M	45	June 2023	June 2026	0	0	0	–	15.00	No
Chen Haifeng	None	Independent Non-executive Director	M	51	June 2023	June 2026	0	0	0	–	15.00	No
Yang Jun	None	Independent Non-executive Director	M	68	June 2023	June 2026	0	0	0	–	15.00	No
Zhou Ying	None	Independent Non-executive Director	F	59	June 2023	June 2026	0	0	0		15.00	No
Huang Jiangdong	None	Independent Non-executive Director	M	46	June 2023	June 2026	0	0	0		15.00	No
Xie Li	None	Supervisor, Chairperson of the Supervisory Committee	F	51	June 2023	June 2026	0	0	0		107.74	No
Zhang Feng	None	Supervisor	M	56	June 2023	June 2026	1	1	0	–	75.89	No
Chen Hongjun	None	Supervisor	M	54	June 2023	June 2026	3.14	3.14	0	–	82.65	No
Zhang Xiaofeng	None	Supervisor	M	55	June 2023	June 2026	0	0	0	–	–	Yes
Zheng Yunrui	None	Independent Supervisor	M	60	June 2023	June 2026	0	0	0	–	10.00	No
Choi Ting Ki	None	Independent Supervisor	M	71	June 2023	June 2026	0	0	0	–	10.00	No
Huang Fei	None	Vice President	M	48	June 2023	June 2026	0	0	0	–	100.29	No
Li Shantao	None	Vice President	M	47	October 2023	June 2026	0	0	0	–	83.76	No
Zhou Guoming	None	Vice President	M	52	April 2024	June 2026	0	0	0	–	30.27	No
Liu Gang	None	Secretary to the Board	M	53	June 2023	June 2026	0	0	0	–	91.78	No
Wan Tao	None	Former Chairman	M	57	June 2023	April 2024	0	0	0	–	39.29	No
Guan Zemin	None	Former Executive Director, Vice Chairman & President	M	61	June 2023	February 2025	0	0	0	–	124.02	No
Total	/	/	/	/	/	/	18.14	18.14	0	/	1,184.24	/

2. Profiles of Directors, Supervisors and senior management

Directors:

Guo Xiaojun, born in August 1969, is currently the Chairman, Executive Director, Chairman of the Strategy and ESG Committee, and member of the Nomination Committee of the Company. He is a director of Shanghai Secco and the Chairman of Chemical Industry Park. Mr. Guo Xiaojun joined Shanghai Petrochemical Complex in 1991. He served as Director of the Polyolefin Integrated Plant in the Plastics Division, Deputy Chief Engineer of the Plastics Division, Assistant to the Manager, Assistant Manager and Manager and Deputy Secretary of the CPC Committee of the Company. He was Deputy Chief Engineer and Director of the Production Department of the Company from March 2011 to April 2013. He was Deputy General Manager of the Company from April 2013 to June 2014. He was Executive Director and Deputy General Manager of the Company from June 2014 to June 2017. He was Executive Director, Deputy General Manager and Secretary of the Board of the Company from June 2017 to December 2019. He served as General Manager and Deputy Secretary of the CPC Committee of Sinopec Yizheng Chemical Fibre Limited Liability Company from December 2019 to December 2022. From December 2022 to April 2024, he served as Executive Director and the Secretary of the CPC Committee of Sinopec Yizheng Chemical Fibre Limited Liability Company. In April 2024, he was appointed the Secretary of the CPC Committee of the Company. In June 2024, he was appointed the Chairman, Executive Director, Chairman of the Strategy and ESG Committee, and member of the Nomination Committee of the Company. Mr. Guo Xiaojun graduated from the East China University of Science and Technology in 1991 with a bachelor's degree in engineering, majoring in basic organic chemical engineering and obtained a master's degree majoring in chemical engineering from the East China University of Science and Technology in 2008. He is a senior engineer by professional title.

Du Jun, born in March 1970, is currently the Executive Director, member of the Strategy and ESG Committee, Vice President and Chief Financial Officer of the Company, chairman of Jinshan Associated Trading, and director of Chemical Industry Park. Mr. Du started the work in 1990 and successively served as the chief of the second section of the Secretary of the general manager's office of Yangzi Petrochemical Co., Ltd., the deputy director of the finance division and the deputy director of the Finance Department of Yangzi Petrochemical Co., Ltd. From August 2004 to July 2007, he served as the director of the Finance Department of Yangzi Petrochemical Co., Ltd. From July 2007 to August 2012, he served as the director of the Finance Department of Yangzi Petrochemical Co., Ltd. From August 2012 to September 2020, he served as the chief accountant of Yangzi Petrochemical Co., Ltd. From December 2015 to September 2020, he served as the supervisor of BASF-YPC Company Limited. From June 2016 to September 2020, he served as a director of Yangzi Petrochemical Co., Ltd. From September 2020, he served as the vice president and chief financial officer of the Company. He has been the chairman of Jinshan Associated Trading since December 2020. He has been a director of Chemical Industry Park since December 2020. He has been an Executive Director of the Company since June 2021. He has been a member of the Company's Strategy and ESG Committee since March 2022. Mr. Du graduated from Southeast University in 1990, majoring in industrial enterprise management, and obtained a master's degree in Business Administration from Southeast University in 2004. He has the title of senior accountant.

Huang Xiangyu, born in March 1968, is currently the Executive Director, member of the Strategy and ESG Committee, Vice President of the Company, and an executive director of Shanghai Jinshan Petrochemical Carbon Fiber Co., Ltd. Mr. Huang started his career in 1990 and joined Shanghai Petrochemical Complex in 1992. He successively served as the Deputy Director of the chemical workshop of Shanghai Jinyang Acrylic Plant, Deputy Director of Jinyang Equipment, Deputy Director and Director of Jinyang Acrylic Equipment of Acrylic Business Unit and Chief Engineer of Acrylic Business Unit. From July 2011 to January 2020, he served as the Director of the Acrylic Fiber Research Institute of the Company. From November 2011 to January 2020, he served as the Chief Engineer of the Acrylic Fiber Department of the Company. From February 2019 to January 2020, he served as Deputy Chief Engineer of the Company. From February 2020, he served as the Vice President of the Company. He has been an Executive Director of the Company since June 2020. Mr. Huang graduated from the Organic Chemical Major of the School of Chemical Engineering, East China University of Science and Technology with a Bachelor's degree in Engineering in July 1990. He obtained a Master's degree in Material Engineering from Donghua University in May 2004. He graduated from Polymeric Chemistry and Physics Major of Fudan University with a doctor's degree in Science in June 2013. He is a professorate senior engineer by title.

Xie Zhenglin, born in February 1965, is currently a Non-executive Director, member of the Strategy and ESG Committee of the Company, Vice President of Chemical Service Department of the Sinopec Corp. (managed by departmental heads), General Manager of Sinopec Group Assets Management Co., Ltd., a director of Sinopec Finance Co., Ltd. and a director of Sinopec Shanghai Gaoqiao Petrochemical Co. Ltd. Mr. Xie started his work in 1989, served as Principal Staff Member of State Price Control Bureau and State Development Planning Commission. After joining Sinopec Group in September 1995, he successively served as Deputy Director of the Comprehensive Division of the Finance Department, Deputy Director of Capital Management Department, Director of the Capital Management Division of the Finance and Assets Department, Director of the Capital Management Division of the Financial Planning Department, Deputy Director of the Financial Planning Department of Sinopec Corp., Deputy Director of General Accounting Department of Sinopec Assets Management (presided over the work), Deputy Director of Assets Management Department of Sinopec Corp., Deputy General Manager of Sinopec Assets Management, Acting Director of Assets Management Department of Sinopec Corp., and Deputy Executive Director and Deputy General Manager of Sinopec Assets Management. From April 2014 to October 2020, he served as the Vice Chairman and director of China Merchants Energy Shipping Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601872). From April 2014 to December 2019, Mr. Xie served as Director of Assets Management Department of Sinopec Group, and Executive Director and General Manager of Sinopec Assets Management. He has been the Deputy President of Chemical Service Department of Sinopec Corp. (managed by departmental heads) (managed by departmental heads) and General Manager of Sinopec Assets Management since December 2019. From June 2020, he served as the Non-executive Director and a member of the Strategy and ESG Committee of the Company. Mr. Xie obtained a Master's degree in Economics from Graduate School of Chinese Academy of Social Science in August 1989. He obtained a Master's degree in Business Administration from University of Houston in May 2007. He is a Senior Accountant by professional title.

Qin Zhaohui, born in June 1972, is currently a Non-executive Director and the general manager of the hydrocarbons department of the Company. Mr. Qin joined the Company in August 1994 and successively served as deputy director of the hydrogenation workshop of No. 2 aromatics combined unit of the Refining Unit of the Company, deputy director of the hydrogen production unit, deputy director of the production dispatching office of No. 1 aromatics combined unit, assistant to the director of the production and technology division of the aromatics division and director of the technology division, deputy director of the technology division, deputy director of the technology division of the aromatics division (presiding over the work) and director of the technology division of the automotive division, safety director of the division of the aromatics division, deputy chief engineer and director of the No. 2 aromatics combined unit, and deputy secretary of the CPC Committee of the Company and other positions. Mr. Qin was appointed as the deputy manager of the hydrocarbons department from December 2018 to December 2019 and presided over the work from December 2019 to March 2020. He was appointed as the deputy general manager of the hydrocarbons department (presiding over the work) from March 2020 to October 2020. He was appointed as the general manager and the deputy secretary of the CPC committee of the hydrocarbons department of the Company in October 2020, and presided over the work in the party committee from December 2022 to September 2023. He was appointed as a Non-executive Director of the Company in June 2023. Mr. Qin graduated from East China University of Science and Technology in July 1994, majoring in petroleum processing, and obtained a master's degree in chemical engineering in March 2005 from East China University of Science and Technology. Mr. Qin holds the title of senior engineer.

Tang Song, born in December 1980, is serving as the Independent Non-executive Director and a member of the Audit and Compliance Committee and Remuneration and Appraisal Committee of the Company, Professor of School of Accountancy, Shanghai University of Finance and Economics, Professor and PH. D and graduate student supervisor. Mr. Tang obtained a bachelor's degree in management (accountancy) in June 2003 from the School of Accountancy of the Shanghai University of Finance and Economics, and obtained a doctor's degree from a successive postgraduate and doctoral program in management (accountancy) in June 2008. Mr. Tang worked in the School of Accounting and Finance, Hong Kong Polytechnic University for collaborative research from August 2008 to August 2009. He worked in China Europe International Business School for collaborative research from August 2009 to June 2010. Mr. Tang served as a lecturer of School of Accountancy, Shanghai University of Finance and Economics from June 2010 to July 2012. He served as associate professor of the School of Accountancy, Shanghai University of Finance and Economics from August 2012 to June 2019. Mr. Tang served as a Professor of the School of Accountancy, Shanghai University of Finance and Economics since August 2019. Mr. Tang served as a Vice President of the School of Accountancy, Shanghai University of Finance and Economics since September 2023. Mr. Tang served as an independent director of the Shanghai Huate Enterprise Group Co., Ltd. (上海華特企業集團有限公司) from December 2017 to January 2024, served as an independent director of the Shanghai Qifan Cable Co. Ltd. (listed on Shanghai Stock Exchange, stock code: 605222) from July 2019 to July 2022, served as an independent director of Tibet Dongcai Fund Management Co., Ltd from August 2019 to January 2024, and as an Independent Director for the Shanghai Universal Biotech Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 301166) from April 2020 to February 2024. Mr. Tang served as the Independent Non-executive Director, member of the Audit and Compliance Committee and the Remuneration and Appraisal Committee of the Company since June 2020 and served as an independent director for Wuxi Commercial Mansion Grand Orient Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600327) from November 2020 to November 2023. He served as an independent director for Shanghai Shine-Link International Logistics Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 603648) since September 2022.

Chen Haifeng, born in January 1974, is serving as an Independent Non-executive Director, member of the Audit and Compliance Committee and the Nomination Committee of the Company, and a Senior Director of GCL Energy Technology Co., Ltd.(協鑫能源科技股份有限公司). Mr. Chen Haifeng graduated from Fudan University with a Bachelor's degree in applied physics in July 1997. He served as clerk, project supervisor, and project manager of Investment Banking Department of CITIC Securities from July 1997 to August 2001. Mr. Chen served as Senior Manager of Strategic Investment Department of SVT Group from September 2002 to February 2006. He served as Senior Manager of Investment Banking Department of Orient Securities from August 2006 to March 2008. Mr. Chen served as senior vice president and Sponsor Deputy of Investment Banking Department of China Jianyin Investment Securities from April 2008 to May 2012. He served as CEO and Sponsor Deputy of Investment Banking Department of Caida Securities from June 2012 to June 2015. Mr. Chen served as an independent director of Cnnc Hua Yuan Titanium Dioxide Company Limited (listed on Shenzhen Stock Exchange, stock code: 002145) from February 2015 to October 2018. He served as CEO and Sponsor Deputy of Investment Banking Department in Dongxing Securities from July 2015 to September 2017. Mr. Chen served as a non-independent director of Zhejiang Yueling Wheels Corporation (listed on the Shenzhen Stock Exchange, Stock Code: 002725) from October 2017 to December 2020. He was appointed an Independent Non-executive Director, member of the Audit and Compliance Committee and member of the Nomination Committee of the Company in June 2020. He served as a senior director of Shanghai MindMotion Microelectronics Co., Ltd. from January 2021 to 31 December 2022. He served as a senior director of GCL Energy Technology Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002015) since January 2023.

Yang Jun, born in August 1957, is serving as an Independent Non-executive Director, Chairman of the Nomination Committee and the Remuneration and Appraisal Committee of the Company, a director (vice president level) of Gansu Gangtai Holding (Group) Co., Ltd., and the chief supervisor of Shanghai Aoqi Science and Technology Development Foundation. Mr. Yang Jun graduated from East China University of Political Science and Law with a degree in Law in September 1979 and from Peking University with a Master's degree in Civil Law in July 1991. He worked in Shanghai Intermediate Court and Supreme Court from July 1983 to July 2005. He served as an assistant to the president and general legal officer of Shanghai United Assets and Equity Exchange, general manager of Beijing Headquarter of Central Enterprise Equity Exchange, operation director of Equity Exchange and general manager of Financial Equity Exchange from July 2005 to September 2017. He served as an arbitrator of China International Economic and Trade Arbitration Commission from March 2007 to March 2015. He has been serving as an arbitrator of Shanghai International Economic and Trade Arbitration Commission and Shanghai Arbitration Commission since March 2007. He served as independent non-executive director of China Merchants Securities Co., Ltd. (listed on the Hong Kong stock exchange, stock code: 06099) from June 2011 to January 2018. He has served as independent director of Shanghai Zhenhua Heavy Industries Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 600320) from April 2015 to March 2021 and a director (Vice President level) of Gansu Gangtai Holding (Group) Co., Ltd. since September 2017. He served as Independent Non-executive Director, Chairman of the Nomination Committee and Chairman of the Remuneration and Appraisal Committee of the Company since June 2020. He served as the chief supervisor of Shanghai Aoqi Science and Technology Development Foundation since January 2022.

Zhou Ying, born in December 1966, is currently an Independent Non-executive Director, a member of Remuneration and Appraisal Committee and a member of the Strategy and ESG Committee of the Company and an associate professor and the director of EMBA program in the Department of Marketing at Antai College of Economics and Management, Shanghai Jiaotong University. Ms. Zhou graduated from Jilin University with a Bachelor's Degree in Economics in 1989, Shanghai University of Finance and Economics with a Master's Degree in Management in 2001, and Antai College of Economics and Management of Shanghai Jiao Tong University with a Doctorate Degree in Management in June 2014, and served as a teacher of Anhui Provincial Troupe School from September 1989 to December 1996, and as a teacher of Shanghai Agricultural College from 1996 to 1999, and she has been a teacher of Antai College of Economics and Management of Shanghai Jiao Tong University since 2000. Since December 2021, she has been an independent director of Shanghai New World Company Limited (listed on the Shanghai Stock Exchange (stock code: 600628)), and from September 2022 to February 2024, she served as an independent director of Hengtian Kaima Limited (listed on the Shanghai Stock Exchange (stock code: 900953)). Since May 2022, she has been an independent director of Shanghai Jin Feng Wine Co. (listed on the Shanghai Stock Exchange (stock code: 600616)).

Huang Jiangdong, born in June 1979, with a doctoral degree, is currently an Independent Non-executive Director and member of the Audit and Compliance Committee of the Company, a partner of Guoco Law Firm (Shanghai), a director of Guoco Financial Securities Compliance Committee, an arbitrator of Shanghai Arbitration Commission, an arbitrator of Shanghai International Arbitration Center, an arbitrator of Shenzhen International Arbitration Court, a member of the Research Association of Securities Law of the China Association of Laws, and a member of the Independent Directors Committee of the Association of Listed Companies of China. Mr. Huang graduated from the Graduate School of East China University of Political Science and Law with a Master's Degree in Civil and Commercial Law in July 2003, and graduated from the Graduate School of East China University of Political Science and Law with a Doctorate Degree in Economic Law in July 2012, and served as a Deputy Chief Officer of the Judicial Bureau of the Pudong New District, Shanghai, from June 2003 to June 2005; and served as a deputy director, director and deputy researcher of the Second Division of the Institution of Shanghai Securities Regulatory Commission (SFC), from July 2005 to April 2013. From April 2013 to April 2014, he was seconded to the Legal Department of the SFC; from April 2014 to May 2019, he was a deputy researcher and director of the Office of the Commissioner of the Shanghai Commission of the SFC; from May 2019 to date, he has been a senior advisor and partner at Guoco Law Firm (Shanghai); from April 2023 to date, he has been an independent director of Universal Scientific Industrial (Shanghai) Co., Ltd. (listed on the Shanghai Stock Exchange, stock code: 601231).

Supervisors:

Xie Li, born in October 1974, is currently a Supervisor and Chairman of the Supervisory Committee, Deputy Secretary of the Communist Party Committee, Secretary of the Communist Party Discipline Supervisory Committee and the President of Labour Union of the Company. Ms. Xie started her career in August 1994. She served as Deputy Secretary of the Youth League Committee and Deputy Head of the Youth Affairs Department (青年工作部), Secretary of the Youth League Committee and Head of the Youth Affairs Department, Vice President of Labour Union (presiding over work) of Sinopec Changling Refining & Chemical Company, Director of General Manager Office and Vice President of Labour Union of Sinopec Changling Refining & Chemical Company, Director of General Manager Office (Party Committee Office), Director of Foreign Affairs Office of Sinopec Changling Refining & Chemical Company, etc. Ms. Xie was Deputy Secretary of the Communist Party Committee, Secretary of the Communist Party Discipline Supervisory Committee and President of Labour Union of Baling Branch of China Petroleum & Chemical Corporation from April 2019 to December 2020. She served as supervisor of Sinopec Baling Petrochemical Co., Ltd from February 2020 to December 2020, Deputy Secretary of the Communist Party Committee, Secretary of the Communist Party Discipline Supervisory Committee, President of Labour Union and supervisor of Sinopec Baling Petrochemical Co., Ltd. from December 2020 to April 2023, and Deputy Secretary of the Communist Party Committee and Secretary of the Communist Party Discipline Supervisory Committee of the Company in April 2023. She was appointed as a Supervisor, Chairman of the Supervisory Committee and the President of Labour Union of the Company in May 2023. Ms. Xie, majoring in business administration, graduated from Central South University in November 2012 with a master's degree in administration. She is a senior political engineer by professional title.

Zhang Feng, born in June 1969, is currently a Supervisor and the level 3 assistant manager of the Audit Department of the Company. Mr. Zhang started his career in Shanghai Petrochemical Complex in 1991. He served as Assistant of Chief and Deputy Chief of Finance Section of Polyester II Factory, Deputy Chief of Finance Section of Polyester Department, Deputy Chief and Chief of Cost Section of Finance Division of Polyester Department, Deputy Chief and Chief of Finance Division, Director Assistant, Deputy Director, Deputy Director (presiding over work), Director of Finance Department, and Chief of Finance Division, etc. He worked as Auditing Director of the Company from December 2018 to March 2020, and as Supervisor in October 2019. From March 2020 to June 2024, he worked as the Auditing Director of the Company. In June 2024, he was appointed as the level 3 assistant manager of the Audit Department of the Company. Mr. Zhang graduated from Shanghai University of Finance and Economics in 1991, majoring in accounting, and obtained a Bachelor's degree in Economics. Mr. Zhang is a senior accountant by professional title.

Chen Hongjun, born in January 1971, is currently a Supervisor of the Company, Executive Director, General Manager and Deputy Secretary of the Party Headquarters of Sinopec Shanghai Training Center, General Manager of Shanghai Petrochemical Training Center, Executive Vice President of the Party School, General Manager of Shanghai Convention Center and President of Jinshan Community College. Mr. Chen started his career in Sinopec Shanghai Petrochemical in 1996. He served as Vice Party Branch Secretary of Fibre Polymer Office, Deputy Director of Spinning Office, Director of Simulation Office, Section Manager of Scientific Research Management Department, Deputy Secretary and Secretary of Youth League Committee of the Company, Party Secretary and Deputy Director of the Chemical Engineering Department, Party Secretary and Assistant Manager of Fine Chemicals Department. Mr. Chen was appointed as Vice President of Labour Union of the Company from November 2013 to November 2021. He was appointed as Vice President of the Association of Science and Technology from December 2017 to November 2021. He served as Director of the Public Affairs Department of the Company from April 2018 to March 2020, and he was elected as Supervisor of the Company in October 2019. He was the Director of Public Affairs of the Company from March 2020 to November 2021. He served as the Secretary of the General Party Branch of Sinopec Shanghai Training Center from November 2021 to March 2023. In November 2021, he served as the executive director and general manager of Sinopec Shanghai Training Center, general manager of Shanghai Petrochemical training center, executive vice president of the Party school, general manager of Shanghai Convention Center and President of Jinshan Community College. He served as the Deputy Secretary of the General Party Branch of Sinopec Shanghai Training Center from March 2023 to June 2024. He served as the Secretary of the General Party Branch of Sinopec Shanghai Training Center from June 2024 to December 2024. In December 2024, he was appointed as the Deputy Secretary of the General Party Branch of Sinopec Shanghai Training Center. In 1993, Mr. Chen graduated from Chengdu University of Science and Technology, majoring in Dyeing and Finishing Engineering, and obtained a Bachelor’s degree in engineering. In 1996, he obtained a Master’s degree in Chemical Fibre from Sichuan Unite University. Mr. Chen is a senior engineer by professional title.

Zhang Xiaofeng, born in March 1970, is currently serving as an External Supervisor of the Company, deputy general manager of the Enterprise Reform and Legal Department of China Petrochemical Corporation. Mr. Zhang Xiaofeng currently holds the positions of supervisor of Sinopec Oilfield Equipment Corporation, Sinopec Petroleum Reserve Company Limited and a director of Sinopec International Energy Investment Co., Ltd. Starting his career in 1995, Mr. Zhang has served as deputy chief of the Office Management Division of the Legal Department of Sinopec Group, deputy chief and chief of the Contract Project Division, chief of the Dispute Management Division, and chief of the General Management Division of Legal Department of Sinopec Group. He served as the deputy director of Legal Department of Sinopec Group from January 2018 to December 2019. He served as the supervisor of Sinopec Insurance Limited from June 2019 to May 2021. In July 2019, he was appointed as a supervisor of Sinopec Oilfield Equipment Corporation. In October 2019, he was appointed as a supervisor of Sinopec Petroleum Reserve Company Limited. He has also served as the deputy general manager of the Enterprise Reform and Legal Department of Sinopec Group and deputy director of the office of the Party Establishment Committee since December 2019. In June 2021, he served as a director of Sinopec International Energy Investment Co., Ltd. Mr. Zhang Xiaofeng, majoring in international economic law, graduated from China University of Political Science and Law with a Bachelor’s degree in law in July 1995. Mr. Zhang is a senior economist by professional title and the lawyer of the Company.

Zheng Yunrui, born in December 1965, is an Independent Supervisor of the Company, and a professor in civil and commercial law at the Faculty of Law of the East China University of Political Science. He has served as the Company's Independent Supervisor since December 2014. He is currently an independent director of Fuxin Dare Automotive Parts Co, Ltd. (listed on the Shenzhen Stock Exchange, stock code: 300473) and Wuxi New Hongtai Electrical Technology Co., Ltd. (listed on Shanghai Stock Exchange, stock code: 603016). Mr. Zheng graduated from the Shangrao Normal University in Jiangxi Province, majoring in English in July 1986. Mr. Zheng obtained a Master's degree in law and a doctorate's degree in law from the Faculty of Law of Peking University in July 1993 and July 1998, respectively. Mr. Zheng previously worked at the Education Bureau of Shangrao County, Jiangxi Province, Hainan Airport Limited, China Township Enterprise Investment and Development Company Limited and the Legal Affairs Office of the Shanghai Municipal People's Government. He has been teaching at East China University of Political Science and Law since August 2001. He was a visiting scholar at the Faculty of Law of National University of Singapore between July 2002 and December 2002. From April 2013 to May 2019, he served as independent director of Hangzhou Xianfeng Electronic Technology Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002767). From 2019 to February 2020, he served as the external supervisor of Zhejiang Weihai Construction Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002586). From December 2015 to June 2021, he was an independent director of Jiangxi Xinyu Guoke Technology Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 300722). From April 2019 to March 2022, he served as an independent director of Dalian Electric Porcelain Group Co., Ltd. (listed on Shenzhen Stock Exchange, stock code: 002606). In November 2019, he served as a member of the second Shareholding Exercise Expert Committee of China Securities Small and Medium Investors Service Center. In September 2020, he was appointed as a news and legal consultant expert of Wuxi Intermediate People's Court. Mr. Zheng has been engaged in trials, teaching and research relating to civil law, property law, contract law, company law, insurance law, social insurance law and government procurement law. He is experienced in the legal affairs on corporate governance and has great academic achievements. He is also an arbitrator at the Arbitration Commission of Shenzhen, Xuzhou, Wuxi and Suzhou. Mr. Zheng was appointed as an advisory expert on civil and administrative cases of the Supreme People's Procuratorate and the Zhejiang People's Procuratorate, a member of the second shareholding exercise Committee of CSI small and medium-sized investment service center, a news, and legal advisory expert of Wuxi intermediate people's court, a member of the expert advisory Committee of Shanghai Yangpu District People's Procuratorate and a mediator of Shanghai Second Intermediate People's court.

Choi Ting Ki, born in September 1954, is an Independent Supervisor of the Company and a Fellow of the Hong Kong Institute of Certified Public Accountants. He joined the Company in June 2011. Mr. Choi served as Independent Non-executive Director of the Company from June 2011 to June 2017 and has been Independent Supervisor of the Company since June 2017. Mr. Choi has been an independent non-executive director of Yangtzekiang Garment Limited (listed on the Main Board of the Hong Kong Stock Exchange, stock code: 00294) and YGM Trading Limited (listed on the Main Board of the Hong Kong Stock Exchange, stock code: 00375) since December 2012. Mr. Choi graduated from the Department of Accounting, Hong Kong Polytechnic in 1978 and joined KPMG in the same year. He has held various positions, including the Partner of the Audit Department of KPMG Hong Kong Office, Executive Partner of KPMG Shanghai Office, Senior Partner of KPMG Huazhen Shanghai Office, as well as Senior Partner of KPMG Huazhen in Eastern and Western China. Mr. Choi retired from KPMG Huazhen in April 2010.

Senior Management:

Huang Fei, born in January 1977, is serving as the Vice President of the Company, and a director of Shanghai Petrochemical Research Institute Co., Ltd. Mr. Huang joined Sinopec Shanghai Petrochemical in 2000, and he has successively served as Polyolefin Plant Deputy Director of Plastic Business Unit and Manager Assistant and Polyolefin Plant Director of Plastic Department of the Company. From August 2012 to June 2014, he served as Deputy Manager of the Plastic Department of the Company. From June 2014 to February 2017, he served as Director of Statistical Center and Vice Party Secretary of the Company. From February 2017 to December 2018, he served as Manager of Olefin Department and Deputy Party Secretary of the Company. From December 2018 to January 2019, he served as President's Assistant and the Director of Production Department of the Company. From January 2019 to December 2019, Mr. Huang served as President's Assistant and Manager of Production Department of Shanghai Secco. From February 2020, he served as the Vice President of the Company. From June 2020 to April 2021, he served as the Secretary to the Board and Joint Company Secretary of the Company. From June 2020 to February 2022, he served as the Executive Director and member of the Strategy and ESG Committee of the Company. Mr. Huang graduated from the polymer materials and engineering major of East China University of Science and Technology with a bachelor's degree of engineering in July 2000. He graduated from chemical engineering major of East China University of Science and Technology with a master's degree in April 2008. He is a senior engineer by professional title.

Li Shantao, born in December 1978, is the Vice President of the Company. Mr. Li joined the Company in 2001. Mr. Li has served as the deputy director of the No. 1 combined heat and power plant of the Company's heat and power department, the deputy secretary and secretary of the group committee of the heat and power department, and the assistant to the manager of the heat and power department. He served as the deputy manager of the heat and power department from April 2014 to July 2017. He served as the manager of the heat and power department and the deputy secretary of the party committee from July 2017 to March 2020. He served as the deputy chief engineer of the Company from March 2020 to October 2023. He served as the general manager of the Company's engineering department from December 2022 to October 2023. Mr. Li was appointed as the Vice President of the Company in October 2023. Mr. Li graduated from Southeast University in June 2001 with a Bachelor's Degree in Engineering, majoring in Thermal and Power Engineering. He obtained a Master's degree in electrical engineering from Shanghai Jiaotong University in December 2011. Mr. Li holds the title of senior engineer.

Zhou Guoming, born in September 1973, is currently a Vice President of the Company. Mr. Zhou joined the Company in March 1994. He has held various positions, including Deputy Director, Director, and Secretary of the CPC Committee of the No. 5 Refining Integrated Plant in the Oil Refining Department of the Company. He served as the Deputy Manager of the Oil Refining Department of the Company from May 2017 to May 2019. He served as the Manager and Deputy Secretary of the CPC Committee of the Oil Refining Department of the Company from May 2019 to March 2020. He served as the General Manager and Deputy Secretary of the CPC Committee of the Oil Refining Department of the Company from March 2020 to November 2022. He served as the General Manager of the Production Department of the Company from November 2022 to June 2024. He concurrently served as Director of Energy Office of the Company from December 2022 to June 2024. He served as the Deputy Chief Engineer of the Company from May 2023 to June 2024. In April 2024, he was appointed as the Vice President of the Company. Mr. Zhou graduated from East China University of Science and Technology with a major in Automation in 2007. He is a senior engineer by profession title.

Liu Gang, born in September 1972, is currently the Secretary to the Board, the Joint Company Secretary, an Assistant to the General Manager, the General Counsel, and the Chief Compliance Officer of the Company. Mr. Liu Gang joined the work in 1995 and successively served as the deputy director and director of the supply management department of the Company's material supply company and the business operation manager of the Commercial Department of Shanghai Secco. From November 2015 to August 2018, he served as the Deputy Director of the Company's Material Procurement Center. From August 2018 to April 2019, he served as the Deputy Director (presiding over the work) of the Company's Material Procurement Center. From April 2019 to January 2021, he served as the General Manager of the Material Procurement Center of the Company. He has been the Assistant to the General Manager of the Company since December 2019. He has been the General Counsel of the Company since March 2021. He has been the Secretary of the Board and Joint Company Secretary of the Company since April 2021. He has been the General Manager of the Company's Capital Operation Department and Shanghai Petrochemical Investment Development Co., Ltd. from August 2021 to June 2024. He has been appointed as the executive deputy director and head of the strategy department of the Company's Carbon Fiber Industry Development Center and the general manager of Shanghai Jinshan Petrochemical Carbon Fiber Co., Ltd. since March 2022. He has been the company's Chief Compliance Officer since June 2023. Mr. Liu graduated from China Textile University in 1995, majoring in mechatronics, and obtained a master's degree in power engineering from East China University of technology in 2007, with the title of senior economist.

(III) Share options held by the Directors, Supervisors and senior management during the Reporting Period

There were no share options held by the Directors, Supervisors and senior management during the Reporting Period.

(IV) Directors, Supervisors and senior management who hold the position in the Company's shareholders entities currently or resigned during the Reporting Period

Name	Name of shareholder	Position held	Date of commencement of service term	Date of end of service term
Xie Zhenglin	Sinopec Corp.	Deputy general manager of chemical business department	December 2019	–
Xie Zhenglin	Sinopec Asset Management Co., Ltd.	General manager	December 2019	–
Zhang Xiaofeng	Sinopec Group	Deputy general manager of enterprise reform and law department	December 2019	–

(V) Directors, Supervisors and senior management who hold the position in other companies currently or resigned during the Reporting Period

Name	Name of other company	Position held	Date of commencement of service term	Date of end of service term
Guo Xiaojun	Shanghai Secco	Director	May 2024	November 2025
Guo Xiaojun	Chemical Industry Park	Chairman	May 2024	December 2027
Du Jun	Jinshan Associated Trading	Chairman	December 2020	March 2027
Du Jun	Chemical Industry Park	Director	December 2020	December 2027
Huang Xiangyu	Shanghai Jinshan Petrochemical Carbon Fiber Co., Ltd.	Executive Director	March 2021	June 2026
Huang Fei	Shanghai Petrochemical Research Institute Co., Ltd.	Director	March 2022	March 2025

Apart from the information set out in the tables above and in Section (II) "Profiles of Directors, Supervisors and senior management", no Director, Supervisor or senior management of the Company holds any other position at any other company.

(VI) Remuneration of Directors, Supervisors and senior management during the Reporting Period

Procedures for determining the remuneration of Directors, Supervisors and senior management	Remuneration for Independent Non-executive Directors are determined in accordance with the Remuneration System for Independent Directors amended at the 2007 Annual General Meeting. Remuneration for Independent Supervisors are determined in accordance with the Remuneration Payment Method for Independent Supervisors approved at the 2016 Annual General Meeting. Remuneration of the other Directors, Employee Representative Supervisors and External Supervisors and senior management are determined in accordance with the Remuneration System for Directors, Supervisors and Senior Management approved at the 2002 Annual General Meeting. For details of the remuneration of the Directors and Supervisors of the Company, please refer to Note 11 and Note 38 to the financial statements prepared under IFRS.
Whether a director recuses himself from the Board's discussion of his own emoluments	Yes
The specific circumstances under which the Remuneration and Appraisal Committee or the Independent Directors' Specialized Meeting has issued recommendations on matters relating to the remuneration of Directors, Supervisors and senior management staff	The 8th meeting of the eleventh session of the Remuneration and Appraisal Committee of the Board was held on 19 March 2024 and it was agreed that the Company's remuneration policy will continue to be applied in 2024.
Basis for determining the remuneration of Directors, Supervisors and senior management	The remuneration of Directors, Supervisors and senior management of the Company is determined on the principles of "efficiency, motivation and fairness" and in accordance with the Remuneration System for Directors, Supervisors and Senior Management.
Remuneration paid to Directors, Supervisors and senior management	Please refer to item (I) "Shareholdings and remuneration of Directors, Supervisors and senior management" of this chapter.
Total remuneration received by all Directors, Supervisors and senior management for the Reporting Period	RMB11.8424 million
The five highest paid individuals	Please refer to Note 38(a) to the financial statements prepared under IFRS. The five individuals are the Directors, Supervisors and senior management of the Company.
Pension scheme	Please refer to Notes 2.22 and 38(b) to the financial statements prepared under IFRS.

(VII) Changes in Directors, Supervisors, and senior management during the Reporting Period

Name	Position held	Change	Reason
Wan Tao	Former Chairman, executive Director, Chairman of the Strategy and ESG Committee and member of the Nomination Committee	Resigned	job change
Guo Xiaojun	Chairman, executive Director, Chairman of the Strategy and ESG Committee and member of the Nomination Committee	Elected	–
Zhou Guoming	Vice President	Appointed	–

(VIII) Interests and short positions of Directors, chief executives and Supervisors in the shares, underlying shares and debentures of the Company or associated corporations

As at 31 December 2024, the interests and short positions of the Directors, chief executive and Supervisors of the Company in the shares, underlying shares and debentures of the Company or its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Hong Kong Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have under such provisions of the SFO); or to be recorded in the register of interests required to be kept under section 352 of the SFO; or as otherwise notified to the Company and the Hong Kong Stock Exchange pursuant to the Model Code for Securities Transactions set out in Appendix C3 to the Hong Kong Listing Rules were as follows:

Interests in the shares and underlying shares of the Company

Name	Position	Number of shares held (Shares)	Percentage of total issued shares of the Company (%)	Percentage of the total issued A shares (%)	Capacity
Huang Xiangyu	Executive Director and Vice President	140,000 A shares (L)	0.001311	0.001910	Beneficial owner
Zhang Feng	Supervisor	10,000 A shares (L)	0.000094	0.00014	Beneficial owner
Chen Hongjun	Supervisor	31,400 A shares (L)	0.000294	0.00043	Beneficial owner

(L): Long position

Save as disclosed above, as at 31 December 2024, so far as was known to the Directors, chief executives and Supervisors of the Company, none of the Directors, chief executives or Supervisors of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations which were required to be disclosed or recorded pursuant to the SFO and the Hong Kong Listing Rules as mentioned above.

(X) Transactions, arrangements or interests of Directors and Supervisors

None of the Directors or Supervisors of the Company and the entities associated with each Director and Supervisor had any material interests, either directly or indirectly, in any material contract which was entered into by the Company or any of its subsidiaries and subsisted during the year or at the end of the year.

None of the Directors or Supervisors in this year and as at the end of this year had any interests in any businesses (other than the Group's businesses) that competed directly or indirectly with the Group's business.

None of the Directors or Supervisors of the Company has entered into any service contracts with the Company which are not terminable by the Company within one year without payment of compensation other than statutory compensation.

(XI) Directors' rights to acquire shares or debentures

During the Reporting Period, the Company did not grant the Directors the rights to acquire shares or debentures.

(XII) Compliance of Model Code for Securities Transactions

The Company has adopted and implemented the Model Code for Securities Transactions to regulate securities transactions of the Directors and Supervisors. After making specific enquiries with all the Directors and Supervisors, the Company obtained written confirmations from each Director and Supervisor that they have fully complied with the Model Code for Securities Transactions during the Reporting Period.

The Model Code for Securities Transactions is also applicable to the senior management of the Company who are in possession of unpublished inside information of the Company. No incident of non-compliance of the Model Code for Securities Transaction by the senior management was noted by the Company.

(XIII) Management contracts

During the Reporting Period, the Company did not enter into any management and administration contract regarding the whole or any substantial part of its businesses (other than the service contracts with the Directors or any full-time employee of the Company).

(XIV) Permitted indemnity provision

Appropriate Directors' liability insurance which is currently in force has been arranged to indemnify the Directors for liabilities arising out of corporate activities.

(XV) Punishment by securities regulatory authorities in the recent three years

Nil.

(XVI) Employees

1. Employees of the Group

	Number (Person)
Number of employees of the Company	6,996
Number of employees of the subsidiaries	56
Total number of employees of the Group	7,052
Number of retired workers whose retirement costs are borne by the Group	20,179
Professionals	
Production personnel	4,450
Sales staff	65
Technical staff	1,691
Financial staff	70
Administrative staff	776
Total	7,052
Education level	
Technical secondary school graduate and below	4,378
Bachelor's degree	2,139
Master's degree	535
Total	7,052

2. Remuneration policy

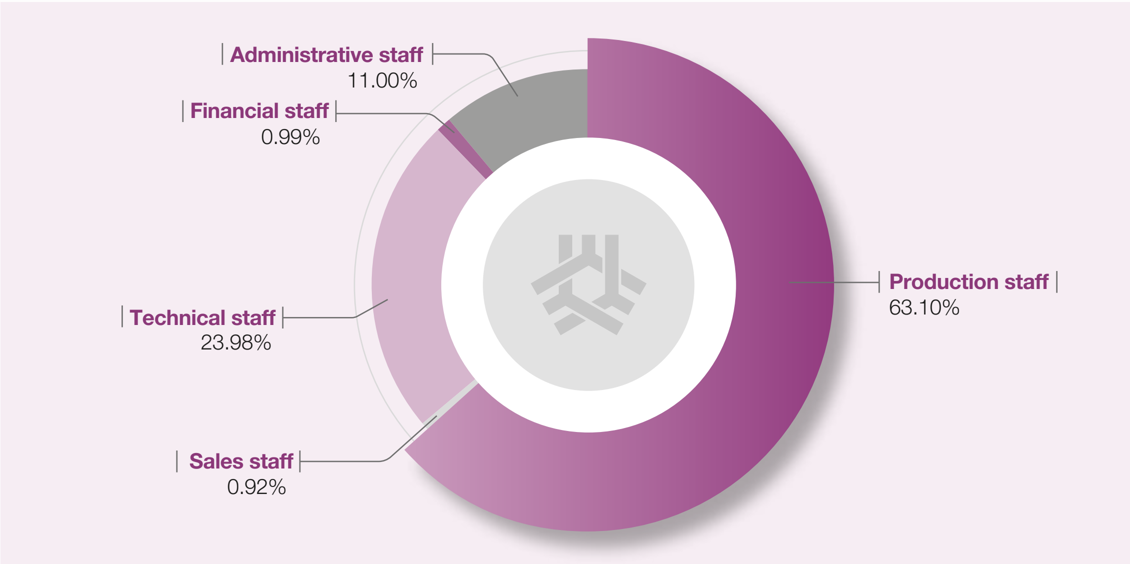
Remuneration packages of the Company's staff include salary, share options and allowances. In accordance with the relevant regulations of the PRC, the Company participates in the social security scheme implemented by the relevant government authorities, and makes contribution for the employees in proportion to their monthly salary. Employees of the Company can also enjoy supplementary medical insurance, enterprise annuity, retirement and other benefits.

During the Reporting Period, the total staff costs of the Group amounted to RMB3,156.0443 million, including salaries, five social insurance and one housing fund, enterprise annuity, welfare, education fee, labour union fee, labor cost, non-monetary benefits, employee reduction expenses, labor protection fees and others.

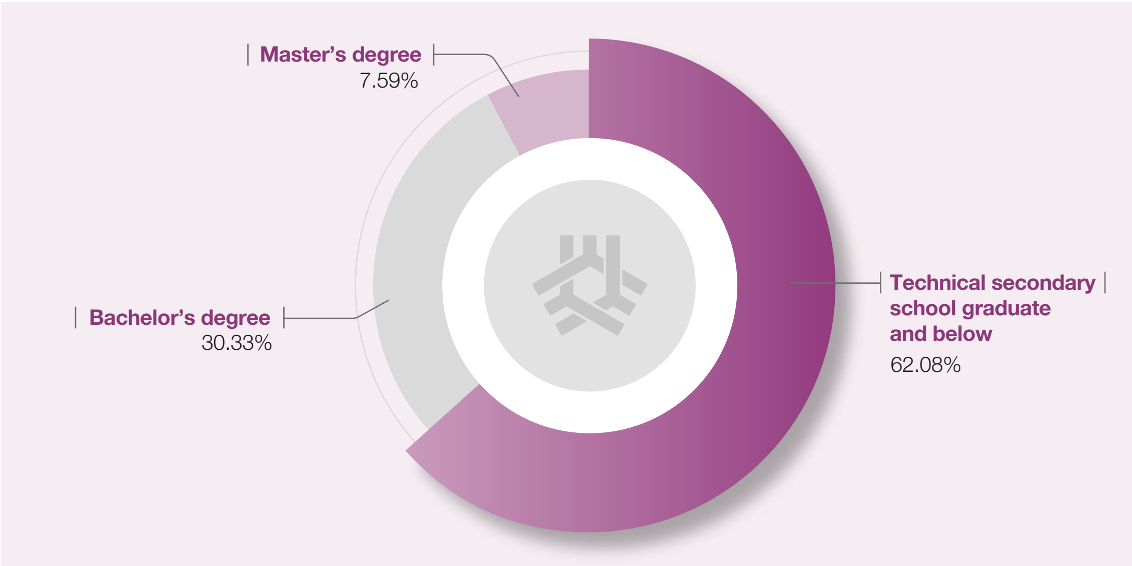
3. Training programs

To scientifically and effectively carry out training activities for the new year, and in accordance with the "SPC Staff Training Management Measures" and requirements such as relevant provisions of training in the current system of professional lines to cultivate a "new-quality" talent team that aligns with the Company's new productivity development strategy, the Company has formulated the "SPC 2025 Training Plan." The Company insists on "being goal-led and problem-oriented", identifies the capability gaps by duties and responsibilities of the position, focuses on the shortcomings of the training program to improve the safety production skills and professional technical proficiency of the Company's staff. It adheres to the "effective training on a case-by-case basis", focuses on the effectiveness of training programs, and carries out training by level, classification, and specialty in combination with evaluations from past training sessions. By leveraging digital tools, standardized teaching materials, and diverse application scenarios, it aims to enhance the relevance, convenience, and effectiveness of talent training. It is committed to building a scientific, precise, and efficient training program system to accelerate the cultivation of talents who can adapt to the Company's development, possess innovative qualities, and technical skills, thereby providing talent support for the development of new quality productivity. The Company's training plan is divided into three categories of projects.

4. Professional structure chart



5. Statistics on the education level



6. Outsourcing services

Not applicable

(I) Notes for corporate governance and insider registration management

1. Corporate governance

In 2024, the Company strictly complied with the regulatory legislation such as Company Law, Securities Law and the Corporate Governance Principles for Listed Companies issued by the CSRC, as well as the relevant provisions and requirements of the Shanghai Stock Exchange and the Hong Kong Stock Exchange. It continued to improve its corporate governance structure, developed its corporate system, standardized the corporate operations and enhanced its overall corporate image.

Accomplishing appropriately specific corporate governance activities for listed companies: During the Reporting Period, the Company was committed to ensuring the compliance of relevant regulatory rules regarding corporate governance and continued to consolidate its achievements in specific areas of corporate governance. None of the Company, its Directors, Supervisors, senior management, shareholders and de facto controllers of the Company has been investigated by the CSRC, or punished or publicly criticized by the CSRC, the Securities and Futures Commission of Hong Kong, or publicly censured by the Shanghai Stock Exchange and the Hong Kong Stock Exchange.

Through continuous conduction of specific corporate governance activities and improvements of its governance system, the Company further enhanced its corporate governance level. The Company's internal system also became more robust and standardized. Under the guidance of the relevant regulatory authorities, the Company will operate in strict compliance with the relevant laws and regulations and will further strengthen the establishment of standardized and institutionalized corporate governance so as to ensure the lawful, robust and sustainable development of the Company.

2. Registration and management of persons with access to inside information

In order to administer the registration and management of persons with access to the Company's inside information, strengthen confidentiality of inside information and safeguard fairness of information disclosure, during the Reporting Period, the Company enhanced the confidentiality of inside information and the registration, management and reporting of the persons with access to the Company's inside information according to "System for the Registration and Management of Inside Information", so as to prevent the Company from suffering unusual stock price fluctuations due to leakage of inside information and the resulting legal risks, and further standardize the Company's operation.

(II) Brief introduction of Board meeting

Session of the meeting	Convening date	Titles of resolutions of the meeting	Status of the resolutions	Designated websites for publication of resolutions	Date of publication of resolutions
The 6th meeting of the 11th session of Board	20 March 2024	1. The 2023 Work Report of the President 2. The 2023 Work Report of the Board and Its Appendix "Special Opinion of the Board on the Independence Assessment of Independent Non-executive Directors for the Year 2023" 3. Continuous Risk Assessment Report on the Related Transaction with Sinopec Finance Co., Ltd. 4. Proposal on Changes in Accounting Policies for Segment Reporting 5. The 2023 Audited Financial Statements 6. Proposal on the Provision, Write-off Asset Impairment Allowances and Disposal of Assets in 2023 7. The 2023 Profit Distribution Plan 8. The 2024 Audit Work Plan 9. The 2023 Annual Report (Full Text and Summary) 10. The 2023 Internal Control Evaluation Report 11. The 2023 ESG Report 12. The 2024 Financial Budget Report 13. The 2024 Financial Derivatives Plan and Its Appendix "Feasibility Analysis Report on Conducting Financial Derivatives Trading Business" 14. Proposal on the Re-election of Domestic and International Accounting Firms for 2024 and the Recommendation of Authorizing the Board to Determine Their Remuneration and Its Appendix "Evaluation Report by SPC on the Performance of Accounting Firms in 2023" 15. Internal Control Manual (2024 Edition) 16. Proposal on Signing Technology Development Documents with Sinopec Corp. and Other Related Parties	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	20 March 2024

Session of the meeting	Convening date	Titles of resolutions of the meeting	Status of the resolutions	Designated websites for publication of resolutions	Date of publication of resolutions
The 7th meeting of the 11th session of Board	24 April 2024	1. 2024 First Quarter Report 2. Proposal on the Amendments to the Articles of Association and Its Appendix 3. Proposal on the Authorization to the Board to Decide on the Registration and Issuance of Medium-term Notes and Ultra Short-term Debt Financing Bonds 4. The Resolution in Relation to the Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas Listed Foreign Shares of the Company 5. Proposal on the Nomination of Guo Xiaojun as a Non-independent Director Candidate of the Eleventh Session of the Board of the Company 6. Proposal on the Appointment of Zhou Guoming as a Vice President of the Company 7. Proposal on the Sale of Precious Metal Containing Spent Catalyst and Related Party Transactions 8. Convening of the 2023 Annual General Meeting, the First A Shareholders Class Meeting for 2024 and the First H Shareholders Class Meeting for 2024 be considered and approved	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	24 April 2024
The 8th meeting of the 11th session of Board	6 June 2024	1. Confirmation of Guo Xiaojun as an Executive Director of the Company 2. Election of Guo Xiaojun as the Chairman of the 11th Session of the Board of the Company 3. Election of Guo Xiaojun as the Chairman of the Strategy and ESG Committee of the 11th Session of the Board of the Company 4. Election of Guo Xiaojun as a Member of the Nomination Committee of the 11th Session of the Board of the Company 5. Appointment of Guo Xiaojun as the Authorized Representative of the Company on the Hong Kong Stock Exchange 6. Resolution on the Tenure System and Contractual Management of the Members of the Company's Manager	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	6 June 2024

Session of the meeting	Convening date	Titles of resolutions of the meeting	Status of the resolutions	Designated websites for publication of resolutions	Date of publication of resolutions
The 9th meeting of the 11th session of Board	21 August 2024	1. Interim Report for 2024 (Full Text and Summary) 2. Continuous Risk Assessment Report on the Related Transaction with Sinopec Finance Co., Ltd. 3. Proposal on the Appointment of Xu Haiyan as Joint Company Secretary and Authorized Representative of the Hong Kong Stock Exchange 4. 2024 Action Plan of "Improving Quality, Increasing Efficiency and Enhancing Returns"	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	21 August 2024
The 10th meeting of the 11th session of Board	23 October 2024	Report for the Third Quarter of 2024	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	23 October 2024
The 11th meeting of the 11th session of Board	12 November 2024	1. Proposal on Signing the Entrustment Contract with Related Parties 2. Proposal on the Work Relating to the Tenure System of the Leadership Team and Contractual Management	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	12 November 2024
The 12th meeting of the 11th session of Board	27 December 2024	Proposal on Signing the Storage Service Agreement by SPC Related Parties	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	27 December 2024

(III) Brief introduction of general meeting

Session of the meeting	Convening date	Titles of resolutions of the meeting	Status of the resolutions	Designated websites for publication of resolutions	Date of publication of resolutions
The 2023 Annual General Meeting	6 June 2024	1. The 2023 Work Report of the Board 2. The 2023 Work Report of the Supervisory Committee 3. The 2023 Audited Financial Statements 4. The 2023 Profit Distribution Plan 5. The 2024 Financial Budget Report 6. The Re-election of Domestic and International Accounting Firms for 2024 and the Recommendation of Authorizing the Board to Determine Their Remuneration 7. Proposal on Authorization to the Board to Decide on the Registration and Issuance of Medium-term Notes and Ultra Short-term Debt Financing Bonds 8. Proposal on the Amendments to the Articles of Association and Its Appendix 9. The Resolution in Relation to the Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas Listed Foreign Shares of the Company 10. The Election of Guo Xiaojun as the Non-independent Director of the 11th Session of the Board of the Company	Passed	Websites of the Shanghai Stock Exchange, the Hong Kong Stock Exchange and the Company	6 June 2024
The First A Shareholders Class Meeting for 2024		The Resolution in Relation to the Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas Listed Foreign Shares of the Company			
The First H Shareholders Class Meeting for 2024		The Resolution in Relation to the Proposal to the Shareholders at the General Meeting to Authorize the Board to Repurchase the Domestic Shares and/or Overseas Listed Foreign Shares of the Company			

(IV) Performance of duties by the Directors

1. Directors' attendance at the Board meetings and general meetings

Number of Board meetings held during the year	7
Including: number of meetings held on site	0
Number of meetings held by correspondence	4
Number of meetings held on site and by correspondence concurrently	3

Please refer to Chapter 7, Corporate Governance Report, for the information on Directors' attendance at the Board meeting and general meeting.

2. Disagreements of the Directors on relevant issues of the Company

During the Reporting Period, none of the Directors of the Company raised any disagreements on any Board resolutions or other issues of the Company.

(V) Major comments and recommendations put forward by the special committees under the Board while discharging their duties during the Reporting Period

Please refer to Chapter 7, Corporate Governance Report, for the membership of the special committees under the Board and the meetings held.

(VI) Information on Supervisory Committee's identification of risks in the Company

The Company's Supervisory Committee had no disagreements to the matters under their supervision during the Reporting Period.

(VII) Information on whether the Company fails to guarantee independence from its controlling shareholder or maintain autonomous operational ability in respect of business, personnel, assets, organization and finances, etc.

The Company is independent of the controlling shareholder with regard to its business, personnel, assets, organizations and finances. The Company has full ability to conduct its business independently and has the ability to operate autonomously.

(VIII) Description of the situation where the Company's controlling shareholders, actual controllers and other units under their control are engaged in the same or similar business as the Company, as well as the impact of horizontal competition or major changes in horizontal competition on the Company, the solution measures taken, the solution progress and the subsequent solution plan

The Company's main business is to process crude oil into a variety of petroleum products and chemical products. This kind of business is the same as or similar to some businesses engaged in by the Company's controlling shareholders, actual controllers and other units under their control. The Company adheres to legal and compliant operation. At present, the Company is actively committed to transformation and upgrading, focusing on the development of high-end chemicals, new materials and new energy, and striving to achieve differentiated development. The foregoing situation will not have a significant adverse impact on the production and operation of the Company, or damage the independence of the listed company.

(IX) Evaluation mechanism for senior management as well as the establishment and implementation of incentive mechanism during the Reporting Period

During the Reporting Period, the Remuneration and Appraisal Committee of the Company reviewed the remuneration policy and appraisal plan of the Directors and senior management, and conducted the appraisal on the Directors and senior management in accordance with the appraisal criteria and submitted it to the Board for consideration. On 6 June 2024, the eighth meeting of the eleventh session of the Board of the Company considered and approved the Resolution on the Tenure System and Contractual Management of the Members of the Company's Manager. By virtue of this proposal, the Company conducted an annual assessment on the operational performance of the its management for the year 2023 in accordance with the Management Measures for Performance Assessment of SPC's Leaders and the Management Measures for Remuneration of SPC's Leaders.

(X) Rectification of problems in self inspection of special actions for governance of listed companies

The problems of the Company's self-inspection in the special action of governance of listed companies were all rectified in 2022.

Internal Control

(I) Statement of responsibility for internal control and the establishment of the internal control system

1. Statement of responsibility for internal control

The Board of the Company is responsible for establishing and maintaining a comprehensive internal control system pertinent to financial reporting.

The objectives of internal control pertinent to financial reporting are to ensure that the financial information reported is true, complete and reliable and to prevent the risk of material misstatements. However, due to inherent limitations of the internal control, the Company can only provide reasonable level of assurance for the achievement of the objectives mentioned above.

The Board has evaluated the internal controls pertinent to financial reporting in accordance with the requirements under the Basic Standards for Enterprise Internal Control, and is of the view that such internal control was effective in the year 2024.

2. Establishment of internal control system

Overall plan of internal control establishment	Since 2004, the Company has established and implemented a comprehensive internal control system which covers aspects such as production, operations, finance, investment, human resources and information disclosure, and amends the Internal Control Manual annually in accordance with domestic and overseas regulatory requirements, risk prevention needs and recommendations by external auditors on internal control review. The Company's internal control system has been established primarily for the following basic objectives: 1. to standardize the enterprise's business operation, prevent operational and managerial risks, ensure that financial statements and relevant information are truthful and complete, improve operational efficiency and effectiveness, and facilitate the achievement of the Company's development strategy; 2. to plug loopholes and eliminate potential hazards so as to prevent, detect and correct mistakes and fraudulent acts in a timely manner, thereby ensuring that the Company's assets are secure and integral; and 3. to ensure that the relevant state laws and regulations, the Articles of Association and internal rules and regulations are thoroughly enforced so as to fulfill the regulatory requirements for listed companies in both domestic and overseas capital markets.
Work plan on establishing and improving the internal control system and implementation thereof	The Company's internal control manual (2024 Edition) includes 22 categories and 61 risk control matrices with 1,729 controls. The monitoring scope mainly involves the main aspects of the Company's production and operation development and important links of related businesses, such as financial management, accounting, material procurement, product sales, capital expenditure, human resources, information management, etc. In 2024, the Company conscientiously implemented the Internal Control Manual approved by the Board, and conducted comprehensive self-examination, process walk through test and annual evaluation of internal control in accordance with the regulations. KPMG Huazhen LLP, an external auditor, audited the Company's internal control. The management of the Company believes that the internal control of the Company was effective during the Reporting Period.

Establishment of the department inspecting and supervising internal control	The Company has established a comprehensive risk management leading group, with the Chairman, the President and the Chief Financial Officer as its chief and deputy chief, respectively. As the comprehensive risk management leading group is the leading organization of the Company's internal control work, and its main responsibilities are: strengthening risk management and control, promoting special risk assessment, establishing a risk monitoring and reporting mechanism, and conducting annual comprehensive risk assessment; organizing the formulation and revision of the Company's internal control manual; organizing the self-inspection of risk control and internal control of Company's own level and special inspection of subordinate enterprises, and guiding and coordinating the management of the Company's risk control and internal control. The internal control office under the comprehensive risk management leading group is the centralized management department of the comprehensive supervision of the Company's risk and internal control management, which is responsible for the daily supervision and special supervision of the Company's risk and internal control, and the Enterprise Management Department is responsible for the daily work. The Company has established an internal control supervisor working network which is in charge of each department (unit) in the Company. These internal control supervisors, representing their respective departments, and administrative heads of second-tier units, conduct internal control work and activities within their respective supervisory scope and functionally report to the internal control office of the Company.
The Board's work arrangements for internal control	The Audit and Compliance Committee reports to the Board on the establishment of the internal control system of the Company and the findings of the implementation and inspection of the internal control on a regular basis. The Board also considers and publishes a self-assessment report on the internal control of the Company on an annual basis, and considers and approves the revised Internal Control Manual of the Company annually. KPMG Huazhen LLP, the Company's external auditor, issued an auditor's report on internal control over financial reporting according to "Audit Guidelines for Enterprise Internal Control" in 2024.
Improvements in the internal control system in relation to financial audit	The Company took the lead for the assessment of the rules and regulations and fully assessed the compliance and effectiveness of each system. A total of 117 amendments were made and published.
Deficiencies in internal control and the relevant rectification	The Company conducted a self-assessment on its internal control work in 2024. The results of the assessment are: no material deficiencies were detected in the design or implementation of the internal control of the Company from 1 January 2024 to 31 December 2024.

(II) Disclosure of the self-assessment report on internal control

The Company has disclosed the self-assessment report of the Board on the Company's internal control.

(III) Auditor's report on internal control

The Auditor's report on internal control is disclosed or not: Disclosed

The Company has engaged KPMG Huazhen LLP to conduct an audit on the effectiveness of the internal control over financial reporting of the Company for the year ended 31 December 2024 pursuant to the requirements of the Audit Guidelines for Enterprise Internal Control and China Standards on Practices for Certified Public Accountants and an auditor's report on internal control has been issued.

(IV) The Company's establishment of an accountability system for major errors in the disclosure of information in annual reports

The Company's Information Disclosure Management System (2022 Revision) sets out specific regulations for the accountability of major errors in the disclosure of information in its annual reports. During the Reporting Period, there were no major errors in the disclosure of information in the Company's annual report, which required amendments to major accounting errors, supplements to material omission of information or amendments to results forecasts.

Corporate Governance Report (under the Hong Kong Listing Rules)

The Company is committed to operating in compliance with corporate governance standards by implementing stringent corporate governance measures and enhancing accountability and transparency to deliver higher returns to shareholders. It is the Board's belief that maintaining a good corporate governance system and a world-class governance model are essential in providing a framework for the Company to safeguard the interests of shareholders, enhance corporate value, formulate its business strategies and policies and to develop the Company into a competitive international petrochemical enterprise.

(I) Corporate Governance Practices

The Company has applied the principles set out in part 2 of the Corporate Governance Code.

In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all applicable code provisions set out in the part 2 of the Corporate Governance Code.

In the opinion of the Directors, throughout the Reporting Period, the Company has complied with all the reporting principles and the "comply or explain" provisions set out in the Environmental, Social and Governance Reporting Guide, details of which are set out in the Company's "2024 ESG Report".

(II) Securities Transactions by Directors and Supervisors

The Company has adopted the Model Code for Securities Transactions as set out in Appendix C3 to the Hong Kong Listing Rules.

Specific enquiry has been made with all the Directors and Supervisors and the Directors and Supervisors have confirmed that they have fully complied with the Model Code for Securities Transactions throughout the Reporting Period.

The Model Code for Securities Transactions is also applicable to all employees of the Company, its subsidiaries or holding companies, who are in possession of unpublished price sensitive information of the Company. No incident of non-compliance of the Model Code for Securities Transactions by the senior management was noted by the Company.

(III) Board of Directors

1. Composition of the Board

The Board currently consists of 10 Directors, including 3 Executive Directors, 2 Non-executive Directors and 5 Independent Non-executive Directors, among whom there is 1 Chairman and 2 Vice Presidents. Details of the current Board composition are as follows:

Executive Directors:
Guo Xiaojun, *Chairman, Chairman of the Strategy and ESG Committee and member of the Nomination Committee*
Du Jun, *Vice President, Chief Financial Officer and member of Strategy and ESG Committee*
Huang Xiangyu, *Vice President and member of Strategy and ESG Committee*

Non-executive Directors:
Xie Zhenglin, *member of the Strategy and ESG Committee*
Qin Zhaohui

Independent Non-executive Directors:
Tang Song, *Chairman of the Audit and Compliance Committee and member of the Remuneration and Appraisal Committee*
Chen Haifeng, *members of the Audit and Compliance Committee and the Nomination Committee*
Yang Jun, *Chairmen of the Remuneration and Appraisal Committee and the Nomination Committee*
Zhou Ying, *members of the Remuneration and Appraisal Committee and the Strategy and ESG Committee*
Huang Jiangdong, *member of the Audit and Compliance Committee*

During the Reporting Period, Mr. Wan Tao resigned from his positions as Chairman, Executive Director, Chairman of the Strategy and ESG Committee and member of the Nomination Committee of the Company due to change of work arrangements on 12 April 2024. Mr. Guo Xiaojun was appointed as Chairman, Executive Director, Chairman of the Strategy and ESG Committee and member of the Nomination Committee of the Company on 6 June 2024. Mr. Guan Zemin resigned from his positions as Vice Chairman, Executive Director, President and Vice Chairman of the Strategy and ESG Committee due to reaching retirement age on 26 February 2025.

The biographical information of the Directors is set out in section "Directors, Supervisors, Senior Management and Employees" on pages 85 to 102 of this annual report. The Directors (including the Chairman and the President (equivalent to the chief executive officer)) have no financial, business, family or other material relationships with each other.

2. Attendance Records of the Directors

The Board meets at least once per quarter. In 2024, the Board held 7 meetings. Most of the Directors entitled to attend the meetings had actively attended the 7 meetings held during the year in person or by alternates. Before each Board meeting, the joint company secretary would consult each Director on matters to be tabled at the Board meeting. Any matters raised by the Directors would be included in the agenda of the Board meeting. During the Reporting Period, notices and draft agenda of Board meetings were sent to all Directors at least 14 days before the date of the meeting.

To facilitate the Directors in performing their duties effectively and obtaining relevant information to make informed decisions, the agenda of all meetings of the Board or Board committees, together with all relevant documents, are sent to each Board member at least five days before the date of the relevant meetings. The Directors may hold formal or informal meetings with the senior management before any Board meeting.

The Directors and members of the Board committees have access to the papers and minutes of meetings of the Board or the Board committees.

The attendance records of each Director at the Board meetings and the general meetings of the Company held during the Reporting Period are set out in the table below:

	Board Meeting				Annual General Meeting
Name of Director	**Number of Meetings**	**Attendance in Person**	**Attendance by Communication Method**	**Attendance by Alternate**	**Attendance/ Number of Meetings**
Wan Tao [(1)]	1	1	0	0	0/0
Guo Xiaojun [(2)]	5	5	3	0	1/1
Guan Zemin [(3)]	7	7	4	0	1/1
Du Jun	7	7	4	0	1/1
Huang Xiangyu	7	7	4	0	1/1
Xie Zhenglin	7	6	6	1	0/1
Qin Zhaohui	7	7	4	0	1/1
Tang Song	7	7	5	0	1/1
Chen Haifeng	7	7	4	0	1/1
Yang Jun	7	7	4	0	1/1
Zhou Ying	7	7	5	0	0/1
Huang Jiangdong	7	7	6	0	0/1

Notes:

(1) Mr. Wan Tao resigned as Chairman, Executive Director, Chairman of the Strategy and ESG Committee and member of the Nomination Committee of the Company due to change of work arrangements on 12 April 2024.

(2) Mr. Guo Xiaojun was appointed as Chairman, Executive Director, Chairman of the Strategy and ESG Committee and member of the Nomination Committee of the Company on 6 June 2024. Mr. Guo Xiaojun has obtained the legal advice referred to under Rule 3.09D of the Hong Kong Listing Rules on 6 June 2024, and he has confirmed that he understands all requirements and responsibility under the Hong Kong Listing Rules applicable to his positions as directors of a listed issuer, and the possible consequences incurred by making false statements or providing false information to the Hong Kong Stock Exchange.

(3) Mr. Guan Zemin resigned from his positions as Vice Chairman, Executive Director, President and Vice Chairman of the Strategy and ESG Committee due to reaching retirement age on 26 February 2025.

Apart from the abovementioned Board meetings, the Chairman also held 1 meeting with the Independent Non-executive Directors without the presence of the other Directors during the Reporting Period to discuss the Board's annual work plan and the implementation of such plans and to review the state of the Company's productions and operations and its development prospects.

3. Chairman and President (equivalent to Chief Executive Officer)

The Chairman of the Company is responsible for providing to all Directors all information concerning the performance of Board duties. He is also committed to improving the quality of the information and timeliness of the delivery of information to the Directors. The Chairman of the Company plays an important role in promoting good corporate governance within the Company. He is to lead the Board, encourage the Directors to carry out their duties in good faith with mutual support and close cooperation, and make an active contribution to the production, operations, reform and development of the Company. The President is accountable to the Board. With the authorization of the Board, the President shall have the power to fully manage the Company's business, deal with all internal and external affairs of the Company including presiding over the management of the Company's production and operations, developing basic rules and regulations of the Company, organizing and implementing the annual business plan and investment proposals of the Company, etc.

Code provision C.2.1 of the Corporate Governance Code stipulates that the roles of chairman and president should be separate and should not be performed by the same individual.

Mr. Wan Tao served as the Chairman of the Company from 28 June 2023 to 12 April 2024 and Mr. Guo Xiaojun served as the Chairman of the Company from 6 June 2024 to the date of publication of this annual report. During the Reporting Period, Mr. Guan Zemin served as the President of the Company.

4. Independent Non-executive Directors

During the Reporting Period, the Board at all times has five Independent Non-executive Directors representing more than one-third of the Board, meeting the requirements of the Hong Kong Listing Rules relating to the appointment of at least three Independent Non-executive Directors representing at least one-third of the Board with one of whom possessing appropriate professional qualifications, or accounting or related financial management expertise.

The Independent Non-executive Directors possess extensive experience as well as academic and professional qualifications in various areas that include management, accounting, finance, and law thereby ensuring the Board's ability to protect the interests of the Company's shareholders as a whole. During the Reporting Period, the Independent Non-executive Directors contributed significantly in improving the Company's corporate governance structure and protecting the interests of the Company's minority shareholders.

The Company has received written annual confirmation from each of the Independent Non-executive Directors in respect of his independence in accordance with the independence guidelines set out in Rule 3.13 of the Hong Kong Listing Rules. The Company considers all Independent Non-executive Directors independent.

5. Board Independence Evaluation

The Company has established a Board Independence Evaluation Mechanism in 2022 which sets out the processes and procedures to ensure a strong independent element on the Board, which allows the Board effectively exercises independent judgment to better safeguard Shareholders' interests.

The objectives of the evaluation are to improve Board effectiveness, maximise strengths, and identify the areas that need improvement or further development. The evaluation process also clarifies what actions of the Company need to be taken to maintain and improve the Board performance, for instance, addressing individual training and development needs of each Director.

Pursuant to the Board Independence Evaluation Mechanism, the Board will conduct annual review on its independence. The Board will collectively discuss the results and the action plan for improvement, if appropriate.

All Directors have completed the independence evaluation for the year ended 2024 in the form of a questionnaire individually and presented it to the Board. The Board discussed and assessed the Board independence during the Board meeting, the evaluation results for the year ended 2024 were satisfactory.

6. Appointment and Re-election of Directors

All Directors (including Non-executive Directors and Independent Non-executive Directors) are appointed for a specific term. According to the Articles of Association, Directors shall be elected by shareholders at a general meeting for a term of three years, and shall be eligible for re-election upon expiry of their term of office. However, the term of an Independent Non-executive Director may not exceed a total of six years.

7. Responsibilities of the Directors

The Board is primarily responsible for formulating and supervising the strategic development of the Company, setting the objectives, strategies, policies and business plans of the Company, reviewing and monitoring the Company's operations and financial performance directly and indirectly through its committees, as well as devising the appropriate risk management and internal control policies and systems, thereby ensuring the achievement of the Company's strategic objectives.

All Directors, including Non-executive Directors and Independent Non-executive Directors, have brought a wide spectrum of valuable business experience, knowledge and professionalism to the Board for its efficient and effective functioning. The functions of the Non-executive Directors include participating in Board meetings to provide independent opinions, taking a lead at Board meetings where potential conflict of interests arises, serving as members of the Board committees when invited, scrutinizing the Company's performance and providing a balance in the Board for bringing effective independent judgement on corporate actions and operations.

All Directors have full and timely access to all the information of the Company and may, upon request, seek independent professional advice in appropriate circumstances, at the Company's expenses for discharging their duties to the Company. When the Directors are required to give opinions on matters such as external guarantees, financing and connected transactions, the Company will appoint relevant independent professionals such as auditors, financial advisers and lawyers to provide independent opinions to help the Directors discharge their duties.

The Board reserves the power to make decisions relating to all major matters including policy matters, strategies and budgets, internal control and risk management, material transactions (in particular those that may involve conflict of interests), financial information, appointment of directors and other significant operational matters of the Company. Responsibilities relating to implementing decisions of the Board, directing and co-ordinating the daily operation and management of the Company are delegated to the management.

The Rules of Procedures for the Board, an appendix to the Articles of Association, contains detailed provisions on the terms of reference, authorization, meeting policies and rules of discussion of the Board. The Company has also developed the Work Rules for the President which contains detailed provisions on the duties and responsibilities as well as the rules of procedure for the management.

The Directors shall disclose to the Company details of other offices held by them and the Board regularly reviews the contribution required from each Director to perform his responsibilities to the Company.

The Company has purchased Directors' and officers' liabilities insurance in respect of any possible legal action against its Directors and officers arising out of corporate activities.

8. Continuous Professional Development of Directors & Company Secretary

Directors shall keep abreast of regulatory developments and changes in order to effectively perform their responsibilities and to ensure that their contribution to the Board remains informed and relevant.

To ensure that the Directors adequately understand the operations and businesses of the Company, every newly-appointed Director will receive a comprehensive set of introductory materials after his/her appointment which include an introduction to the Group's business, the duties and responsibilities of a Director and other legal requirements. Relevant on-going professional training sessions will also be organized for newly-appointed Directors to help them fully understand the duties that a Director should fulfill as stipulated in the relevant requirements of the laws and regulations, including the Hong Kong Listing Rules, and to enable them to have a timely and comprehensive understanding of the operations of the Company.

In addition, all Non-executive Directors will receive updated information from the management regularly, including strategic plans, business reports and analyses on economic activities etc., with a view to assist them to perform their duties effectively.

All Directors should participate in continuous professional development to upgrade their expertise and skills and to refresh their knowledge to ensure that they perform their duties better in contributing to the Board. Each of the Directors has provided to the Company records of their participation in the relevant training in 2024. The Company has also committed to organizing training programs for its Directors. Internally-facilitated briefings for Directors would be arranged and reading material on relevant topics would be provided to Directors where appropriate.

During the Reporting Period, Mr. Huang Xiangyu and Mr. Xie Zhenglin had attended the 2024 Specialized Training on Reform of Independent Directors System organized by Shanghai Listed Companies Association in June 2024; Mr. Tang Song and Mr. Chen Haifeng had attended the Follow-up Training for Independent Directors organized by the Shanghai Stock Exchange in August 2024; Mr. Guo Xiaojun, Mr. Guan Zemin, Mr. Du Jun, Mr. Huang Xiangyu, Mr. Qin Zhaohui, Mr. Xie Zhenglin, Mr. Tang Song, Mr. Chen Haifeng, Mr. Yang Jun, Ms. Zhou Ying, and Mr. Huang Jiangdong had attended the Training for Directors, Supervisors and senior management organized by the Company's legal advisors in August 2024, which covered an overview of the regulatory systems of the securities markets in the Mainland and Hong Kong, the regulatory trend of the stock exchanges in recent years, the responsibilities of Directors, Supervisors and senior management and regulatory focuses, etc.; Mr. Guo Xiaojun and Mr. Du Jun had attended the 2024 Training Course on Improving the Quality of Listed Companies organized by the Shanghai Stock Exchange in July 2024; Mr. Guo Xiaojun, Mr. Guan Zemin, Mr. Du Jun, Mr. Qin Zhaohui, Mr. Yang Jun and Mr. Huang Jiangdong had attended the 2024 Training Course for Directors, Supervisors and Senior Staffs of Listed Companies (Phase II) organized by Shanghai Listed Companies Association in December 2024.

During the Reporting Period, Mr. Liu Gang and Ms. Xu Haiyan, joint company secretaries of the Company, have received no less than 15 hours of relevant professional training respectively.

(IV) Board Committees

The Board has established four committees, namely, the Audit and Compliance Committee, the Remuneration and Appraisal Committee, the Nomination Committee and the Strategy and ESG Committee, for overseeing particular aspects of the Company's affairs. All Board committees stipulate their terms of reference. The Rules of Procedures of the Board committees are posted on the websites of the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the Company and are available to shareholders upon request. The Board committees submit minutes, resolutions and reports to the Board subsequent to their meetings in respect of the progress of work and results of discussion.

1. The Remuneration and Appraisal Committee

(i) Role and Functions of the Remuneration and Appraisal Committee

The principal duties of the Remuneration and Appraisal Committee are to formulate and review the remuneration policies and proposals for the Directors and senior management of the Company, to set performance appraisal standards and conduct performance appraisals of the Directors and senior management of the Company, and to establish transparent procedures for developing such remuneration policy and structure to ensure that no Director or any of his directly interested parties is involved in deciding his own remuneration.

The Remuneration and Appraisal committee may seek advice from independent professionals if required in accordance with the applicable procedures at the expense of the Company.

(ii) Members of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee of the Board comprises three Independent Non-executive Directors.

Members of the Remuneration and Appraisal Committee during the Reporting Period are as follows:

Chairman: Yang Jun, *Independent Non-executive Director*

Members: Tang Song, *Independent Non-executive Director*
Zhou Ying, *Independent Non-executive Director*

(iii) Meetings of the Remuneration and Appraisal Committee

The Remuneration and Appraisal Committee convenes at least one meeting each year. In 2024, the Remuneration and Appraisal Committee held 3 meetings with a record of attendance as follows:

Name of Director	Attendance in Person/Number of Meetings	Attendance by Alternate/Number of Meetings
Yang Jun	3/3	0/3
Tang Song	3/3	0/3
Zhou Ying	3/3	0/3

(iv) Procedures and Basis for the Determination of Remuneration of Directors, Supervisors and Senior Management

The remuneration of Independent Non-executive Directors is determined in accordance with the "Remuneration System for Independent Directors" amended at the 2007 annual general meeting held in June 2008. The remuneration of other Directors, Staff Supervisors, External Supervisors and senior management is determined according to the "Remuneration System for Directors, Supervisors and Senior Management" passed at the 2002 annual general meeting held in June 2003. The remuneration of Independent Supervisors is determined in accordance with the "Remuneration Payment Method for Independent Supervisors" approved at the 2016 annual general meeting held in June 2017.

The Remuneration and Appraisal Committee reviews the implementation of the remuneration evaluation every year. It also appraises the annual performance of the Directors and senior management of the Company, and makes recommendations to the Board on their remuneration according to the results of the appraisal.

(v) The Work of the Remuneration and Appraisal Committee during the Reporting Period

During the Reporting Period, the Remuneration and Appraisal Committee reviewed the remuneration policy of the Directors, conducted annual appraisals with the Directors and the senior management and reviewed the terms of service contracts for Executive Directors. The Remuneration and Appraisal Committee also reviewed the remuneration structure of the Directors, Supervisors and senior management. Save for the aforesaid, the Remuneration and Appraisal Committee also considered and approved the "Resolution on the Tenure System and Contractual Management of the Members of the Company's Manager".

2. The Audit and Compliance Committee

(i) Role and Functions of the Audit and Compliance Committee

The Audit and Compliance Committee is principally responsible for advising the Board on the appointment, dismissal, remuneration and terms of engagement of external auditors, reviewing the effectiveness of the Company's internal audit function, supervising the internal audit system and its implementation, reviewing the financial information of the Company and its disclosure including verifying the completeness of financial statements, annual reports and interim reports of the Company, reviewing the major opinions stated in the financial statements and reports of the Company, reviewing the financial control, internal control and risk management systems of the Company, reviewing arrangements to enable employees of the Company to raise concerns about possible improprieties in financial reporting, internal control or other matters of the Company and examining connected transactions of the Company.

The establishment of the Audit and Compliance Committee reflects the Company's determination to improve the transparency of its financial reporting system and its financial arrangements. The Company pays close attention to the minutes and reports prepared by the Audit and Compliance Committee. The Audit and Compliance Committee may seek advice from independent professionals in accordance with the applicable procedures at the expense of the Company.

(ii) Members of the Audit and Compliance Committee

The Audit and Compliance Committee of the Board comprises three Independent Non-executive Directors.

Members of the Audit and Compliance Committee during the Reporting Period are as follows:

Chairman: Tang Song, *Independent Non-executive Director*

Members: Chen Haifeng, *Independent Non-executive Director*
Huang Jiangdong, *Independent Non-executive Director*

(iii) Meetings of the Audit and Compliance Committee

The Audit and Compliance Committee should convene at least four meetings each year. In 2024, the Audit and Compliance Committee held 4 meetings without the presence of the Executive Directors with a record of attendance as follows:

Name of Director	Attendance in Person/Number of Meetings	Attendance by Alternate/Number of Meetings
Tang Song	4/4	0/4
Chen Haifeng	4/4	0/4
Huang Jiangdong	4/4	0/4

(iv) The Work of the Audit and Compliance Committee during the Reporting Period

During the Reporting Period, the Audit and Compliance Committee reviewed the accounting principles and standards adopted by the Company, the interim, quarterly and annual financial results and reports and significant issues on the financial reporting, operational and compliance controls, the effectiveness of the risk management and internal control systems, the effectiveness of the Company's internal audit function, appointment of external auditors and relevant scope of works, and continuing connected transactions of the Company. Save for the aforesaid, the Audit and Compliance Committee also considered and approved the "Proposal on Changes in Accounting Policies for Segment Reporting", the "Re-election of Domestic and International Accounting Firms for 2024 and the Recommendation of Authorizing the Board to Determine Their Remuneration", the "Internal Control Evaluation Report of 2023", "Audit Plans of 2024", and "Internal Control Manual (2024 Edition)" during the Reporting Period.

3. The Nomination Committee

(i) Role and Functions of the Nomination Committee

The Nomination Committee is accountable to the Board, and is mainly responsible for reviewing the Board composition, making recommendations to the Board on the procedures and criteria for the selection and appointment of Directors and senior management of the Company and on their qualifications to hold office, and assessing the independence of Independent Non-executive Directors.

In assessing the Board composition, the Nomination Committee would take into account various aspects as well as factors concerning Board diversity as set out in the Company's Board Diversity Policy, including but not limited to gender, age, cultural and educational background, professional qualifications, experience, skills, knowledge, length of service, etc. The Nomination Committee would discuss and agree on measurable objectives for achieving diversity on the Board, where necessary, and recommend them to the Board for adoption.

In identifying and selecting suitable candidates for directorships, the Nomination Committee would consider the candidate's relevant criteria such as character, qualifications, experience, independence and other relevant criteria necessary to complement the corporate strategy and achieve Board diversity, where appropriate, before making recommendation to the Board.

The Company provides adequate resources to the Nomination Committee for the performance of its duties. The committee may seek independent professional advice during the performance of its duties at the Company's expense.

(ii) Members of the Nomination Committee

The Nomination Committee of the Board comprises 1 Executive Director and 2 Independent Non-executive Directors.

Members of the Nomination Committee during the Reporting Period are as follows:

Chairman: Yang Jun, *Independent Non-executive Director*

Members: Chen Haifeng, *Independent Non-executive Director*
Guo Xiaojun, *Executive Director*
(Appointed as a member of the Nomination Committee on 6 June 2024)
Wan Tao, *Executive Director*
(Resigned as a member of the Nomination Committee on 12 April 2024)

(iii) Meetings of the Nomination Committee

The Nomination Committee should convene at least one meeting each year. In 2024, the Nomination Committee held 1 meeting during the Reporting Period. The attendance record of the meetings of the Nomination Committee is set out in the table below:

Name of Director	Attendance in Person/Number of Meetings	Attendance by Alternate/Number of Meetings
Yang Jun	1/1	0/1
Chen Haifeng	1/1	0/1
Wan Tao	1/1	0/1

(iv) The Work of the Nomination Committee during the Reporting Period

During the Reporting Period, the Nomination Committee reviewed the structure, number and composition of the Board, and assessed the independence of the Independent Non-executive Directors.

The Nomination Committee also reviewed the composition of the Board from a diversity level. As of now, the Board has a total of 10 Directors, including 3 Executive Directors, 2 Non-executive Directors, and 5 Independent Non-executive Directors. The three Executive Directors are from state-owned enterprises and hold important positions such as chairman, vice president or chief financial officer. They have rich experience in enterprise management. The two Non-executive Directors have senior engineer and senior accountant by professional title, with extensive experience in enterprise management, finance, finance and investment development management, and have a deep understanding of the chemical industry. The five Independent Non-executive Directors are professors of accounting, researchers of law, financial professionals and scholars of business administration with rich professional experience. The Board has one female Director who provides professional advice for the Company in different areas. The diversified portfolio of the Board provides a wide range of professional advice to the Board, so as to ensure that the Board is provided with independent views and opinions and enable the Board to effectively perform its duties, promote the Company's corporate performance and sustainable development. The Nomination Committee considers that the Board is sufficiently diversified in terms of age, cultural and educational background, professional experience, skills, and knowledge. In selecting directors, the Nomination Committee will pay special attention to other aspects such as gender and race, so as to achieve the goal of diversification of the Board. For the gender, age and term of service of Board members, please refer to Chapter 5 "Corporate Governance".

(v) Board Diversity Policy

The Company has adopted a Board Diversity Policy which sets out the approach to achieve diversity of the Board. The Company recognizes and embraces the benefits of having a diverse Board and sees increasing diversity at the Board level as an essential element in maintaining the Company's competitive advantage.

According to the Diversity Policy of the Board and in order to achieve sustainable and balanced development, the Company regards the increasing diversity of the Board as the key element to support its strategic objectives and maintain sustainable development. When setting the composition of the Board members, the Board considers the diversity of Board members from many aspects, including but not limited to gender, age, cultural and educational background, professional experience, skills, knowledge and service tenure. All appointments of the Board are based on the principle of "talents are the only people to be appointed". According to specific needs and business models of the Company, the benefits of diversity of Board members are fully considered under objective conditions. The selection of directors will be based on a wide range of criteria, including but not limited to gender, age, cultural and educational background, race, professional experience, skills, knowledge and tenure of service. The final decision will be based on strengths of the candidates and the contribution they can make to the Board. The composition of the Board (including gender, age and term of service) will be disclosed in the Corporate Governance Report every year.

An analysis of the Board's current composition based on the measurable objectives is set out below:

Gender	**Age Group**
Male: 9 Directors	31-40: 0 Directors
Female: 1 Director	41-50: 2 Directors
	51-60: 7 Directors
	61-70: 1 Director
Designation	**Educational Background**
Executive Directors: 3 Directors	Business Administration: 3 Directors
Non-executive Directors: 2 Directors	Account and Finance: 1 Director
Independent Non-executive Directors: 5 Directors	Legal: 2 Directors
	Other: 4 Directors
Nationality	**Business Experience**
Chinese: 10 Directors	Accounting & Finance: 3 Directors
	Legal: 2 Directors
	Petrochemical: 3 Directors
	Business Administration: 2 Directors

The Nomination Committee and the Board are of the view that the current composition of the Board has achieved the objectives set in the Board Diversity Policy.

The Nomination Committee will report on the composition of the Board at the diversified level in the Corporate Governance Report every year and monitor the implementation of this policy.

Gender Diversity

The Company values gender diversity across all levels of the Group. The following table sets out the gender ratio in the workforce of the Group, including the Board and senior management as at the date of this annual report:

	Female	**Male**
Board	10.00% (1)	90.00% (9)
Senior Management	0% (0)	100% (4)
Other employees	17.22% (1,213)	82.78% (5,830)
Overall workforce	17.20% (1,214)*	82.80% (5,843)*

* Non-executive Directors and Independent Non-executive Directors are included.

The Board had targeted to achieve and had achieved at least 10.00% (1) of female Directors and 17.22% (1,213) of other female employees of the Group and considers that the above current gender diversity is satisfactory. When necessary, the Board or the Nomination Committee will hire an independent specialized institution to assist the selection of potential successors to female Directors so as to maintain gender diversity.

Details on the gender ratio of the Group together with relevant data can be found in the 2024 ESG Report.

(vi) Director Nomination Policy

The Board has delegated its responsibilities and authority for selection and appointment of Directors to the Nomination Committee of the Company.

The Company has adopted a Director Nomination Policy which sets out the selection criteria and process and the Board succession planning considerations in relation to nomination and appointment of Directors of the Company and aims to ensure that the Board has a balance of skills, experience and diversity of perspectives appropriate to the Company and the continuity of the Board and appropriate leadership at Board level.

The Director Nomination Policy sets out the factors for assessing the suitability and the potential contribution to the Board of a proposed candidate, including the following:

- Character and integrity.
- Qualifications including professional qualifications, skills, knowledge, length of service, experience and diversity aspects under the Board Diversity Policy that are relevant to the Company's business and corporate strategy.
- Any measurable objectives adopted for achieving diversity on the Board.

- Requirement for the Board to have independent non-executive directors in accordance with the Hong Kong Listing Rules and whether the candidate would be considered independent with reference to the independence guidelines set out in the Hong Kong Listing Rules.

- Any potential contributions the candidate can bring to the Board in terms of qualifications, skills, experience, independence and gender diversity.

- Willingness and ability to devote adequate time to discharge duties as a member of the Board and/or Board committee(s) of the Company.

- Such other perspectives that are appropriate to the Company's business and succession plan and where applicable, may be amended by the Nomination Committee and/or the Board from time to time for nomination of directors and succession planning.

- Other conditions as set out in the Company's Articles of Association (if any).

The Director Nomination Policy also sets out the procedures for the selection and appointment of new Directors and re-election of Directors at general meetings. During the Reporting Period and up to the date of this annual report, there were changes in the composition of the Board and details of the changes are set out in section "Composition of the Board" of this Corporate Governance Report.

The Nomination Committee will review the Director Nomination Policy, as appropriate, to ensure its effectiveness.

4. The Strategy and ESG Committee

(i) Role and Functions of the Strategy and ESG Committee

The major duties of the Strategy and ESG Committee are to conduct researches and give recommendations to the Board on major investment decisions, projects, ESG-related matters and other major issues that affect the Company's development, and to monitor the Company's long-term development strategic plan.

(ii) Members of the Strategy and ESG Committee

The Strategy and ESG Committee comprises four Executive Directors, one Non-executive Director and one Independent Non-executive Director.

Chairman: Guo Xiaojun *Executive Director*
(Appointed as Chairman of the Strategy and ESG Committee on 6 June 2024)
Wan Tao *Executive Director*
(Resigned as Chairman of the Strategy and ESG Committee on 12 April 2024)

Members: Du Jun *Executive Director*
Huang Xiangyu *Executive Director*
Xie Zhenglin *Non-executive Director*
Zhou Ying *Independent Non-executive Director*

Meetings of the Strategy and ESG Committee

In 2024, the Strategy and ESG Committee held 1 meeting. The attendance record of the meetings of the Strategy and ESG Committee is set out in the table below:

Name of Director	Attendance in Person/Number of Meetings	Attendance by Alternate/Number of Meetings
Guo Xiaojun (1)	0/0	0/0
Du Jun	1/1	0/1
Huang Xiangyu	1/1	0/1
Xie Zhenglin	1/1	0/1
Zhou Ying	1/1	0/1
Wan Tao (2)	1/1	0/1
Guan Zemin (3)	1/1	0/1

Notes:

(1) Mr. Guo Xiaojun was appointed as Chairman of the Strategy and ESG Committee on 6 June 2024.

(2) Mr. Wan Tao resigned as Chairman of the Strategy and ESG Committee on 12 April 2024.

(3) Mr. Guan Zemin resigned as Vice Chairman of the Strategy and ESG Committee on 26 February 2025.

(iii) The Work of the Strategy and ESG Committee during the Reporting Period

The Strategy and ESG Committee should convene meeting when appropriate. During the Reporting Period, the Strategic Committee optimized and adjusted its functions, renaming it as the Strategy and ESG Committee, and adding environmental, social, and governance (ESG) functions. During the Reporting Period, the Strategy and ESG Committee considered and approved the “2023 ESG Report” of the Company.

5. Corporate Governance Functions

The Board is responsible for performing the functions set out in code provision A.2.1 of the Corporate Governance Code.

The Board reviewed the Company’s corporate governance policies and practices, training and continuous professional development of Directors and senior management, the Company’s policies and practices on compliance with legal and regulatory requirements, the compliance of the Model Code for Securities Transactions, and the Company’s compliance with the Corporate Governance Code and disclosure in this Corporate Governance Report.

6. Supervisory Committee

The Company's eleventh session of the Supervisory Committee comprises six members, including three Employee Representative Supervisors (one of whom had served as Chairperson of the committee), one External Supervisor and two Independent Supervisors.

The Supervisors are appointed for a fixed term of office and the term of office of each Supervisor (including supervisors who have resigned) is set out in section "Directors, Supervisors, Senior Management and Employees" on pages 85 to 102 of this annual report.

In 2024, the Supervisory Committee convened four meetings with a record of attendance as follows:

Name of Supervisor	Position	Attendance in Person/Number of Meetings	Attendance by Alternate/Number of Meetings
Xie Li	Employee Representative Supervisor and Chairperson	4/4	0/4
Zhang Feng	Employee Representative Supervisor	2/4	2/4
Chen Hongjun	Employee Representative Supervisor	4/4	0/4
Zhang Xiaofeng	External Supervisor	4/4	0/4
Zheng Yunrui	Independent Supervisor	4/4	0/4
Choi Ting Ki	Independent Supervisor	4/4	0/4

The Company's Supervisory Committee established and refined the check-and-balance system of the Company and promoted and regulated the corporate governance structure in accordance with the relevant laws and regulations, including the Company Law of the PRC and the Code of Corporate Governance for Listed Companies of the PRC. The Supervisory Committee diligently discharges its supervisory duties and exercises supervision over the management's compliance with the relevant laws and regulations, including the Company Law and the Code of Corporate Governance for Listed Companies of the PRC. It also supervises the enforcement of the resolutions passed at general meetings and Board meetings, compliance with decision-making procedures and the implementation of the internal control system. The Supervisory Committee also examines the financial system and the financial situation of the Company in a conscientious manner, thereby ensuring the orderly operations of the Company and safeguarding shareholders' interests.

(V) Risk Management and Internal Controls

The Board acknowledges its responsibility for the risk management and internal control systems and the review of their effectiveness. Such systems are designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Board ensures that risk management and internal control systems of the Company are sound and effective to safeguard the shareholders' interests and its assets. The Board has the overall responsibility for evaluating and determining the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives, and establishing and maintaining appropriate and effective risk management and internal control systems.

The Audit and Compliance Committee assists the Board in leading the management and overseeing its design, implementation and monitoring of the risk management and internal control systems.

The Company has developed and adopted various internal control and risk management procedures and guidelines including the Internal Control Manual, the SINOPEC Comprehensive Risk Management Procedures and SINOPEC Comprehensive Risk Management Implementation Programme with defined authority for implementation by key business processes and office functions, including project management, sales, financial reporting, human resources and information technology.

All divisions conducted internal control assessment regularly to identify risks that potentially impact the business of the Group and various aspects including key operational and financial processes, regulatory compliance and information security etc.

The management, in coordination with division heads, assessed the likelihood of risk occurrence, provided treatment plans, monitored the risk management progress, and reported to the Audit and Compliance Committee and the Board on all findings and the effectiveness of the systems.

The Internal Audit Department is responsible for performing an independent review of the adequacy and effectiveness of the risk management and internal control systems. The Internal Audit Department examined key issues in relation to the accounting practices and all material controls and provided its findings and recommendations for improvement to the Audit and Compliance Committee. The Company has engaged KPMG Huazhen LLP to conduct an audit on the effectiveness of the internal control over financial reporting of the Company according to the guidelines set out in the Audit Guidelines for Enterprise Internal Control (the "Guidelines") and the Report on Internal Control over Financial Reporting was issued pursuant to the Guidelines.

The Company has developed its disclosure policy which provides a general guide to the Directors, officers, senior management and relevant employees in handling confidential information, monitoring information disclosure and responding to enquiries. The Company has in place a "System for the Registration and Management of Inside Information" and an "Information Disclosure Management System" which were regularly reviewed by the Board to administer the registration and management of persons with access to the Company's insider information including but not limited to the Directors, Supervisors and senior management, strengthen the confidentiality of the flow of inside information, monitor information disclosure to safeguard the leakage of inside information and respond to enquiries. Control procedures have been implemented to ensure that unauthorized access and use of inside information are strictly prohibited.

1. Implementation of internal control

Internal control task force is the leading unit of the internal control work of the Company with the President and the Chief Financial Officer as chief and deputy chief, respectively, and an internal control office was established under the task force. It is responsible for organizing and coordinating the establishment, implementation and daily operation of internal control, as well as the submission of work reports on the inspection and supervision of internal control to the Audit and Compliance Committee on a regular basis. A supervisory working network consisting of special personnel of each department (unit) responsible for internal control function was established within the Company. The internal control supervisors, on behalf of their own departments, and administrative heads each carry out internal control work within their own scope.

Since the implementation of the internal control system of the Company in 2004, the Company has strictly complied with the requirements of internal control regulations of the CSRC. Combining with corporate management and internal controls, the Internal Control Manual was reviewed annually so as to improve the internal control business process, to specify responsibilities of different departments and positions in charge of the respective control processes, and to urge staff to perform internal control responsibility. The Internal Control Manual (2024 Edition) specifies 22 categories, 61 risk control matrices and a total of 1,729 control points.

In 2011, the Company launched an internal control management information system and built a dynamic validation and correction system of system data to continuously improve the internal control management information system annually. At the same time, the internal control office actively guides the respective departments responsible for different processes and the secondary units for the online management of internal control and gradually enforces online enquiry and online quarterly testing under the Internal Control Manual.

2. Implementation of comprehensive risk management

In 2011, the Company set up a comprehensive risk management task force with key heads of the Company as leaders. The task force has set up an office in the Corporate Management Department of the Company and functions as the daily risk managing organ of the Company.

In 2013, based on the then “Integrated Management System” and other professional management systems, the Company extensively carried out risk management status research, arranged and analysed existing issues and learnt from the successful experience and typical practices of domestic and overseas advanced enterprises and prepared the SINOPEC Comprehensive Risk Management Procedures, which are included in the Integrated Management System. The risk management procedures specify five basic processes of comprehensive risk management, namely risk information collection, risk evaluation, risk response, monitoring and warning, and supervisory assessment and improvement. Through risk identification and assessment, the Company conducts analysis of the effectiveness of the existing internal control system and professional management and creates foundation system of the Company for the establishment of the risk warning system and risk response strategy and measures.

In 2016, the Company developed the SINOPEC Comprehensive Risk Management Implementation Programme according to control capability, management strength and company management conditions, and standardized assessment methods and standards. The Company launched resources management, interest rate and Forex rate special risk identification, and evaluation work to enhance the comprehensive risk management of the Company.

Pursuant to the planning and requirements of State-Owned Assets Supervision and Administration Commission of the State Council, the Company is focusing on its goal of establishing an energy and chemical and new material enterprise which is "leading domestically, first-class globally". The Company vigorously implements annual risk assessment work, organizes some of the Company's leaders, key department heads to participate in the material and significant online risk identification evaluation to start and perform comprehensive risk management of the Company to provide foundation for the establishment of the risk warning system and risk response strategy and measures. On the basis of the revised Internal Control Manual, the Company organized the persons in charge of the business process to comprehensively identify, analyse and assess material and significant tier 3 risks and attend to tier 4 risks based on the risk list in the business matrix. The Company has preliminarily set up the "SINOPEC Risk Database" and improved the key information maintenance of "Risk Level Rating" and "Risk Response Measures" in the system.

The Company set up a comprehensive risk management office which is responsible for collecting and organizing risk information regarding the Company as well as domestic and foreign industry. It sorts out, analyzes and summarizes, forms a risk list, and regularly completes and updates the risk list. The Company set up an internal control office to establish risk assessment work standards, procedures and management rules, formulate company risk assessment plans, and organize risk assessment task.

Through the implementation of effective supervision and evaluation and improved supervision, the Company effectively promotes the Company's overall risk management, and forms a closed-loop management mechanism for self-improvement and continuous optimization. Internal supervision of the Company is divided into daily supervision and special supervision. Daily supervision refers to the routine and continuous supervision and inspection of the Company's establishment and implementation of internal control; special supervision refers to the situation where the Company undergoes major adjustments or changes in its development strategy, organizational structure, business activities, business processes, and key positions, there will be a targeted supervision and inspection of one or more aspects of internal control. The scope and frequency of special supervision depends on the impact of the risk and the effectiveness of the control.

The Company has established a comprehensive internal inspection and evaluation mechanism, designating internal audit as the Company's responsible division to supervise and improve risk management, and the audit department is responsible for the independent supervision and evaluation of the setting up of the risk management system and the effectiveness of implementation, reporting according to prescribed procedures and monitoring the progress. The Board is responsible for the supervision of the Company's internal control evaluation work, identifies the Company's major internal control deficiencies, reviews the relevant rectification measures and oversees the management in the implementation of the measures, reviews and approves the internal control evaluation report. The Supervisory Committee supervises the Board's establishment and implementation of internal control.

The management has reported to the Board and the Audit and Compliance Committee on the effectiveness of the risk management and internal control systems of the Group for the Reporting Period. The Board, as supported by the Audit and Compliance Committee as well as the management report on the internal audit findings, reviewed the risk management and internal control systems, including the financial, operational and compliance controls, for the Reporting Period, and considered that such systems are effective and adequate. The annual review also covered the financial reporting and internal audit function and staff qualifications, experience and relevant resources.

For further details of the risk management and internal controls of the Company, please refer to the chapter headed "Internal Control" on pages 110 to 112 of this annual report.

(VI) Directors' Responsibilities in relation to the Financial Statements

The Directors acknowledge their responsibilities for preparing the financial statements of the Company for the year ended 31 December 2024.

The Directors are not aware of any material uncertainties relating to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern.

All Directors regularly receive comprehensive reports from the management covering strategic proposals, operations updates, financial objectives, plans and initiatives. The Board presents a balanced, clear and understandable assessment of the affairs and prospects of the Group in the Company's annual and interim reports, announcements relating to inside information and other financial disclosures as required under the Hong Kong Listing Rules.

During the Reporting Period, the management provided to members of the Board with monthly information on the Company's production and financial analysis, as well as Xinjinshan Post (《新金山報》), a newspaper published by the Company that covers recent developments in the Company's production and operations. In addition, Directors including Independent Non-executive Directors were also able to learn about the latest updates on the Company's business and information disclosure on the Company's website in a timely manner.

The statements of the independent auditor of the Company (both international and domestic) about their reporting responsibilities on the financial statements are set out in the respective Independent Auditor's Report and Report of the PRC Auditor on pages 137 to 142 and pages 273 to 278, respectively of this annual report.

(VII) Auditors' Remuneration

An analysis of the remuneration paid to the international and domestic auditors of the Company, KPMG and KPMG Huazhen LLP, in respect of audit services and non-audit services for the Reporting Period is set out in the table below:

Auditor	Service Category	Fees Paid/Payable
KPMG and KPMG Huazhen LLP	– Audit services	RMB6,556,000
	– Non-audit services-Tax consulting services	RMB115,000

(VIII) Company Secretary

Currently, Mr. Liu Gang and Ms. Xu Haiyan are joint company secretaries of the Company. Mr. Liu Gang was appointed as secretary to the Board and joint company secretary on 28 April 2021. Ms. Xu Haiyan was appointed as the joint company secretary on 21 August 2024. They all report to the Chairman and/or the President.

All Directors have access to the advice and services of the company secretary on corporate governance and board practices and matters.

(IX) Shareholders' Rights

The Company engages shareholders through various communication channels and the "Work System of Investor Relations Management" is in place to ensure that shareholders' views and concerns are appropriately addressed.

To safeguard shareholder interests and rights, separate resolution should be proposed for each substantially separate issue at general meetings, including the election of individual Director. All resolutions put forward at general meetings will be voted on by poll and poll results will be posted on the websites of the Hong Kong Stock Exchange, the Shanghai Stock Exchange and the Company after each general meeting.

The rights of shareholders holding ordinary shares of the Company are also set out in the Articles of Association. Upon written requests of the shareholders and verification of their identities and shareholding by the Company, they will be allowed to access relevant information as permitted by law, administrative regulations and the Articles of Association.

1. Convening an Extraordinary General Meeting

Pursuant to Article 63(3) of the Articles of Association, the Board shall convene an extraordinary general meeting within two months upon written requisition by the shareholders individually or jointly holding 10% or more of the issued and outstanding voting shares of the Company.

2. Putting Forward Proposals at General Meeting

Pursuant to Article 65 of the Articles of Association, when the Company convenes a shareholders' general meeting, the Board, the Supervisory Committee and shareholders who individually or jointly hold shares with 3% or more of the total voting rights of the Company shall have the right to move motions in writing for shareholders' meetings. Shareholders who individually or jointly hold 3% or more of the issued and outstanding voting shares of the Company may propose and submit in writing an extraordinary motion to the convener ten (10) days prior to the convening of the shareholders' general meeting. The convener shall issue a supplementary notice of the shareholders' general meeting within two (2) days upon receipt of such motion and shall make an announcement on the content of the extraordinary motion.

3. Putting Forward Enquiries to the Board

For putting forward any enquiries to the Board of the Company, shareholders may send written enquiries to the Company. The Company will not normally deal with verbal or anonymous enquiries.

4. Contact Details

Shareholders may send their enquiries or requests as mentioned above to the Company's registered address as follows:

48 Jinyi Road, Jinshan District, Shanghai, the PRC

For the attention of Mr. Liu Gang, Secretary of the Board

For the avoidance of doubt, shareholder(s) must deposit and send the original duly signed written requisition, notice or statement, or enquiry (as the case may be) to the above address and provide their full name, contact details and identification in order to give effect thereto. Shareholders' information may be disclosed as required by law.

(X) Investor Relations

The Company considers that effective communication with shareholders is essential for enhancing investor relations and investors' understanding of the Group's business performance and strategies. The Company maintains communications with its shareholders. The Company's major communication channels include annual general meeting, other general meetings, the Company's website, email, fax and telephone numbers of the Secretary Office of the Board. Through the above communication channels, shareholders may adequately express their opinions or exercise their rights.

The Company is committed to enhancing its relationship with investors. The Chairman or the president presides over and participates in major investor relations activities (including general meetings, results presentations, press conferences, significant events and roadshows, important domestic and overseas capital market conferences, major financial media interviews, etc.) and maintains contact with shareholders to ensure that the views of the shareholders can be conveyed to the entire Board.

During the Reporting Period, the Company continued to strengthen the management of investor relations, and implement in good faith the "Work System of Investor Relations Management", engage in active interaction and communications with investors and submit investors' opinions and suggestions to the Company's management in a timely manner.

In principle, the Company convenes results briefings every six months after the release of its annual and interim results. In 2024, the Company held two large-scale results briefings in Hong Kong while several "one-to-one" meetings were held within and outside China. The Company has also welcomed domestic and foreign investors to its headquarters, and replied to telephone queries and letters from investors, intermediaries and fund managers. In addition, the Directors and senior management also actively attended capital market online meetings organized by securities research companies and investment banks.

The information on the Company's website is updated regularly to keep the investors and the public informed of the Company's latest developments.

(XI) Relevant policies relating to Shareholders

The Company has formulated a shareholders' communication policy to ensure that the opinions and concerns of shareholders are properly addressed, and the policy has been reviewed during the Reporting Period to ensure its effectiveness.

The Company has formulated a dividend policy. According to the Articles of Association, the Company's net profit attributable to the parent company was positive and the accumulated undistributed profit was positive during the year. While the Company's cash flow can meet its normal operation and sustainable development, the Company shall carry out cash dividend distribution and shall not be less than 30% of the net profit attributable to the parent company realized in that year. For details, please refer to chapter 5 "Corporate Governance".

(XII) Amendments to Constitutional Documents

During the year under review, the Company has amended its Articles of Association. Details of the amendments are set out in the circular dated 26 April 2024 to the Shareholders. An up-to-date version of the Company's Articles of Association is also available on the Company's website and the Hong Kong Stock Exchange's website.

Independent auditor's report to the shareholders of Sinopec Shanghai Petrochemical Company Limited
(incorporated in the People's Republic of China with limited liability)

Opinion

We have audited the consolidated financial statements of Sinopec Shanghai Petrochemical Company Limited ("the Company") and its subsidiaries ("the Group") set out on pages 143 to 272, which comprise the consolidated statement of financial position as at 31 December 2024, the consolidated statement of profit or loss, the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended and notes to the consolidated financial statements, 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 International Financial Reporting Standards ("IFRSs") 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 ("HKSAs") 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 matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were 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 these matters.

Key audit matters *(continued)*

<table>
<tr><td colspan="2">Assessment of net realizable value of raw materials, work in progress and finished goods</td></tr>
<tr><td colspan="2">Refer to notes 2.14,4.2 (a) and 21 to the consolidated financial statements and the accounting policies.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The Group is principally engaged in processing of crude oil into petroleum products and other chemical products. The crude oil can be processed into various finished goods by different processing procedures. Inventories are valued at the lower of cost and net realizable value.

The gross carrying amount of raw materials, work in progress and finished goods, and provision for diminution in value were RMB6,787,854 thousand and RMB395,016 thousand, respectively, as at 31 December 2024.

The net realizable value is determined based on the estimated selling prices in the ordinary course of business less the estimated costs to completion, and other costs necessary to make the sale.

We identified the assessment of net realizable value of raw materials, work in progress and finished goods as a key audit matter because evaluation of estimated selling prices of inventories, estimated costs to completion, and other costs necessary to make the sale involved a high degree of auditor judgements.</td><td>Our audit procedures to assess net realizable value of raw materials, work in progress and finished goods included the following:

• Evaluating the design, implementation and operating effectiveness of key internal controls over the process of determination of net realizable value of raw materials, work in progress and finished goods, including controls related to the determination of estimated selling prices, estimated costs to completion, other costs necessary to make the sale;

• Evaluating the estimated selling price at the reporting date for a sample of inventory items by comparison of the estimated selling prices to prices from publicly available market data and the actual prices of sales transactions subsequent to the reporting date if available; and

• Evaluating the estimated costs to completion and other costs necessary to make the sale by comparing with the historical costs to completion and other costs necessary to make the sale for the same type of inventories on a sample basis.</td></tr>
</table>

Key audit matters *(continued)*

<table>
<tr><th colspan="2">Assessment of value in use of certain production facilities</th></tr>
<tr><td colspan="2">Refer to notes 2.12 (b),4.2 (b) and 16 to the consolidated financial statements and the accounting policies.</td></tr>
<tr><th>The Key Audit Matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The carrying amount of property, plant and equipment was RMB13,204,423 thousand as of 31 December 2024, a portion of which related to certain intermediate petrochemicals production facilities under chemical products segment ("certain production facilities"). At the end of each reporting period, if any indication of impairment exists, the Group estimates the recoverable amount of an asset, or a cash-generating unit, at the higher of its fair value less costs of disposal and its value in use, to determine the impairment losses, if any. The Group's estimated value in use includes assumptions on product sales growth rates, related costs growth rates ("forecasted growth rates") and discount rate.

We identified the assessment of value in use of certain production facilities as a key audit matter because high degree of subjectivity and auditor judgment was involved to evaluate the forecasted growth rates and the discount rate used to estimate value in use of these assets. The forecasted growth rates and the discount rate were challenging to test as minor changes to those assumptions would have a significant effect on the Group's assessment of value in use of these assets. In addition, specialized skills and knowledge were required to assess the discount rate used to estimate value in use of these assets.</td><td>Our audit procedures to assess value in use of certain production facilities included the following:

• Evaluating the design, implementation and operating effectiveness of key internal controls related to the process in assessing the value in use of certain production facilities, including controls related to the determination of the forecasted growth rates and the discount rate;

• Assessing the forecasted growth rates adopted in the Group's value in use assessment by comparing them with historical results, future operation plans and external market data;

• Involving valuation professionals with specialized skills and knowledge assisted in evaluating the discount rate used by comparing it against discount rate that was independently developed using publicly available industry data; and

• Performing sensitivity analysis over the forecasted growth rates and the discount rate assumptions to assess their impact on the certain production facilities' impairment assessment.</td></tr>
</table>

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 IFRSs 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 HKSAs 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 HKSAs, 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.

Auditor's responsibilities for the audit of the consolidated financial statements

(continued)

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 Au Yat Fo.

KPMG
Certified Public Accountants

8th Floor, Prince's Building
10 Chater Road
Central, Hong Kong

19 March 2025

Consolidated Income Statement

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Revenue	5	87,060,094	92,931,608
Taxes and surcharges		(12,777,797)	(12,853,851)
Net sales		74,282,297	80,077,757
Cost of sales	10	(74,121,403)	(81,612,566)
Gross profit/(loss)		160,894	(1,534,809)
Selling and administrative expenses	10	(234,569)	(315,537)
Other operating income	6	112,660	131,749
Other operating expenses	7	(24,040)	(20,162)
Other gains/(losses) – net	8	34,236	(14,195)
Profit/(loss) from operations		49,181	(1,752,954)
Finance income	9	309,542	383,988
Finance expenses	9	(114,987)	(145,313)
Finance income – net		194,555	238,675
Share of net gains/(losses) of associates and joint ventures accounted for using the equity method	20	179,579	(141,128)
Profit/(loss) before taxation		423,315	(1,655,407)
Income tax	12	(106,318)	306,093
Profit/(loss) for the year		316,997	(1,349,314)

The notes on pages 153 to 272 form part of these financial statements.

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Profit/(loss) attributable to:			
– Equity shareholders of the Company		310,980	(1,346,147)
– Non-controlling interests		6,017	(3,167)
Profit/(loss) for the year		316,997	(1,349,314)
Earnings/(losses) per share attributable to equity shareholders of the Company for the year (expressed in RMB per share)			
Basic	13 (a)	RMB0.029	RMB (0.125)
Diluted	13 (b)	RMB0.029	RMB (0.125)

The notes on pages 153 to 272 form part of these financial statements.

Consolidated Statement of Comprehensive Income

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Profit/(loss) for the year		316,997	(1,349,314)
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Equity investments at FVOCI – net movement in fair value reserves (non-recycling)	32	2	(848)
Items that are or may be reclassified subsequently to profit or loss:			
Share of other comprehensive income of associates accounted for using the equity method	32	3,659	767
Cash flow hedges: net movement in hedging reserve	32	(60,059)	45,830
Other comprehensive income for the year, net of tax		(56,398)	45,749
Total comprehensive income for the year		260,599	(1,303,565)
Attributable to:			
– Equity shareholders of the Company		254,582	(1,300,398)
– Non-controlling interests		6,017	(3,167)
Total comprehensive income for the year		260,599	(1,303,565)

The notes on pages 153 to 272 form part of these financial statements.

Consolidated Balance Sheet

As at 31 December 2024

	Note	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Non-current assets			
Property, plant and equipment	16	13,204,423	14,176,814
Right-of-use assets	15	331,067	354,971
Investment properties	17	305,142	321,037
Construction in progress	18	2,064,067	1,200,602
Investments accounted for using the equity method	20	3,489,573	3,271,941
Financial assets at fair value through other comprehensive income	25	3,872	3,869
Financial assets measured at fair value through profit or loss	26	36,500	36,500
Time deposits with banks	24	–	2,782,500
Deferred tax assets	12	1,211,961	1,313,841
Other non-current assets	14	407,592	647,324
		21,054,197	24,109,399
Current assets			
Derivative financial assets		49	–
Inventories	21	6,552,263	7,751,687
Financial assets at fair value through other comprehensive income	25	388,230	236,487
Trade receivables	22	151	115
Other receivables	22	675,823	350,891
Prepayments		187,663	39,553
Value added tax recoverable		15,315	15,222
Amounts due from related parties	22	717,168	1,453,864
Cash and cash equivalents	23	8,209,113	4,906,368
Restricted cash and bank deposits		3,848	–
Time deposits with banks	24	3,883,516	700,645
		20,633,139	15,454,832
Total assets		41,687,336	39,564,231

The notes on pages 153 to 272 form part of these financial statements.

As at 31 December 2024

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Equity and liabilities			
Equity attributable to equity shareholders of the Company			
Share capital	31	10,675,228	10,799,286
Reserves	32	14,353,023	14,011,630
		25,028,251	24,810,916
Non-controlling interests		104,241	117,978
Total equity		25,132,492	24,928,894
Liabilities			
Non-current liabilities			
Borrowings	27	67,685	–
Lease liabilities	15	192	942
Deferred tax liabilities	12	29,241	31,564
Deferred income	30	168,679	30,222
		265,797	62,728

The notes on pages 153 to 272 form part of these financial statements.

As at 31 December 2024

	Note	As at 31 December 2024 RMB'000	2023 RMB'000
Current liabilities			
Borrowings	27	1,500,987	3,700,000
Lease liabilities	15	1,112	7,515
Contract liabilities	29	235,224	323,279
Trade and other payables	28	3,308,308	3,832,858
Amounts due to related parties	28	9,590,947	5,155,798
Current tax liabilities		1,419,016	1,228,525
Staff salaries and welfares payable		232,725	322,265
Income tax payable	12	728	2,369
		16,289,047	14,572,609
Total liabilities		16,554,844	14,635,337
Total equity and liabilities		41,687,336	39,564,231

Approved and authorized for issue by the Board of Directors on 19 March 2025

Guo Xiaojun
Director

Du Jun
Director

The notes on pages 153 to 272 form part of these financial statements.

Consolidated Statement of Changes in Equity

For the year ended 31 December 2024

	Note	Attributable to equity shareholders of the Company					
	Note	Share capital RMB'000 (note 31)	Other reserves RMB'000 (note 32)	Retained earnings RMB'000 (note 32)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2023 and 1 January 2024		10,799,286	7,018,729	6,992,901	24,810,916	117,978	24,928,894
Changes in equity for 2024							
Profit for the year		–	–	310,980	310,980	6,017	316,997
Other comprehensive income	32	–	(56,398)	–	(56,398)	–	(56,398)
Total comprehensive income for the year		–	(56,398)	310,980	254,582	6,017	260,599
Amounts transferred from hedging reserve to initial carrying amount of hedged items	3.1a(ii)	–	60,097	–	60,097	–	60,097
Dividends paid by subsidiaries to non-controlling interests		–	–	–	–	(7,514)	(7,514)
Purchase of equity interests from non-controlling interests	32b(ii)	–	12,240	–	12,240	(12,240)	–
Purchase of own shares	31(ii)	–	(109,584)	–	(109,584)	–	(109,584)
Cancellation of shares	31(ii)	(124,058)	124,058	–	–	–	–
Utilization of safety production fund	32	–	(7,530)	7,530	–	–	–
Balance at 31 December 2024		10,675,228	7,041,612	7,311,411	25,028,251	104,241	25,132,492

The notes on pages 153 to 272 form part of these financial statements.

For the year ended 31 December 2024

	Note	Attributable to equity shareholders of the Company Share capital RMB'000 (note 31)	Other reserves RMB'000 (note 32)	Retained earnings RMB'000 (note 32)	Total RMB'000	Non-controlling interests RMB'000	Total equity RMB'000
Balance at 31 December 2022		10,823,814	7,007,142	8,396,767	26,227,723	127,679	26,355,402
Change in accounting policy	2.1(c)	–	–	–	–	–	–
Balance at 1 January 2023		10,823,814	7,007,142	8,396,767	26,227,723	127,679	26,355,402
Changes in equity for 2023							
Loss for the year		–	–	(1,346,147)	(1,346,147)	(3,167)	(1,349,314)
Other comprehensive income	32	–	45,749	–	45,749	–	45,749
Total comprehensive income for the year		–	45,749	(1,346,147)	(1,300,398)	(3,167)	(1,303,565)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	3.1a(ii)	–	(45,830)	–	(45,830)	–	(45,830)
Dividend paid by subsidiaries to non-controlling interests		–	–	–	–	(6,534)	(6,534)
Purchase of own shares	31(ii)	–	(70,579)	–	(70,579)	–	(70,579)
Cancellation of shares		(24,528)	24,528	–	–	–	–
Appropriation of safety production fund	32	–	57,719	(57,719)	–	–	–
Balance at 31 December 2023		10,799,286	7,018,729	6,992,901	24,810,916	117,978	24,928,894

The notes on pages 153 to 272 form part of these financial statements.

Consolidated Statement of Cash Flows

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Operating activities			
Cash generated from operations	23(b)	7,747,305	769,440
Interest paid		(116,144)	(143,367)
Net income tax (paid)/refund		(6,858)	37,556
Net cash generated from operating activities		7,624,303	663,629
Investing activities			
Dividends received from joint ventures and associates		115,606	92,091
Interest received from time deposits with maturity more than three months		16,636	202,802
Proceeds from settlement of derivative financial instruments		4,028	–
Payment for the purchase of property, plant and equipment and construction in progress		(1,909,708)	(1,627,069)
Net proceeds from disposal of property, plant and equipment and construction in progress		167,575	281,351
Cash received from time deposits with maturity less than one year		700,642	3,000,000
Cash received from refund of investment deposits		–	50,000
Cash payment for investment in time deposits with maturity more than three months		(1,000,000)	–
Payment for investment in a joint venture	20	(150,000)	–
Cash payment for other non-current financial assets		–	(26,500)
Net cash (used in)/generated from investing activities		(2,055,221)	1,972,675

The notes on pages 153 to 272 form part of these financial statements.

For the year ended 31 December 2024

	Note	Year ended 31 December 2024 RMB'000	2023 RMB'000
Financing activities			
Proceeds from borrowings	23(c)	17,567,685	33,544,998
Repayments of borrowings	23(c)	(19,700,000)	(32,094,998)
Principal elements of lease payments	23(c)	(15,051)	(15,935)
Payment for repurchase of shares		(113,279)	(49,339)
Dividends paid by subsidiaries to non-controlling interests		(7,514)	(6,534)
Others		(245)	–
Net cash (used in)/generated from financing activities		(2,268,404)	1,378,192
Net increase in cash and cash equivalents		3,300,678	4,014,496
Cash and cash equivalents at the beginning of the year	23	4,906,368	889,413
Exchange gains on cash and cash equivalents		2,067	2,459
Cash and cash equivalents at the end of the year	23	8,209,113	4,906,368

The notes on pages 153 to 272 form part of these financial statements.

(Expressed in Renminbi Yuan unless otherwise indicated)

1 General Information

Sinopec Shanghai Petrochemical Company Limited ("the Company"), formerly Shanghai Petrochemical Company Limited, was established in the People's Republic of China ("the PRC") on 29 June 1993 with registered capital of RMB4,000,000 thousand, invested by its holding company-China National Petrochemical Corporation ("Sinopec Group"); these shares were converted from assets of former Shanghai Petrochemical Complex.

H shares were listed on the Hong Kong Stock Exchange on 26 July 1993, and listed on the New York Stock Exchange in the form of American Depositary Shares at the same time; the A shares were listed on the Shanghai Stock Exchange on 8 November 1993.

Sinopec Group completed its reorganization on 25 February 2000. After the reorganization, China Petroleum & Chemical Corporation ("Sinopec Corp.") was established. As part of the reorganization, Sinopec Group transferred its 4,000,000,000 of the Company's state-owned legal shares, which represented 55.56 percent of the issued share capital of the Company, to Sinopec Corp.. Sinopec Corp. became the largest shareholder of the Company.

The Company changed its name to Sinopec Shanghai Petrochemical Company Limited on 12 October 2000.

Ordinary A shares of RMB14,177 thousand and RMB9,637 thousand were registered on 27 September 2017 and 12 January 2018.

On 17 February 2023, the Company cancelled 24,528 thousand H-shares which were repurchased in the year of 2022.

On 17 June 2024, the Company cancelled 124,058 thousand H shares repurchased.

As at 31 December 2024, total share capital of the Company were 10,675,228 thousand,1 Yuan per share. Detailed changes to share capital refers to note 31.

The Company and its subsidiaries ("the Group") is a highly integrated entity which processes crude oil into chemical products and petroleum products. Details of the Company's principal subsidiaries are set out in note 19.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Statement of compliance and basis of preparation

(a) Statement of compliance

These financial statements have been prepared in accordance with all applicable International Financial Reporting Standards (IFRSs), which collective term includes all applicable individual International Financial Reporting Standards, International Accounting Standards (IASs) and related Interpretations, promulgated by the International Accounting Standards Board (IASB), and the disclosure requirements of the Hong Kong Companies Ordinance. These 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. Material accounting policies adopted by the Group are disclosed below.

The IASB has issued certain amendments to IFRSs that are first effective or available for early adoption for the current accounting period of the Group. Note 2.1 (c) provides information on any changes in accounting policies resulting from initial application of these developments to the extent that they are relevant to the Group for the current accounting period reflected in these financial statements.

(b) Basis of preparation of the financial statements

The consolidated financial statements for the year ended 31 December 2024 comprise the Company and its subsidiaries (together referred to as the "Group") and the Group's interest in associates and joint ventures.

The measurement basis used in the preparation of the financial statements is the historical cost basis except that the following assets and liabilities are stated at their fair value as explained in the accounting policies set out below:

– derivative financial instruments (see note 2.13)

– investment in debt and equity securities (see note 2.11); and

– debt instruments measured at FVOCI (see note 2.11).

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.1 Statement of compliance and basis of preparation *(continued)*

(b) Basis of preparation of the financial statements *(continued)*

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. 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 carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized 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.

Judgements made by management in the application of IFRSs that have significant effect on the financial statements and major sources of estimation uncertainty are discussed in note 4.

(c) Changes in accounting policies

(i) The Group has applied the following amendments to IFRSs issued by the IASB to these financial statements for the current accounting period:

- Amendments to IAS 1, *Presentation of financial statements: Classification of liabilities as current or non-current ("2020 amendments") and amendments to IAS 1, Presentation of financial statements – Non-current liabilities with covenants* ("2022 amendments")

- Amendments to IFRS 16, *Leases: Lease liability in a sale and leaseback*

- Amendments to IAS 7, *Statement of cash flows and IFRS7, Financial instruments: Disclosures-Supplier finance arrangements*

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.1 Statement of compliance and basis of preparation *(continued)*

(c) Changes in accounting policies *(continued)*

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 amended IFRSs 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.

Amendments to IFRS 16, Leases: Lease liability in a sale and leaseback

The amendments clarify how an entity accounts for a sale and leaseback after the date of the transaction. The amendments require the seller-lessee to apply the general requirements for subsequent accounting of the lease liability in such a way that it does not recognise any gain or loss relating to the right of use it retains. A seller-lessee is required to apply the amendments retrospectively to sale and leaseback transactions entered into after the date of initial application. The amendments do not have a material impact on these financial statements as the Group has not entered into any sale and leaseback transactions.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.1 Statement of compliance and basis of preparation *(continued)*

(c) Changes in accounting policies *(continued)*

Amendments to IAS 7, Statement of cash flows and IFRS 7, Financial instruments: Disclosures – Supplier finance arrangements

The amendments introduce new disclosure requirements to enhance transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The amendments do not have a material impact on these financial statements as the Group has not entered into any transactions related to supplier finance arrangements.

2.2 Subsidiaries

2.2.1 Consolidation

Subsidiaries are all entities over which the Group has control. 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. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Inter-company transactions, balances and unrealized gains on transactions (except for foreign currency transaction gains or losses) between group companies are eliminated. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of financial position, consolidated statement of profit or loss, statement of comprehensive income and changes in equity respectively.

2 Material accounting policies *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(a) Business combinations

The acquisition method of accounting is used to account for all business combinations by the Group, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the:

- fair values of the assets transferred;
- liabilities incurred to the former owners of the acquired business;
- equity interests issued by the Group;
- fair value of any asset or liability resulting from a contingent consideration arrangement; and
- fair value of any pre-existing equity interest in the subsidiary.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquired entity on an acquisition-by-acquisition basis either at fair value or at the non-controlling interest's proportionate share of the acquired entity's net identifiable assets.

Acquisition-related costs are expensed as incurred.

The excess of the:

- consideration transferred
- amount of any non-controlling interest in the acquired entity, and
- acquisition-date fair value of any previous equity interest in the acquired entity

Over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized directly in the statement of profit or loss as a bargain purchase.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.2 Subsidiaries *(continued)*

2.2.1 Consolidation *(continued)*

(a) Business combinations (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the Group's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

If the business combination is achieved in stages, 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 recognized in the statement of profit or loss.

(b) Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in loss of control as transactions with equity owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognized in a separate reserve within equity attributable to owners of the Group.

When the Group ceases to consolidate or equity account for an investment because of a loss of control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognized in the statement of profit or loss. This fair value becomes the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This means that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.2 Subsidiaries *(continued)*

2.2.2 Separate financial statements

Investments in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Investments in joint ventures and associates are accounted for using the equity method of accounting.

2.3 Associates

Associates are all entities over which the Group has significant influence but not control or joint control. Investments in associates are accounted for using the equity method of accounting. Under the equity method, the investment is initially recognized at cost, and the carrying amount is increased or decreased to recognize the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investments in associates include goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

The Group's share of post-acquisition profit or loss is recognized in the statement of profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in the statement of profit or loss.

Profits and losses resulting from upstream and downstream transactions between the Group and its associates are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Gain or loss on dilution of equity interest in associates are recognized in the statement of profit or loss.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.4 Joint arrangements

Under IFRS 11 'Joint Arrangements' investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognized at cost and adjusted thereafter to recognize the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealized gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity-accounted investments is tested for impairment in accordance with the policy described in note 2.12.

2.5 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

2 Material accounting policies *(continued)*

2.6 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

The consolidated financial statements are presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions, and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates, are generally recognized in the statement of profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges and qualifying net investment hedges.

2.7 Property, plant and equipment

Property, plant and equipment is stated at historical cost less depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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 recognized in profit or loss.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the statement of profit or loss during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

– Buildings	12 to 40 years
– Plant and machinery	5 to 20 years
– Vehicles and other equipment	4 to 20 years

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.7 Property, plant and equipment *(continued)*

The assets' residual values and useful lives are reviewed annually, and adjusted if appropriate.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (note 2.12 (b)).

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within Other (losses)/gains – net in the statement of profit or loss.

2.8 Construction in progress

Construction in progress represents buildings, various plant and equipment under construction and pending installation, and is stated at cost less government grants that compensate the Company for the cost of construction, and impairment losses. 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 period of construction. 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.

2.9 Investment properties

Investment properties are properties which are owned either to earn rental income and/or for capital appreciation.

Investment properties are stated in the statement of financial position at cost less accumulated depreciation and impairment losses (note 2.12 (b)). Depreciation is provided over their estimated useful lives on a straight-line basis, after taking into account their estimated residual values. Estimated useful lives of the Group's investment properties are 30-40 years.

2.10 Other non-current assets

Other non-current assets mainly represent intangible assets and long-term prepaid expense, which are amortized on a straight-line basis over the following periods:

Intangible assets – patents	2 to 28 years
Long-term prepaid expense – catalyst	1.5 to 10 years
Long-term prepaid expense – leasehold improvement	3 to 27 years

Amortization methods, useful lives and residual values are reviewed annually and adjusted if appropriate.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.11 Other investments in debt and equity securities

The Group's policies for investments in debt and equity securities, other than investments in subsidiaries, associates and joint ventures, are set out below.

Investments in debt and equity securities are recognized/derecognized on the date the Group commits to purchase/ sell the investment. The investments are initially stated at fair value plus directly attributable transaction costs, except for those investments measured at fair value through profit or loss (FVPL) for which transaction costs are recognized directly in profit or loss. For an explanation of how the Group determines fair value of financial instruments, see note 3.3. These investments are subsequently accounted for as follows, depending on their classification.

(a) Investments other than equity investments

Non-equity investments held by the Group are classified into one of the following measurement categories:

– amortized cost, if the investment is held for the collection of contractual cash flows which represent solely payments of principal and interest. Interest income from the investment is calculated using the effective interest method (see note 2.27).

– fair value through other comprehensive income (FVOCI) – recycling, if the contractual cash flows of the investment comprise solely payments of principal and interest and the investment is held within a business model whose objective is achieved by both the collection of contractual cash flows and sale. Changes in fair value are recognized in other comprehensive income, except for the recognition in profit or loss of expected credit losses, interest income (calculated using the effective interest method) and foreign exchange gains and losses. When the investment is derecognized, the amount accumulated in other comprehensive income is recycled from equity to profit or loss.

– fair value through profit or loss (FVPL) if the investment does not meet the criteria for being measured at amortized cost or FVOCI (recycling). Changes in the fair value of the investment (including interest) are recognized in profit or loss.

(b) Equity investments

An investment in equity securities is classified as FVPL unless the equity investment is not held for trading purposes and on initial recognition of the investment the Group makes an irrevocable election to designate the investment at FVOCI (non-recycling) such that subsequent changes in fair value are recognized in other comprehensive income. Such elections are made on an instrument-by-instrument basis, but may only be made if the investment meets the definition of equity from the issuer's perspective. Where such an election is made, the amount accumulated in other comprehensive income remains in the fair value reserve (non-recycling) until the investment is disposed of. At the time of disposal, the amount accumulated in the fair value reserve (non-recycling) is transferred to retained earnings. It is not recycled through profit or loss. Dividends from an investment in equity securities, irrespective of whether classified as at FVPL or FVOCI, are recognized in profit or loss as other income in accordance with the policy set out in note 2.28.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.12 Credit losses and impairment of assets

(a) Credit losses from financial instruments

The Group recognizes a loss allowance for expected credit losses (ECLs) on the following items:

– financial assets measured at amortized cost (including cash and cash equivalents, time deposits with banks, trade receivables and other receivables); and

– debt instruments measured at FVOCI (recycling);

Other financial assets measured at fair value, including equity securities designated at FVOCI (non-recycling) and derivative financial assets, are not subject to the ECL assessment.

Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all expected cash shortfalls (i. e. the difference between the cash flows due to the Group in accordance with the contract and the cash flows that the Group expects to receive).

The expected cash shortfalls are discounted using the following discount rates where the effect of discounting is material:

– fixed-rate financial assets, trade and other receivables: effective interest rate determined at initial recognition or an approximation thereof;

– variable-rate financial assets: current effective interest rate.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

In measuring ECLs, the Group takes into account reasonable and supportable information that is available without undue cost or effort. This includes information about past events, current conditions and forecasts of future economic conditions.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.12 Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments *(continued)*

Measurement of ECLs (continued)

ECLs are measured on either of the following bases:

– 12-month ECLs: these are losses that are expected to result from possible default events within the 12 months after the reporting date; and

– lifetime ECLs: these are losses that are expected to result from all possible default events over the expected lives of the items to which the ECL model applies.

Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the reporting date.

For all other financial instruments, the Group recognizes a loss allowance equal to 12-month ECLs unless there has been a significant increase in credit risk of the financial instrument since initial recognition, in which case the loss allowance is measured at an amount equal to lifetime ECLs.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the reporting date with that assessed at the date of initial recognition.

In making this reassessment, the Group considers that a default event occurs when (i) the borrower is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realizing security (if any is held); or (ii) the financial asset is 90 days past due.

The Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.12 Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments *(continued)*

Significant increases in credit risk (continued)

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

Depending on the nature of the financial instruments, the assessment of a significant increase in credit risk is performed on either an individual basis or a collective basis. When the assessment is performed on a collective basis, the financial instruments are grouped based on shared credit risk characteristics, such as past due status and credit risk ratings.

ECLs are remeasured at each reporting date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. The Group recognizes an impairment gain or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt securities that are measured at FVOCI (recycling), for which the loss allowance is recognized in other comprehensive income and accumulated in the fair value reserve (recycling).

Basis of calculation of interest income

Interest income recognized in accordance with note 2.27 is calculated based on the gross carrying amount of the financial asset unless the financial asset is credit-impaired, in which case interest income is calculated based on the amortized cost (i. e. the gross carrying amount less loss allowance) of the financial asset.

At each reporting date, the Group assesses whether a financial asset is credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.12 Credit losses and impairment of assets *(continued)*

(a) Credit losses from financial instruments *(continued)*

Basis of calculation of interest income (continued)

Evidence that a financial asset is credit-impaired includes the following observable events:

– significant financial difficulties of the debtor;

– a breach of contract, such as a default or past due event;

– it is becoming probable that the borrower will enter into bankruptcy or other financial reorganization;

– significant changes in the technological, market, economic or legal environment that have an adverse effect on the debtor; or

– the disappearance of an active market for a security because of financial difficulties of the issuer.

Write-off policy

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

(b) Impairment of other non-current assets

Internal and external sources of information are reviewed at the end of each reporting period to identify indications that the following assets may be impaired or, except in the case of goodwill, an impairment loss previously recognized no longer exists or may have decreased:

– property, plant and equipment;

– right-of-use assets;

– investment properties;

– construction in progress

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.12 Credit losses and impairment of assets *(continued)*

(b) Impairment of other non-current assets *(continued)*

– other non-current assets; and

– investments in subsidiaries, associates and joint ventures in the Company's statement of financial position.

At the end of each reporting period, if any indication of impairment exists, the Company estimates the recoverable amount of an asset, or a cash-generating unit, at the higher of its fair value less costs of disposal and its value in use, to determine the impairment losses.

– Calculation of recoverable amount

The recoverable amount of an asset is the greater of its fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows 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). A portion of the carrying amount of a corporate asset (for example, head office building) is allocated to an individual cash-generating unit if the allocation can be done on a reasonable and consistent basis, or to the smallest group of cash-generating units if otherwise.

– Recognition of impairment losses

An impairment loss is recognized in profit or loss if the carrying amount of an asset, or the cash-generating unit to which it belongs, exceeds its recoverable amount. Impairment losses recognized in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the cash-generating unit (or group of units) and then, to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis, except that the carrying value of an asset will not be reduced below its individual fair value less costs of disposal (if measurable) or value in use (if determinable).

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.12 Credit losses and impairment of assets *(continued)*

(b) Impairment of other non-current assets *(continued)*

– Reversals of impairment losses

An impairment loss is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

A reversal of an impairment loss is limited to the asset's carrying amount that would have been determined had no impairment loss been recognized in prior years.

Reversals of impairment losses are credited to profit or loss in the year in which the reversals are recognized.

(c) Interim financial reporting and impairment

Under the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the Group is required to prepare an interim financial report in compliance with IAS 34, Interim financial reporting, in respect of the first six months of the financial year. At the end of the interim period, the Group applies the same impairment testing, recognition, and reversal criteria as it would at the end of the financial year (see notes 2.12 (a) and (b)).

2.13 Derivative and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into, and they are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. The Group designates certain derivatives as hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges).

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.13 Derivative and hedging activities *(continued)*

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 3.1 (a). Movements in the hedging reserve in shareholders' equity are shown in note 32. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

Cash flow hedges that qualify for hedge accounting

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in the cash flow hedge reserve within equity. The gain or loss relating to the ineffective portion is recognized immediately in the statement of profit or loss, within Other (losses)/gains – net.

When swap contracts are used to hedge forecast transactions, the Group may designate the full change in fair value of the swap contract as the hedging instrument. The gains or losses relating to the effective portion of the change in fair value of the entire swap contract are recognized in the cash flow hedge reserve within equity.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects the statement of profit or loss as follows:

– Where the hedged item subsequently results in the recognition of a non-financial asset (such as inventory), the deferred hedging gains and losses are included within the initial cost of the asset. The deferred amounts are ultimately recognized in the statement of profit or loss as the hedged item affects profit or loss (for example through cost of sales).

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred costs of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to (losses)/gains – net.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognized immediately in the statement of profit or loss and are included in Other (losses)/gains – net.

2 Material accounting policies *(continued)*

2.14 Inventories

Inventories are valued at the lower of cost and net realizable value. Cost is determined using the weighted average cost method. The cost of finished goods and work in progress comprises raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. The net realizable value is determined based on the estimated selling price in the ordinary course of business less the estimated costs to completion, and other costs necessary to make the sale.

2.15 Contract liabilities

A contract liability is recognized when the customer pays non-refundable consideration before the Group recognizes the related revenue (see note 2.26). A contract liability would also be recognized if the Group has an unconditional right to receive non-refundable consideration before the Group recognizes the related revenue. In such cases, a corresponding receivable would also be recognized (see note 2.16).

When the contract includes a significant financing component, the contract balance includes interest accrued under the effective interest method (see note 2.27).

2.16 Trade and other receivables

A receivable is recognized when the Group has an unconditional right to receive consideration. A right to receive consideration is unconditional if only the passage of time is required before payment of that consideration is due. If revenue has been recognized before the Group has an unconditional right to receive consideration, the amount is presented as a contract asset.

Trade receivables that do not contain a significant financing component are initially measured at their transaction price.

Receivables are subsequently stated at amortized cost using the effective interest method less allowance for credit losses (see note 2.12 (a)).

2.17 Cash and cash equivalents

In the consolidated statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are presented within borrowings in current liabilities in the statement of financial position. Cash and cash equivalents are assessed for expected credit losses (ECL) in accordance with the policy set out in note 2.12 (a).

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.18 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.19 Safety production fund

Under China's law and regulation, the Group is required to accrue safety production fund at a certain percentage of the sales of dangerous goods. The fund is earmarked for improving the safety of production. The fund is accrued from retained earnings to other reserves and converted back to retained earnings when used.

2.20 Trade and other payables

Trade and other payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables generally are financial liabilities and are recognized initially at fair value plus transaction costs and subsequently measured at amortized cost unless the effect of discounting would be immaterial, in which case they are stated at invoice amounts.

2.21 Borrowings

Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.22 Borrowings costs

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other borrowing costs are expensed in the period in which they are incurred.

2.23 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the statement of profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(a) Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Company's subsidiaries, associates and joint ventures operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) Deferred income tax

Inside basis differences

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss and does not give rise to equal taxable and deductible temporary differences. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.23 Current and deferred income tax

(b) Deferred income tax *(continued)*

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred tax liability in relation to taxable temporary differences arising from the associate's undistributed profits is not recognized.

Deferred income tax assets are recognized on deductible temporary differences arising from investments in subsidiaries, associates and joint arrangements only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilized.

(c) Offsetting

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group recognized deferred tax assets and deferred tax liabilities separately in relation to its lease liabilities and right-of-use assets.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.24 Employee benefits

(a) Short-term employee benefits

Salaries, annual bonuses, paid annual leave and the cost of non-monetary benefits are accrued in the year in which the associated services are rendered by employees. Where payment or settlement is deferred and the effect would be material, these amounts are stated at their present values.

(b) Pension obligations

The PRC employees of the Group are covered by various PRC government-sponsored defined-contribution pension plans under which the employees are entitled to a monthly pension based on certain formulas. The relevant government agencies are responsible for the pension liability to these employees when they retire. The Group contributes on a monthly basis to these pension plans for the employees which are determined at a certain percentage of their salaries. Under these plans, the Group has no obligation for post-retirement benefits beyond the contribution made. Contributions to these plans are expensed as incurred and contributions paid to the defined contribution pension plans for a staff are not available to reduce the Group's future obligations to such defined-contribution pension plans even if the staff leaves the Group.

(c) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of terminations benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

2.25 Provisions and contingent liabilities

Provisions for environmental restoration, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Restructuring provisions comprise lease termination penalties and employee termination payments. Provisions are not recognized for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.25 Provisions and contingent liabilities *(continued)*

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

Where 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.

2.26 Revenue recognition

(a) Sales of petroleum and chemical products

The Group manufactures and sells petroleum and chemical products. Sales are recognized when control of the products has transferred, being when the products are delivered to or accepted by the customer. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied. Advance from customers but goods not yet delivered is recorded as contract liabilities and is recognized as revenue when a customer obtains control over the relevant goods.

Revenue excludes value added tax and is after deduction of any estimated trade discounts.

The Group has elected to apply the practical expedient that contract costs incurred related to contracts with an amortization period of less than one year have been expensed as incurred. The Group also applies the practical expedient in paragraph 121 of IFRS 15 and does not disclose information about remaining performance obligations that have original expected durations of one year or less.

(b) Overseas shipping services

The Group arranges overseas shipping services for the customer and revenue is recognized over time and based on the actual shipping service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously. This is determined based on the actual passages of time (days) relative to the total expected shipping days.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.27 Interest income

Interest income from financial assets at FVPL is included in Other (losses)/gains – net, see note 8 below. Interest income on financial assets at amortized cost and financial assets at FVOCI calculated using the effective interest method is recognized in the consolidated statement of profit or loss as part of other income.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit-impaired. For credit-impaired financial assets the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Interest income is presented as Finance income where it is earned from financial assets that are held for cash management purposes, see note 9 below.

2.28 Dividend income

Dividend income is recognized when the right to receive payment is established.

2.29 Government grants

Grants from the government are recognized 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 recognized in the statement of profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Grants that compensate the Group for the cost of an asset are deducted from the carrying amount of the asset and consequently are effectively recognized in the statement of profit or loss over the useful life of the asset by way of reduced depreciation expense.

2.30 Leases

The Group leases various land, buildings, equipment, vehicles and others. Rental contracts of buildings, equipment, vehicles and others are typically made for fixed periods of 1 to 30 years. Rental contracts of land use rights are typically made for fixed periods of 30 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

Leases are recognized as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.30 Leases *(continued)*

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable,
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date,
- amounts expected to be payable by the Group under residual value guarantees,
- 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.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

To determine the incremental borrowing rate, the Group:

- where possible, uses recent third-party financing received by the individual lessee as a starting point, adjusted to reflect changes in financing conditions since third party financing was received
- uses a build-up approach that starts with a risk-free interest rate adjusted for credit risk for leases held by the Group, which does not have recent third party financing, and
- makes adjustments specific to the lease, e. g., term, country, currency and security.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.30 Leases *(continued)*

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability,
- any lease payments made at or before the commencement date less any lease incentives received,
- any initial direct costs, and
- restoration costs.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight – line basis, as follows:

Land use rights	20 – 50 years
Buildings	2 – 8 years
Equipment	2 – 3 years
Others	2 – 4 years

Payments associated with short-term leases of equipment and vehicles are recognized on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. A single discount rate was applied to the portfolio of the leases with reasonably similar characteristics.

Lease income from operating leases where the Group is a lessor is recognized as income on a straight-line basis over the lease term. Initial direct costs incurred in obtaining an operating lease are added to the carrying amount of the underlying asset and recognized as expense over the lease term on the same basis as lease income. The respective leased assets are included in the statement of financial position based on their nature.

2.31 Dividend distribution

Dividend distribution to the Company's shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the Company's shareholders.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.32 Research and development costs

Research and development costs comprise all costs that are directly attributable to research and development activities or that can be allocated on a reasonable basis to such activities. Research and development costs are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the research and development project so that it will be available for use or sale;
- management intends to complete the research and development project, and use or sell it;
- it can be demonstrated how the research and development project will generate economic benefits;
- there are adequate technical, financial and other resources to complete the development and the ability to use or sell the research and development project; and
- the expenditure attributable to the research and development project during its development phase can be reliably measured.

Other research and development expenditures that do not meet these criteria are recognized as an expense as incurred. Research and development costs previously recognized as an expense are not recognized as an asset in a subsequent period.

2.33 Related parties

(a) A person, or a close member of that person's family, is related to the Group if that person:

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or the Group's parent.

(Expressed in Renminbi Yuan unless otherwise indicated)

2 Material accounting policies *(continued)*

2.33 Related parties *(continued)*

(b) An entity is related to the Group if any of the following conditions applies:

(i) The entity and the Group are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

(ii) One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

(iii) Both entities are joint ventures of the same third party.

(iv) One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

(v) The entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group.

(vi) The entity is controlled or jointly controlled by a person identified in (a).

(vii) A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

(viii) The entity, or any member of a Group of which it is a part, provides key management personnel services to the Group or to the Group's parent.

Close members of the family of a person are those family members who may be expected to influence, or be influenced by, that person in their dealings with the entity.

2.34 Rounding of amounts

All amounts disclosed in the consolidated financial statements and notes have been rounded off to the nearest thousand currency units unless otherwise stated.

3 Financial risk management

3.1 Financial risk factors

The Group's activities exposed it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management policies focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

Where all relevant criteria are met, hedge accounting is applied to remove the accounting mismatch between the hedging instrument and the hedged item.

(a) Derivatives

The Group has the following derivative financial instruments in the following line items in the consolidated statement of financial position:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Current derivative financial instrument assets		
Commodity swaps contracts applied hedge accounting	49	–
Total derivative financial assets	49	–

(i) Classification of derivatives

Derivatives are only used for economic hedging purposes and not as speculative investments. However, where derivatives do not meet the hedge accounting criteria, they are classified as 'held for trading' for accounting purposes and are accounted for at fair value through profit or loss. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period.

The Group's accounting policy for its cash flow hedges is set out in note 2.13.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Derivatives *(continued)*

(ii) Hedging reserves

The following table provides a reconciliation of the hedging reserve in respect of commodity price risk and shows the effectiveness of the hedging relationships:

	Pre-tax amount RMB'000	Tax effect RMB'000	Post-tax amount RMB'000
Balance at 1 January 2023	–	–	–
Effective portion of the cash flow hedge recognized in other comprehensive income	15,624	(3,906)	11,718
Amounts reclassified to profit or loss	45,482	(11,370)	34,112
Reclassified to inventory	(61,106)	15,276	(45,830)
Balance at 31 December 2023 and 1 January 2024	–	–	–
Effective portion of the cash flow hedge recognized in other comprehensive income	28,246	(7,060)	21,186
Amounts reclassified to profit or loss	(108,326)	27,081	(81,245)
Reclassified to inventory	80,129	(20,032)	60,097
Balance at 31 December 2024	49	(11)	38

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(a) Derivatives *(continued)*

(iii) Amounts recognized in the consolidated statement of profit or loss

In addition to the amounts disclosed in the reconciliation of hedging reserves above, the following amounts were recognized in the consolidated statement of profit or loss in relation to derivatives:

	2024 RMB'000	2023 RMB'000
Net gains on commodity swaps contracts not qualifying as hedges included in other losses – net	4,055	–
Net losses on foreign exchange forward contracts not qualifying as hedges included in other losses – net	(27)	–
Total	4,028	–

Hedge effectiveness

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.

The Group enters into commodity swaps contracts that have similar critical terms as the hedged item, such as reference rate, payment dates, transaction price, oil variety and oil quantity.

Hedge ineffectiveness for commodity swaps contracts may occur due to the changes in the timing of the hedged transactions. There was no recognized ineffectiveness during the year ended 31 December 2024 in relation to the commodity swaps.

As at 31 December 2024, the Group had certain commodity contracts of crude oil designed as qualified cash flow hedges, which will be matured over the next 12 months. The fair value of such cash flow hedges is RMB49 thousand recognized as derivative financial assets in the consolidated statement of financial position (31 December 2023: Nil).

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Market risk

(i) Foreign exchange risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Nevertheless, the Group is exposed to foreign exchange risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollar. The Group's finance department at its headquarter is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimize the foreign exchange risk. For the year ended 31 December 2024, the Group used foreign exchange forward contracts and foreign exchange option contracts to mitigate its exposure to foreign exchange risk respect to US dollar. For the year ended 31 December 2023, the Group did not use any derivative contracts to mitigate its exposure to foreign exchange risk respect to US dollar.

As at 31 December 2024, there were no foreign exchange forward contract and foreign exchange option contract that had not been matured (31 December 2023: Nil).

As at 31 December 2024, if US dollar and HK dollar had weakened/strengthened by 5% against RMB with all other variables held constant, the Group's net gain for the year ended 31 December 2024 would increase/decrease by RMB5,157 thousand (31 December 2023: net loss would decrease/increase by RMB3,228 thousand) before considering the impact of forward and option contracts as a result of foreign exchange gains/losses which is mainly resulted from the translation of US dollar denominated trade receivables and payables.

The aggregate net foreign exchange losses recognized in the consolidated statement of profit or loss were:

	2024 RMB'000	2023 RMB'000
Net foreign exchange losses included in other losses – net (note 8)	(12,622)	(4,909)

(ii) Cash flow and fair value interest rate risk

The Group's interest rate risk arises from interest-bearing borrowings and short-term bonds. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. The Group determines the relative proportions of its fixed rate and floating rate contracts depending on the prevailing market conditions.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Market risk *(continued)*

(ii) Cash flow and fair value interest rate risk (continued)

The Group's finance department at its headquarter continuously monitors the interest rate position of the Group. Increases in interest rates will increase the cost of new borrowing and the interest expenses with respect to the Group's outstanding floating rate borrowings, and therefore could have a material adverse effect on the Group's financial position. The Group makes adjustments timely with reference to the latest market conditions and may enter into interest rate swap agreements to mitigate its exposure to interest rate risk. For the years ended 31 December 2024 and 31 December 2023, the Group did not enter into any interest rate swap agreements.

At the reporting date, the interest rate profile of the Group's interest-bearing financial instruments was as follows.

	2024 RMB'000	2023 RMB'000
Fixed rate:		
Time deposits with maturity less than one year	3,600,000	700,000
Time deposits with maturity more than one year	–	2,600,000
Borrowings	(1,500,000)	(3,000,000)
Lease liabilities	(1,304)	(8,457)
	2,098,696	291,543
Variable rate:		
Cash and cash equivalents	8,209,113	4,906,368
Borrowings	(67,685)	(700,000)
	8,141,428	4,206,368

As at 31 December 2024, if interest rates on the floating rate financial instruments had risen/fallen by 50 basis points while all other variables had been held constant, the Group's net gain would have increased/decreased by approximately RMB30,440 thousand (2023: RMB15,800 thousand decreased/increased in net loss), mainly as a result of higher/lower interest on floating rate cash and cash equivalents.

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(b) Market risk *(continued)*

(iii) Commodity price risk

The Group principally engages in processing crude oil into chemical products and petroleum products. The selling price of petroleum products is periodically adjusted by the government department based on the market price adjustment mechanism, and generally in connection with the crude oil price. The fluctuations in prices of crude oil, refined oil products and chemical products and petroleum products could have significant impact on the Group. The Group uses commodity swaps contracts to manage a portion of this risk.

As at 31 December 2024, the Group had certain unexpired commodity contracts of crude oil and refined oil designated as qualified cash flow hedges balances of which have been disclosed in note 3.1 (a) (31 December 2023: Nil).

(c) Credit risk

(i) Risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in a financial loss to the Group. Credit risk is managed on group basis. It mainly arises from cash and cash equivalents, time deposits with banks, bills receivable, trade receivables measured at amortized cost and FVOCI, other receivables etc.

The Group expects that there is no significant credit risk associated with cash at bank (including time deposits) and bills receivable because the counterparties are banks and financial institutions with a relatively higher credit rating, which the Group considers to represent low credit risk. Management does not expect that there will be any significant losses from non-performance by these counterparties.

In addition, the Group has policies to limit the credit exposure on trade receivables, other receivables. The Group assesses the credit quality of and sets credit limits on its customers by taking into account their financial position, the availability of guarantee from third parties, their credit history and other factors such as current market conditions. The credit history of the customers is regularly monitored by the Group. In respect of customers with a poor credit history, the Group will use written payment reminders, or shorten or cancel credit periods, to ensure the overall credit risk of the Group is limited to a controllable extent.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(i) Risk management (continued)

The Group considers the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk, the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating;
- external credit rating (as far as available);
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the debtors' ability to meet its obligations;
- actual or expected significant changes in the operating results of the debtors;
- significant increases in credit risk on other financial instruments of the same debtors;
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements;
- significant changes in the expected performance and behaviour of the debtors, including changes in the payment status of debtors, etc.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(i) Risk management (continued)

It has other monitoring procedures to ensure that follow-up action is taken to recover overdue debts. In addition, the Group reviews regularly the recoverable amount of each individual trade receivables to ensure that adequate impairment losses are made for irrecoverable amounts. Significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As at 31 December 2024,99.54% and 99.99% of the total trade receivables were due from the Group's largest customer and the five largest customers respectively within the Group (31 December 2023: 94.71% and 99.99%).

For other receivables, management makes periodic collective assessment as well as individual assessment on the recoverability of other receivables based on historical settlement records and forward-looking information. The management believes that there is no material credit risk inherent in the Group's outstanding balance of other receivable.

(ii) Impairment of financial assets

The Group has three types of financial assets that are subject to the expected credit loss model:

– Trade receivables for sales of goods and from the providing services,

– Other financial assets carried at amortized cost, and

– Debt instruments carried at FVOCI.

While cash and cash equivalents, time deposits with banks and bills receivable are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including trade receivables with related parties) and financial assets at fair value through other comprehensive income.

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due.

The expected credit loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2024 and 31 December 2023 respectively and the corresponding historical credit losses experienced within this period. 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 receivables.

Impairment losses on trade receivables are presented as provision of impairment losses on financial assets within loss from operations. Subsequent recoveries of amounts previously written off are credited against the same line item.

Other financial assets at amortized cost

Other financial assets at amortized cost include other receivables.

As at 31 December 2024 and 31 December 2023, the internal credit rating of other receivables was all performing. The Group has assessed that the expected credit losses for these receivables are not material under the 12 months expected losses method.

Management considered that there was no significant increase in credit risk for other receivables including receivables from related parties by taking into account of their past history of making payments when due and current ability to pay, and thus the impairment provision recognized during the period was limited to 12 months expected losses.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(ii) Impairment of financial assets (continued)

Other financial assets at amortized cost *(continued)*

The provision for loss allowance was recognized in the statement of profit or loss in provision of impairment losses on financial assets.

Trade and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 120 days past due.

Impairment losses on trade and other receivables are presented as provision of impairment losses within loss from operations. Subsequent recoveries of amounts previously written off are credited against the same line item.

Debt instruments carried at FVOCI

Debt instruments carried at FVOCI include trade receivables and bills receivable with a business model which is achieved both by collecting contractual cash flows and selling of these assets. The loss allowance for debt instruments carried at FVOCI is recognized in OCI and accumulated in the fair value reserve does not reduce the carrying amount of the financial asset in the statement of financial position.

As at 31 December 2024 and 31 December 2023, no loss allowance was provided for financial assets at FVOCI.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(c) Credit risk *(continued)*

(iii) Provision of impairment losses on financial assets recognized in the consolidated statement of profit or loss

During the year, the following (losses)/recoveries were recognized in selling and administrative expenses in relation to impaired financial assets:

	2024 RMB'000	2023 RMB'000
Impairment losses		
– provision in loss allowance for trade receivables	–	(47)
– provision in loss allowance for other receivables	–	(3)
– recovery from other receivables already written off	–	4,860
Impairment losses reversed	51	645
Reversal of impairment losses on financial assets	51	5,455

(iv) Financial assets at fair value through profit or loss

The Group is also exposed to credit risk in relation to investments such as shares investments with sell-back clauses, which are measured at fair value through profit or loss. The maximum exposure at the end of the reporting period is the carrying amount of these investments.

(d) Liquidity risk

Cash flow forecast is performed by the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institutions so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(d) Liquidity risk *(continued)*

The liquidity of the Group is primarily dependent on its ability to maintain adequate cash inflow from operations, the renewal of its short-term bank loans and its ability to obtain adequate external financing to support its working capital and meet its debt obligation when they become due.

Surplus cash held by the operating entities over and above balance required for working capital management is transferred to the Group treasury. As at 31 December 2024, the Group held cash and cash equivalents of RMB8,209,113 thousand (31 December 2023: RMB4,906,368 thousand) (note 23), time deposits with banks – current of RMB3,883,516 thousand (31 December 2023: RMB700,645 thousand) (note 24) and trade receivables (including trade receivables with related parties and those carried at fair value through other comprehensive income ("FVOCI")) of RMB956,736 thousand (31 December 2023: RMB1,606,288 thousand), that are expected to readily generate cash inflows for managing liquidity risk.

The table below analyzes the Group's financial liabilities into relevant maturity groupings based on the remaining period at the consolidated statement of financial position date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	As at 31 December 2024					
	Contractual maturities of financial liabilities					
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount
Non-derivatives						
Borrowings	1,505,302	1,800	5,400	70,086	1,582,588	1,568,672
Lease liabilities	1,160	200	–	–	1,360	1,304
Bills payables	1,047,541	–	–	–	1,047,541	1,047,541
Trade payables	1,428,598	–	–	–	1,428,598	1,428,598
Other payables	832,169	–	–	–	832,169	832,169
Amounts due to related parties excluded non-financial liabilities	9,577,271	–	–	–	9,577,271	9,577,271
	14,392,041	2,000	5,400	70,086	14,469,527	14,455,555

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.1 Financial risk factors *(continued)*

(d) Liquidity risk *(continued)*

	As at 31 December 2023					
	Contractual maturities of financial liabilities					
	Less than 1 year RMB'000	Between 1 and 2 years RMB'000	Between 2 and 5 years RMB'000	Over 5 years RMB'000	Total RMB'000	Carrying amount
Non-derivatives						
Borrowings	3,715,617	–	–	–	3,715,617	3,700,000
Lease liabilities	7,878	857	201	–	8,936	8,457
Bills payables	1,401,288	–	–	–	1,401,288	1,401,288
Trade payables	1,569,521	–	–	–	1,569,521	1,569,521
Other payables	862,049	–	–	–	862,049	862,049
Amounts due to related parties excluded non-financial liabilities	5,144,071	–	–	–	5,144,071	5,144,071
	12,700,424	857	201	–	12,701,482	12,685,386

3.2 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders, by pricing products and services commensurately with the level of risk and by securing access to finance at a reasonable cost.

The Group actively and regularly reviews and manages its capital structure to maintain a balance between the higher shareholder returns that might be possible with higher levels of borrowings and the advantages and security afforded by a sound capital position, and makes adjustments to the capital structure in light of changes in economic conditions.

The Group monitors its capital structure on the basis of an adjusted net debt-to-capital ratio. For this purpose, adjusted net debt is defined as total debt (which includes interest-bearing loans and borrowings, and lease liabilities) plus unaccrued proposed dividends, less cash and cash equivalents. Adjusted capital comprises all components of equity, other than amounts recognized in equity relating to cash flow hedges, less unaccrued proposed dividends.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.2 Capital management *(continued)*

The Group's adjusted net debt-to-capital ratios at 31 December 2024 and 2023 were as follows:

	Note	2024 RMB'000	2023 RMB'000
Current liabilities:			
Borrowings	27	1,500,987	3,700,000
Lease liabilities	15	1,112	7,515
		1,502,099	3,707,515
Non-current liabilities:			
Borrowings	27	67,685	–
Lease liabilities	15	192	942
Total Debt		1,569,976	3,708,457
Less: Cash and cash equivalents	23	(8,209,113)	(4,906,368)
Adjusted net debt		(6,639,137)	(1,197,911)
Total equity		25,132,492	24,928,894
Less: Hedging reserve		(38)	–
Adjusted capital		25,132,454	24,928,894
Adjusted net debt-to-capital ratio		N/A	N/A

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.3 Fair value estimation

The table below analyzes the Group's financial instruments carried at fair value as at 31 December 2024 and 2023 by the level of the inputs to valuation techniques used to measure fair value. Such inputs are categorized into three levels within a fair value hierarchy as follows:

– The fair value of financial instruments traded in active markets (such as publicly traded derivatives and equity securities) is based on quoted market prices at the end of the reporting period. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in level 1.

– The fair value of financial instruments that are not traded in an active market (for example, over–the–counter derivatives) is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

– If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

		As at 31 December 2024			
	Note	Level 1 RMB'000	Level 2 RMB'000	Level 3 RMB'000	Total RMB'000
Recurring fair value measurements					
Financial assets					
Financial assets measured at fair value through profit or loss					
– Commodity swaps contracts		–	49	–	49
– Other non-current financial assets	26	–	–	36,500	36,500
Financial assets measured at fair value through other comprehensive income					
– Trade and bills receivable	25	–	388,230	–	388,230
– Equity investments	25	–	–	3,872	3,872
		–	388,279	40,372	428,651

3 Financial risk management *(continued)*

3.3 Fair value estimation *(continued)*

	Note	As at 31 December 2023			
		Level 1	Level 2	Level 3	Total
		RMB'000	RMB'000	RMB'000	RMB'000
Recurring fair value measurements					
Financial assets					
Financial assets at fair value through profit or loss					
– Other non-current financial assets	26	–	–	36,500	36,500
Financial assets measured at fair value through other comprehensive income					
– Trade and bills receivable	25	–	236,487	–	236,487
– Equity investments	25	–	–	3,869	3,869
		–	236,487	40,369	276,856

Valuation techniques and inputs used in Level 2 fair value measurements

The fair value of commodity swaps contract is the estimated amount that the Group would receive or pay to terminate the swap at the end of the reporting period, taking into account the current interest rates and the current creditworthiness of the swap counterparties.

The fair value of trade and bills receivable is estimated as the present value of the future cash flows, discounted at the market interest rates at the balance sheet date.

Valuation techniques and inputs used in Level 3 fair value measurements

For equity investment, as the operating environment, operating status and financial position of the investee do not have significant change, the fair value remains unchanged.

For other non-current assets, the fair value is determined by reference to the most recent transaction price and the effect of liquidation preferences.

During the year ended 31 December 2024, there were no transfers between Level 1 and Level 2, or transfers into or out of Level 3. The Group's policy is to recognize transfers between levels of fair value hierarchy as at the end of the reporting period in which they occur.

(Expressed in Renminbi Yuan unless otherwise indicated)

3 Financial risk management *(continued)*

3.3 Fair value estimation *(continued)*

Financial assets and financial liabilities not measured at fair value mainly represent trade receivables, other receivables, amounts due from related parties excluded prepayments, trade payables, amounts due to related parties, other payables (except for the staff salaries and welfare payables and taxes payables), borrowings and short-term bonds. The carrying amounts of these financial assets and liabilities not measured at fair value are a reasonable approximation of their fair value.

The movements during the period in the balance of these Level 3 fair value measurements are as follows:

	Equity investments RMB'000
As at 1 January 2023	5,000
Acquisition	–
Fair value change recognized in other comprehensive income during the period	(1,131)
As at 31 December 2023	3,869
Acquisition	–
Fair value change recognized in other comprehensive income during the period	3
As at 31 December 2024	3,872

	Other non-current financial assets RMB'000
As at 1 January 2023	–
Acquisition	26,500
Fair value change	10,000
As at 31 December 2023 and 31 December 2024	36,500

(Expressed in Renminbi Yuan unless otherwise indicated)

4 Critical accounting judgement and estimates

4.1 Critical accounting judgements in applying the Group's accounting policies

In the process of applying the Group's accounting policies, management has made the following accounting judgement:

(a) Classification of financial assets

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group determines the business model for managing financial assets at the level of the financial asset portfolio. The factors considered include the way to evaluate and report the performance of financial assets to key management personnel, the risks affecting the performance of financial assets and their management methods, and the way for relevant business management personnel to obtain remuneration, etc.

When evaluating whether the contractual cash flow of financial assets is consistent with the basic lending arrangements, the Group has the following main judgments: whether the time distribution or amount of the principal may change in the duration due to prepayment and other reasons; whether the interest only includes the time value of money, credit risk, other basic lending risks and the consideration of cost and profit. For example, does the amount of prepayment only reflect the outstanding principal and the interest based on the outstanding principal, as well as the reasonable compensation paid for the early termination of the contract.

4.2 Sources of estimation uncertainty

Significant sources of estimation uncertainty are as follows:

(a) Net realizable value ("NRV") of inventories

As described in note 2.14, inventories are valued at the lower of cost and net realizable value. The net realizable value is determined based on the estimated selling prices in the ordinary course of business less the estimated costs to completion, and other costs necessary to make the sale. These estimates are based on the current market condition and historical experience of selling products of similar nature. It could change significantly as a result of competitor actions in response to changes in market conditions.

Management reassesses these estimations at the end of each reporting period to ensure inventory is measured at the lower of cost and net realizable value.

(Expressed in Renminbi Yuan unless otherwise indicated)

4 Critical accounting judgement and estimates *(continued)*

4.2 Sources of estimation uncertainty *(continued)*

(b) Impairments for non-current assets

As discussed in note 2.12, at the end of each reporting period, the Group estimates the recoverable amount of an asset or a cash-generating unit ("CGU") (a portion of which related to certain production facilities), at the higher of its fair value less costs of disposal and its value in use, to determine the impairment losses. If circumstances indicate that the carrying amount of the asset or CGU may not be recoverable, the asset or CGU may be considered "impaired", and an impairment loss may be recognized.

The recoverable amount of assets or CGUs is the higher of the fair value less costs of disposal and value in use. As the fair value of certain assets or CGUs may not be publicly available, 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 for projections of product sales and operating costs and discount rate. In particular, in determining the value in use of the Group's specific CGUs, significant judgements are required on the accounting estimates which are based on the assumptions relating to product sales growth rates, related costs growth rates and discount rate applied.

(c) Useful life and residual value of property, plant and equipment

Property, plant and equipment, 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 and estimated residual value of the assets 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, taking into account anticipated technological changes. The depreciation expense for future periods is adjusted if there are significant changes from previous estimates.

(d) Recognition of deferred tax assets

Deferred tax assets in respect of unused tax losses and deductible temporary differences are recognized and measured based on the expected manner of realization or settlement of the carrying amount of the assets, using tax rates enacted or substantively enacted at the end of the reporting period. In determining the carrying amounts of deferred tax assets, expected taxable profits are estimated which involves a number of assumptions relating to the operating environment of the Group and require a significant level of judgment exercised by the directors.

Any change in such assumptions and judgment would affect the carrying amounts of deferred tax assets to be recognized and hence the profit or loss in future years.

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Segment information and revenue

5.1 Segment information

The Group manages its business by divisions, which are organized by business lines. In view of the fact that the Company and its subsidiaries operate substantially all in the PRC, no geographical segment information is presented.

In a manner consistent with the way in which information is reported internally to the Group's chief operating decision maker, Board of Directors, for the purposes of resource allocation and performance assessment, the Group has identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise interests in associates and joint ventures, deferred tax assets, cash and cash equivalents, time deposits, financial assets at fair value through other comprehensive income – equity investments, financial assets measured at fair value through profit or loss – other non-current financial assets and incomes relating to these assets (such as share of net (losses)/profits of associates and joint ventures accounted for using the equity method and interest income), borrowings and interest expenses, and deferred tax liabilities.

The Group has identified three reportable segments: petroleum products, chemical products and trading of petrochemical products. Petroleum products and chemical products are produced through intermediate steps from the principal raw material of crude oil. The specific products of each segment are as follows:

(i) The petroleum products segment is equipped with crude oil refinery facilities used to produce qualified refined gasoline, fuel, diesel oil, heavy oil and liquefied petroleum gas, and provide raw materials for the Group's downstream petrochemical processing facilities.

(ii) The chemical products segment primarily produces p-xylene, benzene, ethylene oxide, polyethylene resins, polypropylene resins, acrylic fibres and carbon fibres.

Produces p-xylene, benzene, and ethylene oxide are both served as raw materials in the production of other petrochemicals and sold to external customers. Polyethylene resins and plastics are used to produce insulated cable, mulching films and moulded products such as housewares and toys. Polypropylene resins are used for films, sheets and moulded products such as housewares, toys, consumer electronics and automobile parts. Acrylic fibres and carbon fibres are mainly used in the textile and apparel industries

(iii) The trading of petrochemical products segment is primarily engaged in importing and exporting of petrochemical products.

(iv) Other business includes investment property leasing, service provision and a variety of other commercial activities, which are not included in above mentioned operating segments.

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Segment information and revenue *(continued)*

5.1 Segment information *(continued)*

2024	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical products RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	72,489,244	33,998,333	8,219,429	1,267,023	115,974,029
Inter segment revenue	(10,420,018)	(16,556,664)	(1,307,051)	(630,202)	(28,913,935)
Revenue from external customers	62,069,226	17,441,669	6,912,378	636,321	87,060,094
Timing of revenue recognition					
– At a point in time	62,069,226	17,441,669	6,877,007	636,321	87,024,723
– Over time	–	–	35,371	–	35,371
	62,069,226	17,441,669	6,912,378	636,321	87,060,094
Segment result – profit/(loss) from operations	1,319,360	(1,307,087)	17,789	19,119	49,181

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Segment information and revenue *(continued)*

5.1 Segment information *(continued)*

2023	Petroleum products RMB'000	Chemical products RMB'000	Trading of petrochemical products RMB'000	Others RMB'000	Total RMB'000
Total segment revenue	77,077,668	35,744,930	9,073,844	1,700,498	123,596,940
Inter segment revenue	(12,435,124)	(16,633,628)	(894,509)	(702,071)	(30,665,332)
Revenue from external customers	64,642,544	19,111,302	8,179,335	998,427	92,931,608
Timing of revenue recognition					
– At a point in time	64,642,544	19,111,302	8,123,135	998,427	92,875,408
– Over time	–	–	56,200	–	56,200
	64,642,544	19,111,302	8,179,335	998,427	92,931,608
Segment result – (loss)/profit from operations	(230,020)	(1,497,511)	41,765	(67,188)	(1,752,954)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Segment information and revenue *(continued)*

5.1 Segment information *(continued)*

	2024 RMB'000	2023 RMB'000
Segment result – profit/(loss) from operations		
Petroleum products	1,319,360	(230,020)
Chemical products	(1,307,087)	(1,497,511)
Trading of petrochemical products	17,789	41,765
Others	19,119	(67,188)
Profit/(loss) from operations	49,181	(1,752,954)
Finance income – net	194,555	238,675
Share of net profits/(losses) of investments accounted for using the equity method	179,579	(141,128)
Profit/(loss) before taxation	423,315	(1,655,407)

Other profit and loss disclosures

	2024			2023		
	Depreciation and amortization RMB'000	Impairment loss and credit loss RMB'000	Inventory write-down RMB'000	Depreciation and amortization RMB'000	Impairment loss and credit loss RMB'000	Inventory write-down RMB'000
Petroleum products	(986,964)	–	(20,853)	(1,170,319)	–	(51,212)
Chemical products	(856,511)	51	(265,076)	(542,637)	(25,840)	(395,507)
Trading of petrochemical products	(14,566)	–	–	(14,604)	–	–
Others	(199,282)	–	–	(261,221)	1,445	–
	(2,057,323)	51	(285,929)	(1,988,781)	(24,395)	(446,719)

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Segment information and revenue *(continued)*

5.1 Segment information *(continued)*

Other profit and loss disclosures *(continued)*

	As at 31 December	
	2024	2023
	Total assets	Total assets
	RMB'000	RMB'000
Allocated assets		
Petroleum products	13,672,827	15,498,918
Chemical products	8,354,937	8,071,525
Trading of petrochemical products	761,330	768,621
Others	2,002,267	2,183,405
Allocated assets	24,791,361	26,522,469
Unallocated assets		
Investments accounted for using the equity method	3,489,573	3,271,941
Cash and cash equivalents	8,209,113	4,906,368
Time deposits with banks	3,883,516	3,483,145
Deferred tax assets	1,211,961	1,313,841
Financial assets measured at fair value through profit or loss	36,500	36,500
Value added tax recoverable	15,315	15,222
Restricted cash and bank deposits	3,848	–
Derivative financial assets	49	–
Others	46,100	14,745
Unallocated assets	16,895,975	13,041,762
Total assets	41,687,336	39,564,231

(Expressed in Renminbi Yuan unless otherwise indicated)

5 Segment information and revenue *(continued)*

5.1 Segment information *(continued)*

Other profit and loss disclosures *(continued)*

	As at 31 December	
	2024	2023
	Total liabilities	Total liabilities
	RMB'000	RMB'000
Allocated liabilities		
Petroleum products	10,089,439	7,197,171
Chemical products	4,128,538	2,903,313
Trading of petrochemical products	699,079	718,651
Others	38,763	53,007
Allocated liabilities	14,955,819	10,872,142
Unallocated liabilities		
Borrowings	1,568,672	3,700,000
Deferred tax liabilities	29,241	31,564
Others	1,112	31,631
Unallocated liabilities	1,599,025	3,763,195
Total liabilities	16,554,844	14,635,337

	2024	2023
	RMB'000	RMB'000
Additions to property, plant and equipment, construction in progress, right-of-use assets, other non-current assets		
Petroleum products	882,433	457,199
Chemical products	966,014	1,078,218
Trading of petrochemical products	560	442
Others	8,654	17,305
	1,857,661	1,553,164

5 Segment information and revenue *(continued)*

5.2 Revenue

The Group's revenue from external customers are substantially all within Mainland China in 2024 and 2023. As at 31 December 2024 and 31 December 2023, assets are also substantially all within Mainland China.

Revenue of approximately RMB63,739,540 thousand (2023: RMB66,435,767 thousand) are derived from a single customer. These revenues are attributable to the petroleum products, chemical products and others segments.

Details of concentrations of credit risk arising from these customers are set out in note 3.1 (c).

6 Other operating income

	2024 RMB'000	2023 RMB'000
Government grants (a)	37,111	39,819
Rental income from investment properties (note 17)	72,726	81,987
Others	2,823	9,943
	112,660	131,749

(a) Government grants

Grants related to R&D, other tax refund and subsidies are included in the government grants line item. There are no unfulfilled conditions or other contingencies attaching to these grants.

7 Other operating expenses

	2024 RMB'000	2023 RMB'000
Cost related to lease of investment properties	(15,000)	(11,633)
Others	(9,040)	(8,529)
	(24,040)	(20,162)

(Expressed in Renminbi Yuan unless otherwise indicated)

8 Other gains/(losses) – net

	2024 RMB'000	2023 RMB'000
Net foreign exchange losses	(12,622)	(4,909)
Losses on sale of financial assets at FVOCI	(3,501)	(4,403)
Net losses on disposal of inventories	(1,786)	(313)
Net losses on foreign exchange forward contracts	(27)	–
Net gains/(losses) on disposal of property, plant and equipment and other long-term assets	41,482	(26,758)
Gains from commodity swaps contracts not qualified for hedging accounting	4,055	–
Gains from liquidation of associates	4,878	–
Gains from insurance claim	1,691	8,498
Gains from derecognition of expired payables	66	3,690
Financial assets at fair value through profit or loss – net change in fair value	–	10,000
	34,236	(14,195)

9 Finance income and expenses

	2024 RMB'000	2023 RMB'000
Interest income from time deposits with maturity more than 3 months	115,518	189,600
Interest income from time deposits with maturity less than 3 months	189,685	188,480
Others	4,339	5,908
Finance income	309,542	383,988
Interest and finance charges paid/payable for lease liabilities and financial liabilities not at fair value through profit or loss	(119,075)	(157,013)
Less: interest expense capitalized into construction in progress	4,088	11,700
Finance expenses	(114,987)	(145,313)
Finance income – net	194,555	238,675

(Expressed in Renminbi Yuan unless otherwise indicated)

10 Expense by nature

	2024 RMB'000	2023 RMB'000
Cost of raw materials	59,834,774	65,553,670
Cost of trading products	6,817,560	8,070,375
Employee benefit expenses (note 11)	3,132,454	3,479,098
Depreciation and amortization:		
Property, plant and equipment (note 16)	1,775,419	1,685,008
Investment properties (note 17)	15,076	15,270
Other non-current assets (note 14)	235,982	256,198
Right-of-use assets (note 15)	30,846	32,305
Repairs and maintenance expenses	815,311	1,095,884
Changes of work in progress and finished goods	(67,215)	(154,992)
Transportation costs	162,051	202,856
Inventory write-down (note 21)	285,929	446,719
External processing fee	161,453	179,934
Commission expense (note 33)	41,724	99,026
Impairment loss of property, plant and equipment (note 16)	–	29,850
Auditors' remuneration – audit services	6,556	6,837
Auditors' remuneration – non-audit services	115	129
Expenses relating to short-term leases	10,043	14,764

(Expressed in Renminbi Yuan unless otherwise indicated)

11 Employee benefit expenses

	2024 RMB'000	2023 RMB'000
Wages and salaries	1,852,361	2,068,913
Social welfare costs	835,015	914,650
Others	445,078	495,535
Total employee benefit expense	3,132,454	3,479,098

(a) Five highest paid individuals

For the years ended 31 December 2024 and 31 December 2023, all 5 individuals with the highest emoluments are directors and supervisors whose emoluments are disclosed in note 38.

(b) Employees of the Group's subsidiaries in the PRC are required to participate in a defined contribution retirement scheme administered and operated by the local municipal government. The Group's subsidiaries in the PRC contribute funds which are calculated on certain percentages of the average employee salary as stipulated by the local municipal government to the scheme to fund the retirement benefits of the employees.

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.

For the year ended 31 December 2024, the Group's total contributions to defined contribution retirement plans was RMB420,325 thousand. (2023: RMB460,224 thousand)

(c) As at 31 December 2024 and 31 December 2023, there was no material outstanding contribution to the above defined contribution retirement plans.

(Expressed in Renminbi Yuan unless otherwise indicated)

12 Income tax

	2024 RMB'000	2023 RMB'000
Current income tax	(6,773)	(14,907)
Deferred taxation	(99,545)	321,000
Income tax	(106,318)	306,093

A reconciliation of the expected income tax calculated at the applicable tax rate and profit/(loss) before taxation, with the actual income tax is as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Profit/(loss) before taxation	423,315	(1,655,407)
Expected PRC income tax at the statutory tax rate of 25%	(105,829)	413,852
Tax effect of share of net profits/(losses) of investments accounted for using the equity method	41,512	(38,665)
Tax effect of other non-taxable income	5,776	6,484
Tax effect of additional deductions for R&D expenses	15,000	21,369
Additional deduction of wages for disabled employees	960	1,268
Tax effect of non-deductible loss, expenses and costs	(64,436)	(65,148)
True up for final settlement of enterprise income taxes in respect of previous years	(5)	227
Tax losses for which no deferred tax asset was recognized	(7,557)	(29,676)
Other items	8,261	(3,618)
Actual income tax	(106,318)	306,093

The provision for PRC income tax is calculated at the rate of 25% (2023: 25%) on the estimated taxable income of the year ended 31 December 2024 determined in accordance with relevant income tax rules and regulations. The Group did not carry out business overseas and therefore does not incur overseas income taxes.

(Expressed in Renminbi Yuan unless otherwise indicated)

12 Income tax *(continued)*

(a) Current taxation in the consolidated statement of financial position represents:

	2024 RMB'000	2023 RMB'000
At beginning of the year	813	(51,650)
Provision for current income tax for the year	6,773	14,907
(Payment)/refund during the year	(6,858)	37,556
At the end of the year	728	813
Representing		
Income tax		
– Payable	728	2,369
– Prepaid	–	(1,556)
	728	813

(Expressed in Renminbi Yuan unless otherwise indicated)

12 Income tax *(continued)*

(b) Movements in deferred tax assets and liabilities are as follows:

	Balance as at 1 January 2024 RMB'000	Charged/ (Credited) to profit or loss RMB'000	Charged to reserves RMB'000	Balance as at 31 December 2024 RMB'000
Deferred tax assets:				
Impairment for bad and doubtful debts and provision for inventories	123,507	(4,300)	–	119,207
Provision for impairment losses in property, plant and equipment and construction in progress	434,307	(125,338)	–	308,969
Tax losses	1,391,728	(34,883)	–	1,356,845
Lease liabilities	2,114	(1,788)	–	326
Fair value gain and loss	283	–	(1)	282
Government grants	7,523	34,647	–	42,170
Accruals and others	15,483	(12,373)	–	3,110
	1,974,945	(144,035)	(1)	1,830,909
Deferred tax liabilities:				
Difference in depreciation	(687,051)	42,513	–	(644,538)
Capitalization of borrowing costs	(1,043)	202	–	(841)
Right-of-use assets	(2,074)	1,775	–	(299)
Derivative financial assets	–	–	(11)	(11)
Fair value gain and loss	(2,500)	–	–	(2,500)
	(692,668)	44,490	(11)	(648,189)
Deferred tax assets – net	1,313,841	(101,880)	–	1,211,961
Deferred tax liabilities – net	(31,564)	2,335	(12)	(29,241)

12 Income tax *(continued)*

(b) Movements in deferred tax assets and liabilities are as follows *(continued)*:

	Balance as at 1 January 2023 RMB'000	Charged/ (Credited) to profit or loss RMB'000	Charged to reserves RMB'000	Balance as at 31 December 2023 RMB'000
Deferred tax assets:				
Impairment for bad and doubtful debts and provision for inventories	128,110	(4,603)	–	123,507
Provision for impairment losses in property, plant and equipment and construction in progress	428,710	5,597	–	434,307
Tax losses	872,648	519,080	–	1,391,728
Lease liabilities	3,873	(1,759)	–	2,114
Fair value gain and loss	–	–	283	283
Government grants	11,124	(3,601)		7,523
Accruals and others	15,181	302	–	15,483
	1,459,646	515,016	283	1,974,945
Deferred tax liabilities:				
Difference in depreciation	(493,563)	(193,488)	–	(687,051)
Capitalization of borrowing costs	(1,255)	212	–	(1,043)
Right-of-use assets	(3,834)	1,760	–	(2,074)
Fair value gain and loss	–	(2,500)	–	(2,500)
	(498,652)	(194,016)	–	(692,668)
Deferred tax assets – net	991,892	321,666	283	1,313,841
Deferred tax liabilities – net	(30,898)	(666)	–	(31,564)

The Group recognizes deferred tax assets only to the extent that it is probable that future taxable income will be available against which the assets can be utilized. Based on the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets will be utilized, management believes that it is probable the Group will realize the benefits of these temporary differences for which deferred tax assets have been recognized.

(Expressed in Renminbi Yuan unless otherwise indicated)

12 Income tax *(continued)*

(c) Deferred tax assets not recognized:

As at 31 December 2024, certain subsidiaries of the Company did not recognize the deferred tax assets in respect of the provision for impairment losses on property, plant and equipment amounting to RMB29,856 thousand (31 December 2023: RMB29,856 thousand), because it was not probable that the related tax benefit would be realized.

As at 31 December 2024, certain subsidiaries of the Company did not recognize the deferred tax assets in respect of tax losses of RMB400,709 thousand (31 December 2023: RMB454,782 thousand) carried forward for PRC income tax purpose because it was not probable that the related tax benefit would be realized.

Tax losses carried forward that are not recognized as deferred tax assets will expire in the following years:

	2024 RMB'000	2023 RMB'000
2024	–	91,901
2025	41,475	41,475
2026	95,144	95,144
2027	107,558	107,558
2028	126,304	118,704
2029	30,228	–
	400,709	454,782

(Expressed in Renminbi Yuan unless otherwise indicated)

13 Earnings/(losses) per share

(a) Basic earnings/(losses) per share

Basic earnings/(losses) per share is calculated by dividing the profit/(loss) attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the year.

	2024 RMB'000	2023 RMB'000
Net profit/(loss) attributable to equity shareholders of the Company	310,980	(1,346,147)
Weighted average number of ordinary shares in issue (thousand of shares)	10,667,315	10,792,977
Basic earnings/(losses) per share (RMB per share)	RMB0.029	RMB (0.125)

Weighted average number of ordinary shares

	2024 '000	2023 '000
Issued ordinary shares at 1 January	10,729,094	10,799,286
Effect of shares repurchased (note 31)	(61,779)	(6,309)
Weighted average number of ordinary shares at 31 December	10,667,315	10,792,977

(b) Diluted earnings/(losses) per share

There were no dilutive potential ordinary shares for the years ended 31 December 2024 and 2023, therefore diluted earnings/(losses) per share is the same as basic earnings/(losses) per share.

(Expressed in Renminbi Yuan unless otherwise indicated)

14 Other non-current assets

	Intangible assets RMB'000	Long-term prepaid expense RMB'000	Investment deposits RMB'000	Total RMB'000
As at 1 January 2023				
Cost	85,908	1,995,096	50,000	2,131,004
Accumulated amortization	(76,988)	(1,218,616)	–	(1,295,604)
Net book amount	8,920	776,480	50,000	835,400
Year ended 31 December 2023				
Opening net book amount	8,920	776,480	50,000	835,400
Additions	–	118,122	–	118,122
Charge for the year	(2,924)	(253,274)	–	(256,198)
Decrease	–	–	(50,000)	(50,000)
Closing net book amount	5,996	641,328	–	647,324
As at 31 December 2023				
Cost	85,908	2,113,218	–	2,199,126
Accumulated amortization	(79,912)	(1,471,890)	–	(1,551,802)
Net book amount	5,996	641,328	–	647,324
Year ended 31 December 2024				
Opening net book amount	5,996	641,328	–	647,324
Additions	–	88,751	–	88,751
Charge for the year	(2,924)	(233,058)	–	(235,982)
Decrease	–	(92,501)	–	(92,501)
Closing net book amount	3,072	404,520	–	407,592
As at 31 December 2024				
Cost	85,908	2,109,468	–	2,195,376
Accumulated amortization	(82,836)	(1,704,948)	–	(1,787,784)
Net book amount	3,072	404,520	–	407,592

For the year ended 31 December 2024, the amortization of intangible assets and long-term prepaid expense of RMB235,982 thousand (2023: RMB256,198 thousand) has been charged in Cost of sales.

(Expressed in Renminbi Yuan unless otherwise indicated)

15 Leases

(a) Amounts recognized in the consolidated statement of financial position

The consolidated statement of financial position shows the following amounts relating to leases:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Right-of-use assets		
Land use rights	329,632	346,676
Buildings	315	6,801
Equipment	573	980
Others	547	514
	331,067	354,971
Lease liabilities		
Current	1,112	7,515
Non-current	192	942
	1,304	8,457

For the year ended 31 December 2024, additions to the right-of-use assets were RMB7,032 thousand (2023: RMB7,672 thousand).

At 31 December 2024, the lease liabilities were repayable as follows:

	2024
	RMB'000
Within 1 year	1,160
After 1 year but within 2 years	200
	1,360

(Expressed in Renminbi Yuan unless otherwise indicated)

15 Leases *(continued)*

(b) Amounts recognized in the consolidated statement of profit or loss

The consolidated statement of profit or loss shows the following amounts relating to leases:

	2024 RMB'000	2023 RMB'000
Depreciation charge of right-of-use assets		
Land use rights	(17,044)	(17,044)
Buildings	(12,260)	(13,519)
Equipment	(542)	(592)
Others	(1000)	(1,150)
	(30,846)	(32,305)
Interest expense (included in Finance expenses)	(365)	(695)
Expense relating to short-term leases (included in Cost of sales)	(10,043)	(14,764)

The total cash outflow for leases in 2024 was RMB25,094 thousand (2023: RMB30,699 thousand).

(Expressed in Renminbi Yuan unless otherwise indicated)

16 Property, plant and equipment

	Buildings RMB'000	Plant and machinery RMB'000	Vehicles and other equipment RMB'000	Total RMB'000
Cost:				
At 1 January 2023	4,491,274	44,879,502	2,113,511	51,484,287
Additions	89	149,393	32,139	181,621
Transferred from construction in progress (note 18)	207,727	3,266,210	79,627	3,553,564
Reclassification	28,988	(88,803)	59,815	–
Disposals	(28,235)	(227,124)	(35,900)	(291,259)
Transferred from investment properties – net (note 17)	3,220	–	–	3,220
At 31 December 2023 and 1 January 2024	4,703,063	47,979,178	2,249,192	54,931,433
Additions	878	178,663	36,856	216,397
Transferred from construction in progress (note 18)	168,776	478,756	36,143	683,675
Reclassification	(27,346)	(6,797)	34,143	–
Disposals	(148,835)	(2,348,243)	(43,426)	(2,540,504)
Transferred from investment properties – net (note 17)	4,272	–	–	4,272
At 31 December 2024	4,700,808	46,281,557	2,312,908	53,295,273
Accumulated depreciation:				
At 1 January 2023	(2,790,173)	(33,195,882)	(1,596,333)	(37,582,388)
Charge for the year	(108,945)	(1,432,837)	(143,226)	(1,685,008)
Reclassification	(40,521)	45,407	(4,886)	–
Written back on disposals	26,781	200,434	33,009	260,224
Transferred from investment properties – net (note 17)	(2,664)	–	–	(2,664)

(Expressed in Renminbi Yuan unless otherwise indicated)

16 Property, plant and equipment *(continued)*

	Buildings RMB'000	Plant and machinery RMB'000	Vehicles and other equipment RMB'000	Total RMB'000
At 31 December 2023 and 1 January 2024	(2,915,522)	(34,382,878)	(1,711,436)	(39,009,836)
Charge for the year	(103,842)	(1,537,637)	(133,940)	(1,775,419)
Reclassification	22,148	(18,239)	(3,909)	–
Written back on disposals	86,724	1,844,431	34,619	1,965,774
Transferred from investment properties – net (note 17)	(3,453)	–	–	(3,453)
At 31 December 2024	(2,913,945)	(34,094,323)	(1,814,666)	(38,822,934)
Impairment losses:				
At 1 January 2023	(83,848)	(1,627,984)	(10,563)	(1,722,395)
Charge for the year	–	(29,632)	(218)	(29,850)
Written back on disposals	–	7,462	–	7,462
Reclassification	(21,181)	21,470	(289)	–
At 31 December 2023 and 1 January 2024	(105,029)	(1,628,684)	(11,070)	(1,744,783)
Reclassification	(276)	367	(91)	–
Transferred from construction in progress (note 18)	–	(2,333)	–	(2,333)
Written back on disposals	56,302	416,981	5,917	479,200
At 31 December 2024	(49,003)	(1,213,669)	(5,244)	(1,267,916)
Net book value:				
At 31 December 2024	1,737,860	10,973,565	492,998	13,204,423
At 31 December 2023	1,682,512	11,967,616	526,686	14,176,814

(Expressed in Renminbi Yuan unless otherwise indicated)

16 Property, plant and equipment *(continued)*

(i) During the year ended 31 December 2024, due to deteriorating market conditions, the increasing production cost is not expected to be covered by the estimated selling price of the products, the Group identified an impairment indicator for property, plant and equipment in relation to certain production facilities under chemical products segment, and performed an impairment assessment of these assets based on their estimated recoverable amounts, which indicated that no further impairment loss provision was required.

The recoverable amounts of certain production facilities of intermediate petrochemicals are estimated using the present value of future cash flows based on the financial budgets approved by management covering a five-year period, which is determined based on remaining life of primary facilities. Forecasted cash flows are developed using several key assumptions, including the product sales growth rates, related costs growth rates ("forecasted growth rates") and discount rate. The forecasted growth rates are based on past business performance and market participants' expectations for market development, with a compound average growth rate of 9.39% for revenue from 2025 to 2029 and a compound average cost growth rate of 7.17% from 2025 to 2029, which are consistent with the forecasts included in industry reports. The discount rate used is a pre-tax ratio of 10.93% (2023: 11.89%) and reflects specific risks relating to the Group.

The recoverable amounts of certain production facilities of synthetic fibres are estimated based on the fair value of the assets, net of disposal costs. Fair value of the assets are developed using several key assumptions, including the replacement cost, newness rate and other key assumptions. The replacement cost is based on acquisition and construction costs adjusted by the corresponding price index. The newness rate is determined by remaining economic life of the asset. The disposal costs are determined by the calculation of agent fee and tax rate.

(ii) During the year ended 31 December 2024, the Group has disposed of a number of production facilities under chemical products segment due to the production facilities were idle or backward production technology. Upon the disposal, the cost of these production facilities is RMB2,203,428 thousand, the accumulated depreciation is RMB1,753,662 thousand, the impairment losses provision is RMB385,191 thousand, and the net book value is RMB64,575 thousand.

(Expressed in Renminbi Yuan unless otherwise indicated)

17 Investment properties

	RMB'000
Cost:	
As at 1 January 2023	626,367
Transferred to property plant and equipment – net (note 16)	(3,220)
At 31 December 2023 and 1 January 2024	623,147
Transferred to property plant and equipment – net (note 16)	(4,272)
At 31 December 2024	618,875
Accumulated depreciation:	
At 1 January 2023	(289,504)
Charge for the year	(15,270)
Transferred to property plant and equipment – net (note 16)	2,664
At 31 December 2023 and 1 January 2024	(302,110)
Charge for the year	(15,076)
Transferred to property plant and equipment – net (note 16)	3,453
As at 31 December 2024	(313,733)
Net book value:	
At 31 December 2024	305,142
At 31 December 2023	321,037

(Expressed in Renminbi Yuan unless otherwise indicated)

17 Investment properties *(continued)*

As at 31 December 2024, the Group has no contractual obligations for future repairs and maintenance (31 December 2023: Nil).

Investment properties represent certain floors of an office building leased to other entities including related parties.

a. The fair value of the investment properties of the Group as at 31 December 2024 was estimated by the directors to be approximately RMB1,202,753 thousand by reference to market values of similar properties in the nearby area (31 December 2023: RMB1,236,298 thousand). This fair value estimation was at level 3 of fair value hierarchy by using market observable inputs. The investment properties have not been valued by external independent appraisers.

b. Rental income of RMB72,726 thousand was recognized in other operating income by the Group for the year ended 31 December 2024 (2023: RMB81,987 thousand).

c. Leasing arrangements

The investment properties are leased out under operating leases. The leases typically run for an initial period of 1 to 3 years, with an option to renew the lease after that date at which time all terms are renegotiated. Lease payments are usually renegotiated every year to reflect market rentals.

Undiscounted lease payments under non-cancellable operating leases in place at the reporting date will be receivable by the Group in future periods as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year	32,032	43,237
Between 1 and 2 years	133	4,929
Above 2 years	996	1,862
	33,161	50,028

(Expressed in Renminbi Yuan unless otherwise indicated)

18 Construction in progress

	2024 RMB'000	2023 RMB'000
As at 1 January	**1,200,602**	3,748,461
Additions	**1,545,482**	1,245,749
Disposal	**(675)**	(240,044)
Transferred to property plant and equipment (note 16)	**(681,342)**	(3,553,564)
As at 31 December	**2,064,067**	1,200,602

As at 31 December 2024, the impairment loss in construction in progress was nil (31 December 2023: RMB24,486 thousand).

For the year ended 31 December 2024, the Group capitalized borrowing costs amounting to RMB4,088 thousand (2023: RMB11,700 thousand) on qualifying assets. Borrowing costs were capitalized at the weighted average rate of its borrowings of 2.01% (2023: 1.70%).

(Expressed in Renminbi Yuan unless otherwise indicated)

19 Subsidiaries

The following list contains only the particulars of subsidiaries which principally affected the results, assets or liabilities of the Group. The class of shares held is ordinary unless otherwise stated.

			Proportion of ownership interest			
Name of company	**Place of incorporation and business**	**Particulars of paid-up capital'000**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Shanghai Petrochemical Investment Development Company Limited ("Toufa")	Mainland China	RMB1,000,000	100.00	100.00	–	Investment management
China Jinshan Associated Trading Corporation ("Jinmao")	Mainland China	RMB25,000	67.33	67.33	–	Import and export of petrochemical products and equipment
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	Mainland China	USD9,154	100.00	–	100.00	Production of polypropylene compound products
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	Mainland China	RMB415,623	100.00	–	100.00	Production of polyethylene products
Shanghai Jinshan Trading Corporation ("JMGJ")	Mainland China	RMB100,000	67.33	–	67.33	Import and export of petrochemical products
Zhejiang Jinlian Petrochemical Storage and Transportation Co., Ltd. ("Jinlian")	Mainland China	RMB620,000	100.00	–	100.00	Storage and transportation

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method

The amounts recognized in the consolidated statement of financial position are as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Associates		
– Share of net assets	2,883,070	2,802,507
Joint ventures		
– Share of net assets	606,503	469,434
As at 31 December	3,489,573	3,271,941

The amounts recognized in the share of net profits/(losses) of associates and joint ventures accounted for using the equity method are as follows:

	2024	2023
	RMB'000	RMB'000
Associates	176,870	(154,199)
Joint ventures	2,709	13,071
	179,579	(141,128)

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(a) Investment in associates

	2024 RMB'000	2023 RMB'000
As at 1 January	2,802,507	3,027,632
Share of net gains/(losses)	176,870	(154,199)
Other comprehensive income	3,659	767
Cash dividends distribution	(99,966)	(71,693)
As at 31 December	2,883,070	2,802,507

Set out below are the material associates of the Group as at 31 December 2024. The associates as listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

20 Investments accounted for using the equity method *(continued)*

(a) Investment in associates *(continued)*

The following list contains only the particulars of material associates, all of which are unlisted corporate entities whose quoted market price is not available:

Name of company	Form of business structure	Place of incorporation and business	Particulars of paid- up capital'000	Proportion of ownership interest: Group's effective interest	Held by the Company	Held by a subsidiary	Principal activity
Shanghai Secco Petrochemical Company Limited ("Shanghai Secco")	Incorporated	Mainland China	RMB3,115,180	20.00%	20.00%	–	Manufacturing and distribution of chemical products
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	Incorporated	Mainland China	RMB2,372,439	38.26%	38.26%	–	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC
Shanghai Jinsen Hydrocarbon Resins Company Limited ("Jinsen")	Incorporated	Mainland China	RMB193,695	40.00%	–	40.00%	Production of resins products
Shanghai Azbil Automation Company Limited ("Azbil")	Incorporated	Mainland China	RMB24,440	40.00%	–	40.00%	Service and maintenance of building automation systems and products
Shanghai Shidian Energy Company Limited ("Shidian Energy") (note i)	Incorporated	Mainland China	RMB1,000,000	40.00%	–	40.00%	Electric power supply

There are no contingent liabilities relating to the Group's interest in the associates.

All of the above associates are accounted for using the equity method in the consolidated financial statements.

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(a) Investment in associates *(continued)*

Summarized financial information of the material associates, adjusted for any differences in accounting policies, and reconciled to the carrying amounts in the consolidated financial statements, are disclosed below:

Summarized financial information for material associates

Set out below are the summarized financial information for the above associates.

Summarized statement of financial position for material associates

As at 31 December 2024	Shanghai Secco RMB'000	Chemical Industry RMB'000	Azbil RMB'000	Shidian Energy RMB'000
Current				
– Current assets	3,278,124	3,767,001	230,573	939,488
– Current liabilities	(3,730,611)	(2,123,807)	(91,339)	(25,423)
Non-current				
– Non-current assets	6,093,117	6,393,857	21,782	213,949
– Non-current liabilities	(6,672,950)	(1,165,762)	(9,201)	(36,734)
Net (liabilities)/assets	(1,032,320)	6,871,289	151,815	1,091,280
Group's effective interest	20.00%	38.26%	40.00%	40.00%
Group's share of net assets	(206,464)	2,628,955	60,726	436,512
Unrealized upstream and downstream transaction	–	–	–	(9,250)
Unrecognized loss in the current year	206,464	–	–	–
Unentitled portion (note i)	–	(329,890)	–	–
Impairment loss	–	–	–	–
Carrying value	–	2,299,065	60,726	427,262

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(a) Investment in associates *(continued)*

Summarized statement of financial position for material associates *(continued)*

As at 31 December 2023	Shanghai Secco RMB'000	Chemical Industry RMB'000	Azbil RMB'000	Shidian Energy RMB'000
Current				
– Current assets	4,669,471	3,858,856	245,285	928,769
– Current liabilities	(5,838,648)	(1,932,014)	(82,457)	(38,066)
Non-current				
– Non-current assets	5,438,241	5,607,507	11,529	214,348
– Non-current liabilities	(4,476,514)	(880,938)	(3,384)	(39,538)
Net assets	(207,450)	6,653,411	170,973	1,065,513
Group's effective interest	20.00%	38.26%	40.00%	40.00%
Group's share of net assets	(41,490)	2,545,595	68,389	426,205
Unrealized upstream and downstream transaction	2,035	–	–	(9,250)
Unrecognized loss in the current year	39,455	–	–	–
Unentitled portion (note i)	–	(329,890)	–	–
Impairment loss	–	–	–	–
Carrying value	–	2,215,705	68,389	416,955

Note i: Unentitled portion represented the earnings from sales of the lands injected by Government in Chemical Industry that cannot be shared by other shareholders.

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(a) Investment in associates *(continued)*

Summarized statement of comprehensive income for material associates

2024	Shanghai Secco RMB'000	Chemical Industry RMB'000	Azbil RMB'000	Shidian Energy RMB'000
Revenue	21,775,948	1,978,727	384,916	504,263
Post-tax (loss)/profit from continuing operations	(824,870)	565,609	40,842	35,767
Other comprehensive income	–	9,563	–	–
Total comprehensive income	(824,870)	575,172	40,842	35,767
Dividend received from the associate	–	69,633	24,000	4,000

2023	Shanghai Secco RMB'000	Chemical Industry RMB'000	Azbil RMB'000	Shidian Energy RMB'000
Revenue	17,425,839	1,925,655	433,131	527,731
Post-tax (loss)/profit from continuing operations	(1,855,222)	540,797	62,662	32,319
Other comprehensive income	–	2,003	–	–
Total comprehensive income	(1,855,222)	542,800	62,662	32,319
Dividend received from the associate	–	46,103	20,000	4,000

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(a) Investment in associates *(continued)*

Aggregate information of associates that are not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying value of investments at 31 December	96,017	101,458
Aggregate amounts of the Group's share of those associates:		
Loss for the year	(3,108)	(7,559)
Total comprehensive income	(3,108)	(7,559)
Dividend received from the associate	2,333	1,590

(b) Investment in joint ventures

	2024 RMB'000	2023 RMB'000
As at 1 January	469,434	476,761
Addition (note i)	150,000	–
Share of net profits	2,709	13,071
Cash dividends distribution	(15,640)	(20,398)
As at 31 December	606,503	469,434

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(b) Investment in joint ventures *(continued)*

Details of the Group's interest in the joint venture, which is accounted for using the equity method in the consolidated financial statements, are as follows:

The following list contains only the particulars of material joint ventures, all of the Group's joint ventures are unlisted corporate entities whose quoted market price is not available:

				Proportion of ownership interest			
Name of joint venture	**Form of business structure**	**Place of incorporation and business**	**Particulars of paid-up capital '000**	**Group's effective interest**	**Held by the Company**	**Held by a subsidiary**	**Principal activity**
Linde-SPC Gases Company Limited ("Linde"), formerly known as "BOC-SPC Gases Company Limited")	Incorporated	Mainland China	USD32,000	50.00%	–	50.00%	Production and sales of industrial gases
Shanghai Petrochemical Pressure Vessel Testing Center ("JYJC")	Incorporated	Mainland China	RMB10,000	50.00%	–	50.00%	Providing inspection and testing service
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	Incorporated	Mainland China	USD10,560	50.00%	–	50.00%	Production and sales of industrial gases
Shanghai Jinshan Baling New Materials Co., Ltd. ("Baling Materials") (note i)	Incorporated	Mainland China	RMB500,000	50.00%	–	50.00%	Production and sales of new styrene thermoplastic elastomer materials

i. In September 2021, Sinopec Baling Petrochemical Co., Ltd. and the Company jointly established Baling Materials, the Company agreed to contribute RMB400,000 thousand to acquire 50% share of Baling Materials.

In 2024, the Company made a paid-up capital contribution of RMB150,000 thousand. As at 31 December 2024, the Company has paid up capital of RMB400,000 thousand, representing 50% of the current paid-in registered capital of Baling Materials.

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(b) Investment in joint ventures *(continued)*

Summarized financial information for material joint ventures

Set out below are the summarized financial information for material joint ventures which are accounted for using the equity method.

Summarized statement of financial position for material joint ventures

As at 31 December 2024	Linde RMB'000	Yangu Gas RMB'000	Baling Materials RMB'000
Current			
Cash and cash equivalents	204,005	62,902	5,363
Other current assets (excluding cash)	72,358	39	201,321
Total current assets	276,363	62,941	206,684
Total current liabilities	(33,130)	(99)	(599,198)
Non-current			
Total non-current assets	87,865	172	2,459,544
Total non-current liabilities	–	–	(1,267,030)
Net assets	331,098	63,014	800,000
Group's effective interest	50%	50%	50%
Interest in joint ventures	165,549	31,507	400,000
Unrealized downstream transactions	(86)	–	–
Carrying value	165,463	31,507	400,000

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(b) Investment in joint ventures *(continued)*

As at 31 December 2023	Linde RMB'000	Yangu Gas RMB'000	Baling Materials RMB'000
Current			
Cash and cash equivalents	223,486	73,849	77,859
Other current assets (excluding cash)	77,286	2,252	62,061
Total current assets	300,772	76,101	139,920
Total current liabilities	(37,985)	(13,242)	(657,863)
Non-current			
Total non-current assets	90,912	8,784	1,624,943
Total non-current liabilities	(5,600)	–	(607,000)
Net assets	348,099	71,643	500,000
Group's effective interest	50%	50%	50%
Interest in joint ventures	174,050	35,822	250,000
Unrealized downstream transactions	(86)	–	–
Carrying value	173,964	35,822	250,000

(Expressed in Renminbi Yuan unless otherwise indicated)

20 Investments accounted for using the equity method *(continued)*

(b) Investment in joint ventures *(continued)*

Summarized statement of comprehensive income for material joint ventures

The information above reflects the amounts presented in the financial statements of the joint ventures (and not the Group's share of those amounts) adjusted for differences in accounting policies between the Group and the joint ventures.

2024	Linde RMB'000	Yangu Gas RMB'000	Baling Materials RMB'000
Revenue	323,601	1,963	–
Depreciation and amortization	(7,108)	1,810	–
Interest income	357	1,775	–
Profit/(loss) from continuing operations	17,937	(8,629)	–
Income tax expenses	(4,383)	–	–
Post-tax profit/(loss) from continuing operations	13,554	(8,629)	–
Other comprehensive income	–	–	–
Total comprehensive income	13,554	(8,629)	–
Dividend received from joint venture	15,278	–	–

20 Investments accounted for using the equity method *(continued)*

(b) Investment in joint ventures *(continued)*

Summarized statement of comprehensive income for material joint ventures *(continued)*

2023	Linde RMB'000	Yangu Gas RMB'000	Baling Materials RMB'000
Revenue	367,186	28,593	–
Depreciation and amortization	(7,283)	16,362	–
Interest income	3,040	1,153	–
Profit/(loss) from continuing operations	45,259	(8,792)	–
Income tax expenses	(11,327)	–	–
Post-tax profit/(loss) from continuing operations	33,932	(8,792)	–
Other comprehensive income	–	–	–
Total comprehensive income	33,932	(8,792)	–
Dividend received from joint venture	19,700	–	–

Aggregate information of joint venture that is not individually material:

	2024 RMB'000	2023 RMB'000
Aggregate carrying value of investment at 31 December	9,533	9,648
Aggregate amounts of the Group's share of the joint venture:		
Profit for the year	247	501
Total comprehensive income	247	501
Dividend received from the joint venture	362	698

(Expressed in Renminbi Yuan unless otherwise indicated)

21 Inventories

(a) Inventories in the consolidated statements of financial position comprise:

	As at 31 December 2024			As at 31 December 2023		
	Gross carrying amount RMB'000	Provision for diminution in value of inventories RMB'000	Carrying amount RMB'000	Gross carrying amount RMB'000	Provision for diminution in value of inventories RMB'000	Carrying amount RMB'000
Raw materials	4,763,432	(25,437)	4,737,995	6,018,092	(11,481)	6,006,611
Work in progress	942,908	(217,387)	725,521	885,340	(206,701)	678,639
Finished goods	1,081,514	(152,192)	929,322	1,098,755	(189,766)	908,989
Spare parts and consumables	234,398	(74,973)	159,425	236,636	(79,188)	157,448
	7,022,252	(469,989)	6,552,263	8,238,823	(487,136)	7,751,687

(b) The analysis of the amount of inventories recognized as expenses and included in profit or loss is as follows:

The cost of inventories recognized in Cost of sales amounted to RMB71,465,074 thousand for the year ended 31 December 2024 (2023: RMB78,334,346 thousand) which excluded an inventory provision of RMB285,929 thousand (2023: RMB446,719 thousand).

For the year ended 31 December 2024, the Group sold certain finished goods and utilized certain spare parts and consumables which were previously provided for. The related provision of RMB303,076 thousand was reversed and included in cost of sales in the consolidated statement of profit or loss (2023: RMB455,694 thousand).

(Expressed in Renminbi Yuan unless otherwise indicated)

22 Trade receivables and other receivables

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Trade receivables	2,265	2,229
Less: loss allowance	(2,114)	(2,114)
	151	115
Amounts due from related parties excluded prepayments and bills receivable (*)	718,948	1,454,410
Less: loss allowance (*)	(2,798)	(2,849)
Total trade receivables	716,301	1,451,676
Other receivables	677,759	352,827
Less: loss allowance	(1,936)	(1,936)
	675,823	350,891
Financial assets measured at amortized cost	1,392,124	1,802,567
Amounts due from related parties – prepayments (*)	1,018	2,303
	1,393,142	1,804,870
Amounts due from related parties (sum of *)	717,168	1,453,864

All of the trade and other receivables are expected to be recovered or recognized as expenses within one year.

Amounts due from related parties mainly represent trade-related balances, unsecured in nature and bear no interest.

(Expressed in Renminbi Yuan unless otherwise indicated)

22 Trade receivables and other receivables *(continued)*

The aging analysis based on invoice date of trade receivables and amounts due from related parties excluded prepayments and bills receivable (net of allowance for doubtful debts) is as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Within one year	716,301	1,451,676

Movements in the loss allowance account in respect of trade and other receivables during the year is as follows:

	Year ended 31 December	
	2024 RMB'000	2023 RMB'000
Balance at 1 January	6,899	7,494
Impairment losses recognized during the year	–	50
Recoveries or reversals during the year	(51)	(645)
Balance at 31 December	6,848	6,899

As at 31 December 2024 and 31 December 2023, no trade receivable was pledged as collateral.

Sale to third parties is generally on cash basis or on letter of credit. Subject to negotiation, credit is generally only available for major customers with well-established trading records.

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Cash and cash equivalents

(a) Cash and cash equivalents comprise:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Cash at bank and on hand	8,212,961	4,906,368
Less: Restricted cash and bank deposits	(3,848)	–
Cash and cash equivalents in the consolidated statement of financial position	8,209,113	4,906,368

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Cash and cash equivalents *(continued)*

(b) Cash generated from operations

Reconciliation of profit/(loss) before taxation to cash generated from operations

	2024 RMB'000	2023 RMB'000
Profit/(loss) before taxation	423,315	(1,655,407)
Adjustments items:		
Interest income from time deposits with maturity more than 3 months	(113,794)	(189,600)
Share of net (profits)/losses of investments accounted for using the equity method	(179,579)	141,128
Net profits on foreign exchange option contracts and commodity swaps contracts not qualifying as hedges	(4,028)	–
Gains from liquidation of associates	(4,878)	–
Net unrealized gain on financial assets measured at fair value through profit or loss	–	(10,000)
Interest expense	114,987	145,313
Foreign exchange gains	(2,067)	(2,459)
Depreciation of property, plant and equipment	1,775,419	1,685,008
Depreciation of investment property	15,076	15,270
Depreciation of right-of-use assets	30,846	32,305
Amortization of other non-current assets	235,982	256,198
Impairment loss on property, plant and equipment	–	29,850
(Profits)/losses on disposal of property, plant and equipment and other long-term assets-net	(41,482)	26,758
Profit on operation before change of working capital	2,249,797	474,364
Decrease/(increase)/in inventories	1,199,424	(457,627)
(Increase)/decrease in operation receivables	(626,728)	985,660
(Decrease)/increase in operation payables	(243,242)	1,313,935
Increase/(decrease) in balances to related parties – net	5,168,054	(1,546,892)
Cash generated from operations	7,747,305	769,440

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Cash and cash equivalents *(continued)*

(c) Reconciliation of liabilities arising from financing activities

	Borrowings	Lease liabilities	Total
	RMB'000	RMB'000	RMB'000
As at 1 January 2023	2,250,000	16,251	2,266,251
Changes from financing cash flows:			
Proceeds from new bank loans	33,544,998	–	33,544,998
Repayment of bank loans	(32,094,998)	–	(32,094,998)
Capital and interest elements of lease payments	–	(15,935)	(15,935)
Total changes from financing cash flows	1,450,000	(15,935)	1,434,065
Other changes:			
Addition of lease liabilities	–	7,446	7,446
Interest expense	–	695	695
Total other changes	–	8,141	8,141
As at 31 December 2023 and 1 January 2024	3,700,000	8,457	3,708,457
Changes from financing cash flows:			
Proceeds from new bank loans	17,567,685	–	17,567,685
Repayment of bank loans	(19,700,000)	–	(19,700,000)
Capital and interest elements of lease payments	–	(15,051)	(15,051)
Total changes from financing cash flows	(2,132,315)	(15,051)	(2,147,366)
Other changes:			
Addition of lease liabilities	–	7,533	7,533
Interest expense	987	365	1,352
Total other changes	987	7,898	8,885
As at 31 December 2024	1,568,672	1,304	1,569,976

(Expressed in Renminbi Yuan unless otherwise indicated)

23 Cash and cash equivalents *(continued)*

(d) Total cash outflow for leases

Amounts included in the consolidated statement of cash flows for leases comprise the following:

	2024 RMB'000	2023 RMB'000
Within operating cash flows	(10,043)	(14,764)
Within financing cash flows	(15,051)	(15,935)
	(25,094)	(30,699)

These amounts relate to the following:

	2024 RMB'000	2023 RMB'000
Lease rentals paid	(25,094)	(30,699)

24 Time deposits with banks

	As at 31 December	
	2024 RMB'000	2023 RMB'000
Time deposits with maturity less than one year	3,883,516	700,645
Time deposits with maturity more than one year	–	2,782,500
	3,883,516	3,483,145

As at 31 December 2024, interest rates of time deposits with maturity less than one year ranged from 2.05% to 3.55% per annum (31 December 2023: 3.85% to 4.2% per annum), which were presented as current assets. As at 31 December 2023, time deposits with maturity of more than one year were time deposits to be matured in January 2025 with the interest rates of 3.55% per annum, which were presented as non-current assets in the statement of financial position.

(Expressed in Renminbi Yuan unless otherwise indicated)

25 Financial assets at fair value through other comprehensive income

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade and bills receivable (note i)	388,230	236,487
Equity investments	3,872	3,869
	392,102	240,356

(i) As at 31 December 2024 and 2023, certain trade receivables and bills receivable were classified as financial assets at FVOCI, as the Group's business model is achieved both by collecting contractual cash flows and selling of these assets.

(ii) As at 31 December 2024, the Group discounted certain bank acceptance bills to banks for cash proceeds and endorsed certain bank acceptance bills to suppliers on a full recourse basis for settling trade payables of the same amount. The Group has derecognized these bills receivable and the payables to suppliers in their entirety. These derecognized bank acceptance bills had a maturity date less than twelve months from the end of the reporting period. In the opinion of the directors, the Group has transferred substantially all the risks and rewards of ownership of these bills to its suppliers, and the Group has limited exposure in respect of the settlement obligation of these bills receivable under the relevant PRC rules and regulations should the issuing banks fail to settle the bills on maturity date. The Group considered the issuing banks of the bills are of good credit rating and the non-settlement of these bills by the issuing banks on maturity is not probable.

As at 31 December 2024, the Group's maximum exposure to loss and undiscounted cash outflow, which is the same as the amounts payable by the Group to banks or suppliers in respect of the discounted bills and endorsed bills, should the issuing banks fail to settle the bills on maturity date, amounted to RMB178,017 thousand (31 December 2023: RMB398,230 thousand) and nil (31 December 2023: RMB95,477 thousand) respectively.

26 Financial assets measured at fair value through profit or loss

	As at 31 December	As at 31 December
	2024	2023
	RMB'000	RMB'000
Other non-current financial assets	36,500	36,500

As at 31 December 2024, financial assets at fair value through profit or loss represent redeemable preference share investments, which are presented as non-current assets since the management does not have intention to dispose of the investments within one year.

27 Borrowings

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Credit loans due within one year		
– Short-term bank loan	1,500,940	3,000,000
– Long-term bank loan due within one year (note 33 (c))	47	700,000
Borrowings – current	1,500,987	3,700,000
Credit loans due over one year		
– Long-term borrowing	67,685	–
Borrowings – non-current	67,685	–
Total borrowings	1,568,672	3,700,000

(a) The analysis of the repayment schedule of borrowings are as follows:

	2024 RMB'000	2023 RMB'000
Within 1 year or on demand	1,500,987	3,700,000
After 1 year but within 5 years	–	–
After 5 years	67,685	–
	1,568,672	3,700,000

The weighted average interest rate for the Group's short-term bank loan was 2.05% as at 31 December 2024 (31 December 2023: 1.98%). The interest rate of the Group's long-term borrowings was 2.66% as at 31 December 2024 (31 December 2023: 1.08%).

As at 31 December 2024 and 31 December 2023, no borrowings were secured by property, plant and equipment.

(Expressed in Renminbi Yuan unless otherwise indicated)

28 Trade and other payables

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Trade payables	1,428,598	1,569,521
Bills payable	1,047,541	1,401,288
Amounts due to related parties exclude advances received (*)	9,577,271	5,144,071
	12,053,410	8,114,880
Dividends payable	31,386	31,631
Construction payable	597,367	655,224
Accrued expenses	119,409	128,671
Other liabilities	84,007	46,523
	832,169	862,049
Financial liabilities measured at amortized cost	12,885,579	8,976,929
Amounts due to related parties – advances received (*)	13,676	11,727
	12,899,255	8,988,656
Total amounts due to related parties (sum of *)	9,590,947	5,155,798

All trade and other payables (including amounts due to related parties) are expected to be settled or recognized as income within one year or are repayable on demand.

As at 31 December 2024 and 31 December 2023, all trade and other payables of the Group were non-interest bearing, and their fair value, approximated their carrying amounts due to their short maturities.

Majority of amounts due to related parties were trade payable for purchasing crude oil from related parties.

28 Trade and other payables *(continued)*

As at 31 December 2024 and 31 December 2023, the ageing analysis of the trade payables (including amounts due to related parties of trading in nature) and bills payable based on invoice date were as follows:

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Within one year	12,049,334	8,100,809
Over one year but within two years	–	4,506
Over two years	4,076	9,565
	12,053,410	8,114,880

29 Contract liabilities

	As at 31 December	
	2024	2023
	RMB'000	RMB'000
Contract liabilities	235,224	323,279

The contract liabilities of the Group are advance for goods from customers. Related performance obligations are expected to be satisfied and revenue is recognized within one year. Revenue amounted to RMB323,279 thousand has been recognized in the current year relates to carried-forward contract liabilities (2023: RMB372,760 thousand).

(Expressed in Renminbi Yuan unless otherwise indicated)

30 Deferred income

	2024 RMB'000	2023 RMB'000
As at 1 January	30,222	44,608
Additions	175,568	25,433
Amortization	(37,111)	(39,819)
As at 31 December	168,679	30,222

31 Share capital

(i) Issued share capital

	2024		2023	
	Number of shares '000	Amount RMB'000	Number of shares '000	Amount RMB'000
Registered, issued and fully paid:				
At 1 January	10,799,286	10,799,286	10,823,814	10,823,814
Cancellation of repurchased own shares	(124,058)	(124,058)	(24,528)	(24,528)
At 31 December	10,675,228	10,675,228	10,799,286	10,799,286
Including:				
Ordinary A shares listed in PRC	7,328,814	7,328,814	7,328,814	7,328,814
Foreign invested H shares listed overseas	3,346,414	3,346,414	3,470,472	3,470,472

(Expressed in Renminbi Yuan unless otherwise indicated)

31 Share capital *(continued)*

(ii) Purchase of own shares

During the year, the Company repurchased its own ordinary shares on the Stock Exchange of Hong Kong Limited as follows:

Month/year		Number of shares repurchased	Highest price paid per share	Lowest price paid per share	Aggregate amount paid
			HKD	HKD	RMB'000
January	2024	23,840,000	1.17	1.01	23,833
February	2024	17,358,000	1.09	1.02	16,662
April	2024	4,646,000	1.08	1.05	4,545
May	2024	5,384,000	1.15	1.13	5,627
June	2024	2,638,000	1.15	1.13	2,758
September	2024	24,754,000	1.06	1.00	22,987
October	2024	7,912,000	1.20	1.14	8,532
November	2024	15,520,000	1.20	1.14	16,784
December	2024	7,184,000	1.20	1.16	7,856
		109,236,000			109,584

The proposal to authorize the board of directors to repurchase domestic shares and/or overseas-listed foreign shares of the Company was approved at the 2021 Annual General Meeting, the Second A Shareholders Class Meeting for 2022 and the Second H Shareholders Class Meeting for 2022 on 22 June 2022. According to the authorization, the Company repurchased shares in call auction since 27 October 2022. In 2022, the Company has repurchased 24,528,000 H-share ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB25,689 thousand.

The proposal to authorize the board of directors to repurchase domestic shares and/or overseas-listed foreign shares of the Company was approved at the first A Shareholders Class Meeting for 2023 on 28 June 2023. According to the authorization, the Company repurchased shares in call auction since 3 November 2023. In 2023, the Company repurchased 70,192,000 H-shares ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB70,579 thousand.

On 17 February 2023, the Company cancelled 24,528,000 H shares repurchased. After the cancellation, the total number of issued share capital reduced by RMB24,528 thousand, and the share premium reduced by RMB1,161 thousand.

(Expressed in Renminbi Yuan unless otherwise indicated)

31 Share capital *(continued)*

(ii) Purchase of own shares *(continued)*

The proposal to authorize the board of directors to repurchase domestic shares and/or overseas-listed foreign shares of the Company was approved at the first A Shareholders Class Meeting for 2024 on 6 June 2024. According to the authorization, the Company repurchased shares in call auction since 9 September 2024. In 2024, the Company repurchased 109,236,000 H-share ordinary shares on the Hong Kong Stock Exchange for an aggregate consideration of RMB109,584 thousand.

In 2024, the Company cancelled 124,058,000 H shares repurchased. After the cancellation, the total number of issued share capital reduced by RMB124,058 thousand, and the share premium increased by RMB54 thousand.

On 3 March 2025, the Company has completed the cancellation procedures for all the repurchased own shares.

32 Reserves

	Legal surplus	Capital surplus	Surplus reserve	Other reserve	Hedging reserve	Share premium	Safety production fund	Treasury shares	Retained earnings	Total
	(note (a))	(note (b))	(note (c))	(note (d))	(note 3.1 (a))	(note (e))	(note (f))	(note 31 (ii))	(note (g))	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Balance at 1 January 2023	6,571,279	13,739	101,355	(806)	-	106,846	240,418	(25,689)	8,396,767	15,403,909
Change in accounting policy	-	-	-	-	-	-	-	-	-	-
Balance at 1 January 2023	6,571,279	13,739	101,355	(806)	-	106,846	240,418	(25,689)	8,396,767	15,403,909
Total comprehensive income for the year attributable to shareholders of the Company	-	-	-	(81)	45,830	-	-	-	(1,346,147)	(1,300,398)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	-	(45,830)	-	-	-	-	(45,830)
Purchase of own shares	-	-	-	-	-	-	-	(70,579)	-	(70,579)
Cancellation of repurchased own shares	-	-	-	-	-	(1,161)	-	25,689	-	24,528
Transfer to legal surplus	-	-	-	-	-	-	-	-	-	-
Appropriation of safety production fund	-	-	-	-	-	-	57,719	-	(57,719)	-
Balance at 31 December 2023 and 1 January 2024	6,571,279	13,739	101,355	(887)	-	105,685	298,137	(70,579)	6,992,901	14,011,630

(Expressed in Renminbi Yuan unless otherwise indicated)

32 Reserves *(continued)*

	Legal surplus (note (a)) RMB'000	Capital surplus (note (b)) RMB'000	Surplus reserve (note (c)) RMB'000	Other reserve (note (d)) RMB'000	Hedging reserve (note 3.1 (a)) RMB'000	Share premium (note (e)) RMB'000	Safety production fund (note (f)) RMB'000	Treasury shares (note 31 (ii)) RMB'000	Retained earnings (note (g)) RMB'000	Total RMB'000
Balance at 1 January 2024	6,571,279	13,739	101,355	(887)	–	105,685	298,137	(70,579)	6,992,901	14,011,630
Total comprehensive income for the year attributable to shareholders of the Company	–	–	–	3,661	(60,059)	–	–	–	310,980	254,582
Purchase of equity interests from non-controlling interests	–	12,240	–	–	–	–	–	–	–	12,240
Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	–	–	60,097	–	–	–	–	60,097
Purchase of own shares	–	–	–	–	–	–	–	(109,584)	–	(109,584)
Cancellation of repurchased own shares	–	–	–	–	–	54	–	124,004	–	124,058
Appropriation of safety production fund	–	–	–	–	–	–	(7,530)	–	7,530	–
Balance at 31 December 2024	6,571,279	25,979	101,355	2,774	38	105,739	290,607	(56,159)	7,311,411	14,353,023

(Expressed in Renminbi Yuan unless otherwise indicated)

32 Reserves *(continued)*

Notes:

(a) Under PRC rules and regulations, the Company and its PRC subsidiaries are required to set aside 10% of the net income determined in accordance with the PRC accounting rules and regulations to a legal surplus reserve. The transfer to this reserve must be made before distribution of any dividend to shareholders.

The legal surplus reserve is non-distributable other than in liquidation and can be used to make good of previous years' losses, if any, and may be utilized for business expansion or converted into ordinary shares by the issuance of new shares to shareholders in proportion to their existing shareholdings or by increasing the par value of the shares currently held by the shareholders, provided that the balance after such issuance is not less than 25% of the registered capital.

(b) The capital surplus comprises the following:

i. gifts or grants received from China Petrochemical Corporation, the ultimate parent company and which are required to be included in this reserve fund by PRC regulations;

ii. the differences between the cost of purchase of equity interests from non-controlling interests in subsidiaries and the carrying amount of the net assets additionally acquired.

On 29 February 2024, the Group purchased additional 25.75% of the issued shares of Shanghai Jinchang Engineering Plastics Co., Ltd. ("Jinchang") for RMB2, a subsidiary of the Group. Immediately prior to the purchase, the carrying amount of the existing 25.75% non–controlling interest in Jinchang was RMB12,240 thousand. The Group recognized a decrease in non-controlling interests of RMB12,240 thousand and an increase in capital surplus of RMB12,240 thousand.

(c) The transfer to this reserve from the retained profits is subject to the approval by shareholders at general meetings. Its usage is similar to that of the legal surplus reserve.

(d) Other reserve comprises share of post-acquisition movements in other comprehensive income from associates and joint ventures using the equity methods of accounting with a corresponding adjustment to the carrying amount of the investment.

(e) The application of the share premium account is governed by Sections 213 and 214 of the PRC Company Law.

According to Section 213 of the PRC Company Law, the Company's share premium arised from the issuance of stocks at a price above the par value of the stocks.

(f) According to the relevant PRC regulations, the Group is required to transfer an amount to specific reserve for the safety production fund based on the turnover of certain refining and chemicals products. This reserve represents unutilized safety production fund.

(g) According to the Company's Articles of Association, the reserve available for distribution is the lower of the amount determined under China Accounting Standards for Business Enterprises and the amount determined under IFRS.

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions

The following is a list of the Group's major related parties:

Names of related parties	Relationship with the Company
China International United Petroleum and Chemicals Co., Ltd.	Subsidiary of the ultimate parent company
Lian Hua (Ningbo) International Logistics Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales Company Limited	Subsidiary of the ultimate parent company
China Petrochemical International Co., Ltd.	Subsidiary of the ultimate parent company
Zhong ke (Guangdong) Refining & Chemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the ultimate parent company
Storage And Transportation Installation Company of Ningbo Engineering Company Limited	Subsidiary of the ultimate parent company
China Petrochemical International (Ningbo) Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Tianjin) CO., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Wuhan) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Materials & Equipment (Dalian) Co., Ltd.	Subsidiary of the ultimate parent company
Zhoushan Shi Hua Crude Oil Terminal Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Shanghai) Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Nanjing) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Research Institute of Safety Engineering	Subsidiary of the ultimate parent company
Sinopec Lubricant Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Marketing Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Honeywell (Tianjin) Company Limited	Subsidiary of the ultimate parent company
Sinopec Materials & Equipment (East China) Co., Ltd.	Subsidiary of the ultimate parent company
Ningbo East Sea Line fan Technology Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Lubricating Oil Shanghai Research Institute Company Limited	Subsidiary of the ultimate parent company
Petro-cyber works Information Technology Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec (Beijing) Chemical Research Institute Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Yi Zheng Chemical Fiber Limited Liability Company	Subsidiary of the ultimate parent company
China Petrochemical International (Beijing) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Yangzi Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Catalysts Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Shanghai Gao Qiao Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Epec E-commerce Co., Ltd.	Subsidiary of the ultimate parent company
Unipec (Qingdao) International Logistics Company Limited	Subsidiary of the ultimate parent company
Shanghai Carbon Fiber Composite Materials Innovation Research Institute Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Oil Refining and Marketing Co., Ltd.	Subsidiary of the ultimate parent company

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

Names of related parties	Relationship with the Company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the ultimate parent company
Fujian Gu Lei Petrochemical Company Limited	Subsidiary of the ultimate parent company
Sinopec Fuel Oil Sales Co., Ltd.	Subsidiary of the ultimate parent company
Unipec Singapore	Subsidiary of the ultimate parent company
China Yan shan United Foreign Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding (Wuhan) Company Limited	Subsidiary of the ultimate parent company
Sinopec East China Chemical Sales Co., Ltd.	Subsidiary of the ultimate parent company
Hainan Baling Chemical New Materials Co., Ltd.	Subsidiary of the ultimate parent company
East China Petroleum Technician College	Subsidiary of the ultimate parent company
Anqing Shuguang Petrochemical Oxo Co., Ltd.	Subsidiary of the ultimate parent company
Shanghai Lide Catalyst Co., Ltd.	Subsidiary of the ultimate parent company
Ningbo Ming gang Gas Company Limited	Subsidiary of the ultimate parent company
Sinopec Heavy Lifting & Transportation Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Jin ling Petrochemical Corporation	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec International (South China) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales International Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Logistics Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the immediate parent company
China Petroleum and Chemical Corporation Limited	Subsidiary of the immediate parent company
Sinopec Shared Service Co., Ltd.	Subsidiary of the immediate parent company
The Fourth Construction Company of Sinopec	Subsidiary of the immediate parent company
Sinopec Petrochemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Consulting Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Geophysical Corporation	Subsidiary of the immediate parent company
Sinopec Energy Saving Technology Service Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International Travel Service Company Limited	Subsidiary of the immediate parent company
China Petrochemical Corp. Engineering Ration Management Station	Subsidiary of the immediate parent company
Sinopec Publishing House Co., Ltd.	Subsidiary of the immediate parent company
Sinopec News Agency	Subsidiary of the immediate parent company
Sinopec Nanjing Chemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Ningbo Engineering Company of Sinopec	Subsidiary of the immediate parent company
Sinopec Engineering Incorporation	Subsidiary of the immediate parent company
Sinopec Finance Co., Ltd.	Subsidiary of the immediate parent company

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

Names of related parties	Relationship with the Company
Sinopec Shanghai Engineering Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Easy Joy sales CO., Ltd.	Subsidiary of the immediate parent company
Sinopec Nanjing Engineering Company Limited	Subsidiary of the immediate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec National Petrochemical Project Risk Assessment Technology Center Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Tending Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Group International Petroleum Exploration And Production Limited	Subsidiary of the immediate parent company
Sinopec Bai chuan Economic and Trade Co., Ltd.	Subsidiary of the immediate parent company
Petrol-Chemical Industry Management Cadre College	Subsidiary of the immediate parent company
The Fifth Construction Company of Sinopec	Subsidiary of the immediate parent company
Petrochemical Engineering Quality Supervision Terminal	Subsidiary of the immediate parent company
Sinopec Group Shanghai Training Center Ltd.	Subsidiary of the immediate parent company
Sinopec Hunan Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Shanghai Petrochemical Machinery Manufacturing Co., Ltd.	Subsidiary of the immediate parent company
Shanghai Petro-Chemical Hai di Administration Co., Ltd.	Subsidiary of the immediate parent company
China Petrochemical Corp. Nanjing Chemistry Industrial Co., Ltd.	Subsidiary of the immediate parent company
Sinopec engineering (Group) Co., Ltd.	Subsidiary of the immediate parent company
China Petrochemical International (Australia) Co., Ltd.	Subsidiary of the immediate parent company
China Economic Publishing House Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Beijing Yan shan Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Luoyang Engineering Company Limited	Subsidiary of the immediate parent company
Sinopec Carbon Industry Technology Co., Ltd.	Subsidiary of the immediate parent company
Sinopec (Dalian) Petrochemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
China Petro-Chemical Technology Co., Ltd.	Subsidiary of the immediate parent company
Strait Petrochemicals Trading Center Co., Ltd.	Subsidiary of the immediate parent company
BASF-YPC Company Limited	Joint venture of the ultimate parent company
Zhejiang Baling Hengyi Caprolactam Co., Ltd.	Joint venture of the ultimate parent company
Shanghai Sinopec Mitsui Chemicals, Co., Ltd.	Joint venture of the ultimate parent company
Shanghai Changshi Shipping Co., Ltd.	Associate of the ultimate parent company
Shanghai KSD Bulk Solids Engineering Co., Ltd.	Associate of the ultimate parent company
Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd.	Associate of the immediate parent
Shanghai Petroleum & Natural Gas General Company	Associate of the immediate parent
China Sinopec Pipeline Storage and Transportation Co., Ltd.	Associate of the immediate parent

The following is a summary of significant balances and transactions between the Group and its related parties except for the dividends payable as disclosed in note 34.

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

(a) Most of the transactions undertaken by the Group during the year ended 31 December 2024 have been affected on such terms as determined by Sinopec Corp. and relevant PRC authorities.

Sinopec Corp. negotiates and agrees with the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. Sinopec Corp. also owns a widespread petroleum products sales network and possesses a fairly high market share in the domestic petroleum products market, which is subject to extensive regulation by the PRC government.

The Group has entered into a mutual product supply and sales services framework agreement with Sinopec Corp. Pursuant to the agreement, Sinopec Corp. provides the Company with crude oil, other petrochemical raw materials and agent services. On the other hand, the Group provides Sinopec Corp. with petroleum products, petrochemical products and property leasing services.

The pricing policy for these services and products provided under the agreement is as follows:

- if there are applicable State (central and local government) tariffs, the pricing shall follow the State tariffs;
- if there are no State tariffs, but there are applicable State guidance prices, the pricing shall follow the State's guidance prices; or
- if there are no State tariffs or State's guidance prices, the pricing shall be determined in accordance with the prevailing market prices (including any bidding prices).

Transactions between the Group and Sinopec Corp, its subsidiaries and joint ventures during the year ended 31 December 2024 and the year ended 31 December 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Sales of petroleum products	56,941,222	55,836,523
Sales other than petroleum products	7,969,726	11,379,412
Purchases of crude oil	44,548,974	47,447,847
Purchases other than crude oil	7,177,932	12,660,730
Commission expense	48,430	99,026
Rental income	31,849	34,060

33 Related-party transactions *(continued)*

(b) Other transactions between the Group and Sinopec Group and its subsidiaries (excluding Sinopec Corp. and its subsidiaries), associates and joint ventures of the Group during the year ended 31 December 2024 and the year ended 31 December 2023 were as follows:

	2024 RMB'000	2023 RMB'000
Sales of goods and service fee income		
– Sinopec Group and its subsidiaries	139,228	96,805
– Associates and joint ventures of the Group	2,425,651	2,340,177
	2,564,879	2,436,982
Purchases		
– Sinopec Group and its subsidiaries	3,256,009	2,267,497
– Associates and joint ventures of the Group	384,918	1,853,755
	3,640,927	4,121,252
Insurance premium expenses		
– Sinopec Group and its subsidiaries	124,642	114,350
Addition to right-of-use assets		
– Sinopec Group and its subsidiaries	2,388	1,403
Interest expense of lease liabilities		
– Sinopec Group and its subsidiaries	194	492
– Joint ventures of the Group	–	10
	194	502
Interest expense		
– Sinopec Finance	4,852	7,665

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

(b) *(continued)*

	2024 RMB'000	2023 RMB'000
Interest income		
– Sinopec Finance	8	28
– Joint ventures of the Group	–	–
	8	28
Construction and installation cost		
– Sinopec Group and its subsidiaries	116,928	213,613
Rental income		
– Associates and joint ventures of the Group	11,803	15,328
– Sinopec Group and its subsidiaries	479	478
	12,282	15,806
Long-term borrowings repayment		
– Sinopec Finance	700,000	–
Bills discount		
– Sinopec Finance	65,598	–
Issue of acceptance bills		
– Sinopec Finance	2,708,000	–

The directors of the Company are of the opinion that the transactions with Sinopec Corp., its subsidiaries and joint ventures, Sinopec Group and its subsidiaries, associates and joint ventures of the Group as disclosed in notes 33 (a) and 33 (b) were conducted in the ordinary course of business, on normal commercial terms and in accordance with the agreements governing such transactions.

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

(c) The relevant amounts due from/to Sinopec Corp., its subsidiaries and joint ventures, Sinopec Group and its subsidiaries, associates and joint ventures of the Group, arising from purchases, sales and other transactions as disclosed in notes 33 (a) and 33 (b), are summarized as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Amounts due from related parties		
– Sinopec Corp., its subsidiaries and joint ventures	712,042	1,376,284
– Associates and joint ventures of the Group	5,126	77,580
	717,168	1,453,864
Amounts due to related parties		
– Sinopec Corp., its subsidiaries and joint ventures	9,282,363	4,702,463
– Sinopec Group and its subsidiaries	267,422	263,157
– Associates and joint ventures of the Group	41,162	190,178
	9,590,947	5,155,798
Lease liabilities		
– Sinopec Group and its subsidiaries	–	6,506
– Joint ventures of the Group	–	138
	–	6,644
Long-term borrowings		
– Sinopec Finance (note d)	–	700,000

(d) Except for long-term borrowings from Sinopec Finance, the balances with related parties as above are unsecured, interest-free and repayable on demand.

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

(e) Key management personnel compensation, post-employment benefit plans and share options

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 personnel compensations are as follows:

	Year ended 31 December	
	2024	2023
	RMB'000	RMB'000
Short-term employee benefits	11,324	11,659
Post-employment benefits	518	618
	11,842	12,277

(f) Transactions with other state-owned entities in the PRC

The Group is a state-controlled enterprise and operates in an economic regime currently dominated by entities directly or indirectly controlled by the PRC government (collectively referred to as "state-controlled entities") through its government authorities, agencies, affiliations and other organizations.

Apart from transactions with related parties, the Group has transactions with other state-controlled entities which include, but are not limited to, the following:

- sales and purchases of goods and ancillary materials;
- rendering and receiving services;
- lease of assets, purchase of property, plant and equipment;
- placing deposits and obtaining finance; and
- use 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. The Group has established its procurement policies, pricing strategy and approval process for purchases and sales of products and services which do not depend on whether the counterparties are state-controlled entities or not.

(Expressed in Renminbi Yuan unless otherwise indicated)

33 Related-party transactions *(continued)*

(g) Commitments with related parties

(i) Construction and installation cost

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Sinopec Group and its subsidiaries	835,636	810,730

(h) Investment commitments with related parties

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Capital contribution to Baling Materials (i)	–	150,000

(i) Sinopec Baling Petrochemical Co., Ltd. and the Company jointly established Baling Materials on 7 September 2021, each with a cash contribution of RMB400,000 thousand.

In 2024, the Company made a paid-up capital contribution of RMB150,000 thousand. As at 31 December 2024, the Company has made a paid-up capital contribution of RMB400,000 thousand.

Except for the above disclosed in notes 33 (g) and 33 (h), the Group had no other material commitments with related parties as at 31 December 2024, which are contracted, but not included in the financial statements.

(Expressed in Renminbi Yuan unless otherwise indicated)

34 Dividend

(a) Dividends payable to equity shareholders of the Company attributable to the year:

	2024 RMB'000	2023 RMB'000
Final dividend proposed after the end of the reporting period of RMB0.02 per ordinary share (2023: Nil)	211,578	–

The final dividend proposed after the end of the reporting period has not been recognized as a liability at the end of the reporting period.

(b) Dividends payable to equity shareholders of the Company attributable to the previous financial year, approved and paid during the year

	2024 RMB'000	2023 RMB'000
No final dividend in respect of the previous financial year was approved during the year	-	–

35 Commitments

Capital commitments outstanding at 31 December 2024 not provided for in the financial statements were as follows:

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Property, plant and equipment contracted for	3,386,739	1,736,358

(Expressed in Renminbi Yuan unless otherwise indicated)

36 Subsequent event

On 19 March 2025, the Board of Directors proposed to distribute a cash dividend of RMB0.02 (including tax) per share to all the shareholders and it is expected to distribute RMB211,578 thousand. This proposal is yet to be approved by the shareholders' meeting. The dividend distribution plan is based on the number of shares on the dividend registration date. Dividends proposed after the balance sheet date are not recognized as liabilities at the balance sheet date.

37 Statement of financial position and equity movement of the Company

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Non-current assets		
Property, plant and equipment	12,834,016	13,768,613
Investment properties	331,245	348,253
Right-of-use assets	237,462	256,449
Construction in progress	2,064,030	1,192,629
Investments in subsidiaries	2,048,328	2,048,328
Investments accounted for using the equity method	2,654,178	2,420,818
Time deposits with banks	–	2,782,500
Deferred tax assets	1,209,070	1,309,022
Other non-current assets	404,317	637,572
	21,782,646	24,764,184

37 Statement of financial position and equity movement of the Company *(continued)*

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Current assets		
Derivative financial assets	49	–
Inventories	6,301,091	7,514,146
Other receivables	663,847	333,585
Amounts due from related parties	690,966	1,328,638
Prepayments	179,804	38,999
Value added tax recoverable	90	30
Financial assets at fair value through other comprehensive income (FVOCI)	133,082	75,238
Time deposits with banks	3,883,516	500,642
Restricted cash and bank deposits	3,848	
Cash and cash equivalents	8,042,488	4,734,944
	19,898,781	14,526,222
Current liabilities		
Trade and other payables	2,704,277	3,348,573
Contract liabilities	182,348	211,516
Amounts due to related parties	10,884,713	6,155,769
Staff salaries and welfares payable	227,084	316,661
Borrowings	1,500,987	3,700,000
Lease liabilities	471	6,940
Current tax liabilities	1,403,680	1,209,700
	16,903,560	14,949,159
Net current assets/(liabilities)	2,995,221	(422,937)
Total assets less current liabilities	24,777,867	24,341,247

(Expressed in Renminbi Yuan unless otherwise indicated)

37 Statement of financial position and equity movement of the Company *(continued)*

	As at 31 December 2024 RMB'000	As at 31 December 2023 RMB'000
Non-current liabilities		
Interest-bearing borrowings	67,685	–
Lease liabilities	54	539
Deferred income	168,679	30,091
	236,418	30,630
NET ASSETS	24,541,449	24,310,617
CAPITAL AND RESERVES		
Share capital	10,675,228	10,799,286
Reserves	13,866,221	13,511,331
TOTAL EQUITY	24,541,449	24,310,617

Approved and authorized for issue by the Board of Directors on 19 March 2025.

Guo Xiaojun
Director

Du Jun
Director

(Expressed in Renminbi Yuan unless otherwise indicated)

37 Statement of financial position and equity movement of the Company *(continued)*

(a) Movements in components of equity of the Company

	Share capital RMB'000	Legal surplus RMB'000	Capital surplus RMB'000	Surplus reserve RMB'000	Other reserve RMB'000	Hedging RMB'000	Share premium RMB'000	Safety production fund RMB'000	Treasury reserve RMB'000	Retained earnings RMB'000	Total RMB'000
Balance at 1 January 2023	10,823,814	6,571,279	4,180	101,355	(806)	–	106,846	239,689	(25,689)	7,768,002	25,588,670
Total comprehensive income for the year	–	–	–	–	767	45,830	–	–	–	(1,208,241)	(1,161,644)
Amounts transferred from hedging reserve to initial carrying amount of hedged items	–	–	–	–	–	(45,830)	–	–	–	–	(45,830)
Purchase of own shares	–	–	–	–	–	–	–	–	(70,579)	–	(70,579)
Cancellation of repurchased own shares	(24,528)	–	–	–	–	–	(1,161)	–	25,689	–	-
Appropriation of safety production fund	–	–	–	–	–	–	–	58,443	–	(58,443)	-
Balance at 31 December 2023 and 1 January 2024	10,799,286	6,571,279	4,180	101,355	(39)	–	105,685	298,132	(70,579)	6,501,318	24,310,617
Balance at 31 December 2023 and 1 January 2024	10,799,286	6,571,279	4,180	101,355	(39)	-	105,685	298,132	(70,579)	6,501,318	24,310,617
Total comprehensive income for the year	-	-	-	-	3,659	(60,059)	-	-	-	336,719	280,319
Amounts transferred from hedging reserve to initial carrying amount of hedged items	-	-	-	-	-	60,097	-	-	-	-	60,097
Purchase of own shares	-	-	-	-	-	-	-	-	(109,584)	-	(109,584)
Cancellation of repurchased own shares	(124,058)	-	-	-	-	-	54	-	124,004	-	-
Utilization of safety production fund	-	-	-	-	-	-	-	(7,530)	-	7,530	-
Balance at 31 December 2024	10,675,228	6,571,279	4,180	101,355	3,620	38	105,739	290,602	(56,159)	6,845,567	24,541,449

(Expressed in Renminbi Yuan unless otherwise indicated)

38 Benefits and interests of directors and supervisors

(a) Directors' and supervisors' emoluments:

	2024				
	Salaries and other benefits RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Directors' fees RMB'000	Total RMB'000
Executive directors					
Guo Xiaojun *(appointed in June 2024)*	223	30	103	–	356
Zhou Guomin *(appointed in April 2024)*	180	30	93	–	303
Guan Zemin	436	46	757	–	1,239
Du Jun	401	46	677	–	1,124
Huang Xiangyu	283	45	677	–	1,005
Wan Tao *(resigned in April 2024)*	108	12	273	–	393
Non-executive directors					
Xie Zhenglin	–	–	–	–	–
Qin Zhaohui	218	46	787	–	1,051
Independent non-executive directors					
Tang Song	–	–	–	150	150
Chen Haifeng	–	–	–	150	150
Yang Jun	–	–	–	150	150
Zhou Ying	–	–	–	150	150
Huang Jiangdong	–	–	–	150	150
Supervisors					
Zhang Feng	185	40	535	–	760
Chen Hongjun	212	42	572	–	826
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
Xie Li	373	46	658	–	1,077
	2,819	383	5,132	750	9,084

(Expressed in Renminbi Yuan unless otherwise indicated)

38 Benefits and interests of directors and supervisors *(continued)*

(a) Directors' and supervisors' emoluments: *(continued)*

	2023				
	Salaries and other benefits RMB'000	Retirement scheme contributions RMB'000	Discretionary bonuses RMB'000	Directors' fees RMB'000	Total RMB'000
Executive directors					
Wan Tao	431	54	845	–	1,330
Zhou Jijun *(appointed in January 2023, resigned in August 2023)*	225	33	678	–	936
Guan Zemin	435	54	668	-	1,157
Du Jun	393	54	600	–	1,047
Huang Xiangyu	279	54	588	–	921
Non-executive directors					
Xie Zhenglin	–	–	–	–	–
Peng Kun *(resigned in June 2023)*	98	27	318	–	443
Qin Zhaohui *(appointed in June 2023)*	102	24	334	–	460
Independent non-executive directors					
Li Yuanqin *(resigned in June 2023)*	–	–	–	75	75
Tang Song	–	–	–	150	150
Chen Haifeng	–	–	–	150	150
Yang Jun	–	–	–	150	150
Gao Song *(resigned in June 2023)*	–	–	–	75	75
Zhou Ying *(appointed in June 2023)*	–	–	–	75	75
Huang Jiangdong *(appointed in June 2023)*	–	–	–	75	75
Supervisors					
Ma Yanhui *(resigned in May 2023)*	113	19	257	–	389
Zhang Feng	180	46	629	–	855
Chen Hongjun	190	48	649	–	887
Zheng Yunrui	100	–	–	–	100
Cai Tingji	100	–	–	–	100
Xie Li *(appointed in June 2023)*	252	32	441	–	725
	2,898	445	6,007	750	10,100

(Expressed in Renminbi Yuan unless otherwise indicated)

38 Benefits and interests of directors and supervisors *(continued)*

(b) Directors' retirement benefits

No specific retirement benefits were paid to directors in respect of services in connection with the management of the affairs of the Company or its subsidiary undertaking (2023: Nil).

39 Possible impact of amendments, new standards and interpretations issued but not yet effective for the year ended 31 December 2024

Up to the date of issue of these financial statements, the IASB has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2024 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Lack of Exchangeability – Amendments to IAS 21	1 January 2025
Classification and Measurement of Financial Instruments – Amendments to IFRS 9 and IFRS 7	1 January 2026
Annual Improvements to IFRS Accounting Standards -Volume 11	1 January 2026
IFRS 1 Presentation and Disclosure in Financial Statements	1 January 2027
IFRS 19, Subsidiaries without Public Accountability: Disclosures	1 January 2027

The Group is in the process of making an assessment of what the impact of these amendments, new standards and interpretations are expected to be in the period of initial application. So far, the Group has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

KPMG

畢馬威華振審字第2501446號

The Shareholders of Sinopec Shanghai Petrochemical Company Limited:

Opinion

We have audited the accompanying financial statements of Sinopec Shanghai Petrochemical Company Limited ("Sinopec Shanghai"), 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 Sinopec Shanghai as at 31 December 2024, and the consolidated and company financial performance and cash flows of Sinopec Shanghai 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 Sinopec Shanghai 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 net realizable value of raw materials, work in progress and finished goods	
Refer to notes III.11 Inventory, III.33 (1)(a) of the accounting policies to the consolidated financial statements and Note V.7 Inventory to the consolidated financial statements.	
The Key Audit Matter	**How the matter was addressed in our audit**
The Group is principally engaged in processing of crude oil into petroleum products and other chemical products. The crude oil can be processed into various finished goods by different processing procedures. Inventories are valued at the lower of cost and net realizable value. The gross carrying amount of raw materials, work in progress and finished goods, and provision for diminution in value were RMB6,787,854thousand and RMB395,016 thousand, respectively, as at 31 December 2024. The net realizable value is determined based on the estimated selling prices in the ordinary course of business less the estimated costs to completion, estimated selling expenses and relevant taxes necessary to make the sale. We identified the assessment of net realizable value of raw materials, work in progress and finished goods as a key audit matter because evaluation of estimated selling prices of inventories, estimated costs to completion, estimated selling expenses and relevant taxes necessary to make the sale involved a high degree of auditor judgements.	Our audit procedures to assess net realizable value of raw materials, work in progress and finished goods included the following: • Evaluating the design, implementation and operating effectiveness of key internal controls over the process of determination of net realizable value of raw materials, work in progress and finished goods, including controls related to the determination of estimated selling prices, estimated costs to completion, estimated selling expenses and relevant taxes necessary to make the sale; • Evaluating the estimated selling price at the reporting date for a sample of inventory items by comparison of the estimated selling price to the price from publicly available market data and the actual prices of sales transactions subsequent to the reporting date if available; and • Evaluating the estimated costs to completion, estimated selling expenses and relevant taxes necessary to make the sale by comparing with the historical costs to completion and other costs necessary to make the sale for the same type of inventories on a sample basis.

Key audit matters *(continued)*

<table>
<tr><td colspan="2">Assessment of the present value of future cash flow of certain production facilities</td></tr>
<tr><td colspan="2">Refer to notes III.14 Fixed Assets, III.33 (1)(b) of the accounting policies to the consolidated financial statements and Note V.12 Fixed Assets to the consolidated financial statements.</td></tr>
<tr><td>The Key Audit Matter</td><td>How the matter was addressed in our audit</td></tr>
<tr><td>The consolidated carrying amount of fixed assets was RMB13,216,426 thousand as of 31 December 2024, a portion of which related to certain intermediate petrochemicals production facilities under chemical products segment ("certain production facilities"). At the end of each reporting period, if any indication of impairment exists, the Group estimates the recoverable amount of an asset, or a cash-generating unit, at the higher of its fair value less costs of disposal and its present value of future cash flow, to determine the impairment losses. The Group's estimated present value of future cash flow includes assumptions on product sales growth rates, related costs growth rates ("forecasted growth rates") and discount rate.

We identified the assessment of the present value of future cash flow of certain production facilities as a key audit matter because high degree of subjectivity and auditor judgment was involved to evaluate the forecasted growth rates and the discount rate used to estimate the present value of future cash flow of these assets. The forecasted growth rates and the discount rate were challenging to test as minor changes to those assumptions would have a significant effect on the Group's assessment of the present value of future cash flow of these assets. In addition, specialized skills and knowledge were required to assess the discount rate used to estimate the present value of future cash flow of these assets.</td><td>Our audit procedures to assess the present value of future cash flow of certain production facilities included the following:

• Evaluating the design, implementation and operating effectiveness of key internal controls related to the process in assessing the present value of future cash flow of certain production facilities, including controls related to the determination of the forecasted growth rates and the discount rate;

• Assessing the forecasted growth rates adopted in the Group's the present value of future cash flow assessment by comparing them with historical results, future operation plans and external market data;

• Involving valuation professionals with specialized skills and knowledge assisted in evaluating the discount rate used by comparing it against discount rate that was independently developed using publicly available industry data; and

• Performing sensitivity analysis over the forecasted growth rates and the discount rate assumptions to assess their impact on the certain production facilities' impairment assessment.</td></tr>
</table>

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 Management and Those Charged with Governance for the consolidated 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 Sinopec Shanghai'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 Sinopec Shanghai or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Sinopec Shanghai'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:

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

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

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

(4) Conclude on the appropriateness of 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 Sinopec Shanghai'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 Sinopec Shanghai to cease to continue as a going concern.

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

Auditor's Responsibilities for the Audit of the Financial Statements *(continued)*

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

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

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and 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

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

Wang Wenli (Engagement Partner)

Beijing, China

Zhang Lin
19 March 2025

Consolidated and Company Balance Sheets

As at 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

Assets	Note	31 December 2024 Consolidated	31 December 2023 Consolidated	31 December 2024 Company	31 December 2023 Company
Current Assets					
Cash at bank and on hand	V.1	12,096,477	5,607,013	11,929,852	5,235,586
Derivative financial assets	V.2	49	–	49	–
Accounts receivable	V.3, XIII.1	701,587	1,448,947	675,871	1,324,693
Receivables under financing	V.4, XIII.2	388,230	236,487	133,082	75,238
Prepayments	V.5	146,453	32,536	138,538	31,176
Other receivables	V.6, XIII.3	690,537	352,064	677,980	336,033
Inventories	V.7	6,552,263	7,751,687	6,301,091	7,514,146
Other current assets	V.8	57,543	26,098	42,318	9,350
Total Current Assets		20,633,139	15,454,832	19,898,781	14,526,222
Non-Current Assets					
Long-term equity investments	V.9, XIII.4	3,559,573	3,351,941	4,817,393	4,594,033
Investments in other equity instruments		3,872	3,869	–	–
Other non-current financial assets	V.10	36,500	36,500	–	–
Investment properties	V.11	305,142	321,037	331,245	348,253
Fixed assets	V.12, XIII.5	13,216,426	14,190,827	12,846,019	13,782,626
Construction in progress	V.13	2,064,067	1,200,602	2,064,030	1,192,629
Right-of-use assets	V.14	1,435	8,295	603	7,303
Intangible assets	V.15	332,704	352,672	236,859	249,146
Long-term deferred expenses	V.16	404,520	641,328	404,317	637,572
Deferred tax assets	V.17	1,211,961	1,313,841	1,209,070	1,309,022
Other non-current assets	V.18	–	2,782,500	–	2,782,500
Total Non-current Assets		21,136,200	24,203,412	21,909,536	24,903,084
Total Assets		41,769,339	39,658,244	41,808,317	39,429,306

The notes on pages 291 to 453 form part of these financial statements.

As at 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

Liabilities and shareholders' equity	Note	31 December 2024 Consolidated	31 December 2023 Consolidated	31 December 2024 Company	31 December 2023 Company
Current Liabilities					
Short-term loans	V.20	1,500,940	3,000,000	1,500,940	3,000,000
Bills payable	V.21	9,047,594	1,535,334	8,997,172	1,492,983
Accounts payable	V.22	2,730,914	6,296,912	2,128,040	5,731,500
Contract liabilities	V.23	248,900	335,006	196,123	223,517
Employee benefits payable	V.24	232,725	322,265	227,084	316,661
Taxes payable	V.25	1,388,147	1,187,075	1,378,187	1,175,345
Other payables	V.26	1,107,071	1,144,683	2,450,003	2,267,858
Non-current liabilities due within one year	V.27	1,159	707,515	518	706,940
Other current liabilities	V.28	31,597	43,819	25,493	34,355
Total Current Liabilities		16,289,047	14,572,609	16,903,560	14,949,159
Non-Current Liabilities					
Long-term loans	V.29	67,685	–	67,685	–
Lease liabilities	V.30	192	942	54	539
Deferred income	V.31	238,679	110,222	238,679	110,091
Deferred tax liabilities	V.17	29,241	31,564	–	–
Total Non-Current Liabilities		335,797	142,728	306,418	110,630
Total Liabilities		16,624,844	14,715,337	17,209,978	15,059,789

The notes on pages 291 to 453 form part of these financial statements.

As at 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

Liabilities and shareholders' equity	Note	31 December 2024 Consolidated	31 December 2023 Consolidated	31 December 2024 Company	31 December 2023 Company
Shareholders' equity					
Share capital	I, V.32	10,675,228	10,799,286	10,675,228	10,799,286
Capital reserve	V.33	621,460	609,166	599,661	599,607
Less: Treasury stock	V.34	56,159	70,579	56,159	70,579
Other comprehensive income	V.35	2,812	(887)	3,658	(39)
Specific reserve	V.36	290,607	298,137	290,602	298,132
Surplus reserve	V.37	6,672,634	6,672,634	6,672,634	6,672,634
Retained earnings	V.38	6,833,672	6,517,172	6,412,715	6,070,476
Total equity attributable to shareholders of the Company		25,040,254	24,824,929	24,598,339	24,369,517
Non-controlling interests	V.39	104,241	117,978	–	–
Total Shareholders' Equity		25,144,495	24,942,907	24,598,339	24,369,517
Total Liabilities and Shareholders' Equity		41,769,339	39,658,244	41,808,317	39,429,306

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun
Chairman

Du Jun
Director and Chief Financial Officer

Fu Hejuan
Accounting Chief

The notes on pages 291 to 453 form part of these financial statements.

Consolidated and Company Income Statements

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

		Twelve months ended 31 December		Twelve months ended 31 December	
		2024	2023	2024	2023
	Note	Consolidated	Consolidated	Company	Company
I. Operating income	V.40, XIII.6	87,132,820	93,013,595	79,956,204	84,403,440
Less: Operating costs	V.40, XIII.6	72,045,290	79,157,873	65,022,327	70,708,913
Taxes and surcharges	V.41	12,777,797	12,853,851	12,764,539	12,839,974
Selling and distribution expenses	V.42	224,141	315,853	160,361	234,241
General and administrative expenses	V.43	1,583,632	1,827,268	1,484,001	1,681,307
Research and development expenses	V.44	173,953	186,978	173,953	181,627
Financial expenses ("-" for income)	V.45	(171,454)	(228,627)	(173,860)	(214,986)
Including: Interest expense		114,987	145,313	114,842	143,817
Interest income		309,542	383,988	297,122	359,483
Add: Other income	V.46	35,387	38,095	32,872	35,145
Investment income ("-" for losses)	V.47, XIII.7	174,984	(155,531)	156,982	(86,986)
Including: Gains/(losses) from investment in associates and joint ventures		169,579	(151,128)	139,334	(197,997)
Gains from changes in fair value ("-" for losses)	V.48	–	10,000	–	–
Credit losses ("-" for losses)	V.49	51	5,455	51	4,010
Impairment losses ("-" for losses)	V.50	(285,929)	(476,569)	(285,929)	(476,150)
Gains from asset disposals ("-" for losses)	V.51	42,310	923	42,992	492
II. Operating profit ("-" for loss)		466,264	(1,677,228)	471,851	(1,551,125)
Add: Non-operating income	V.52	37,968	39,337	37,585	29,575
Less: Non-operating expenses	V.53	75,397	77,245	66,872	68,975
III. Profit before income tax ("-" for loss)		428,835	(1,715,136)	442,564	(1,590,525)
Less: Income tax expenses/(benefits)	V.54	106,318	(306,093)	100,325	(321,831)

The notes on pages 291 to 453 form part of these financial statements.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Twelve months ended 31 December 2024 Consolidated	Twelve months ended 31 December 2023 Consolidated	Twelve months ended 31 December 2024 Company	Twelve months ended 31 December 2023 Company
IV. Net profit ("-" for net loss)		322,517	(1,409,043)	342,239	(1,268,694)
(1) Net profit classified by continuity of operations:					
1. Net profit from continuing operations ("-" for net losses)		322,517	(1,409,043)	342,239	(1,268,694)
2. Net profit from discontinued operations ("-" for net losses)		–	–	–	–
(2) Net profit classified by ownership:					
1. Shareholders of the Company ("-" for net losses)	V.38	316,500	(1,405,876)	–	–
2. Non-controlling interests ("-" for net losses)		6,017	(3,167)	–	–
V. Other comprehensive income, net of tax		(56,398)	45,749	(56,400)	46,597
(1) Other comprehensive income (net of tax) attributable to shareholders of the Company		(56,398)	45,749	(56,400)	46,597
Items that will not be reclassified to profit or loss		2	(848)	–	–
(1) Changes in fair value of the investment of other equity instruments		2	(848)	–	–
Items that may be reclassified to profit or loss		(56,400)	46,597	(56,400)	46,597
(1) Other comprehensive income recognized under equity method		3,659	767	3,659	767
(2) Cash flow hedge reserve	V.35	(60,059)	45,830	(60,059)	45,830
(2) Other comprehensive income (net of tax) attributable to non-controlling interests		–	–	–	–

The notes on pages 291 to 453 form part of these financial statements.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

		Note	Twelve months ended 31 December		Twelve months ended 31 December	
			2024	2023	2024	2023
			Consolidated	Consolidated	Company	Company
VI.	**Total comprehensive income**		266,119	(1,363,294)	285,839	(1,222,097)
	(1) Attributable to shareholders of the Company		260,102	(1,360,127)	–	–
	(2) Attributable to non-controlling interests		6,017	(3,167)	–	–
VII.	**Gains per share**					
	(1) Basic gains/(losses) per share (RMB Yuan)	V.55	0.030	(0.130)	–	–
	(2) Diluted gains/(losses) per share (RMB Yuan)	V.55	0.030	(0.130)	–	–

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun
Chairman

Du Jun
Director and Chief Financial Officer

Fu Hejuan
Accounting Chief

The notes on pages 291 to 453 form part of these financial statements.

Consolidated and Company Cash Flow Statements

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Twelve months ended 31 December		Twelve months ended 31 December	
		2024	2023	2024	2023
		Consolidated	Consolidated	Company	Company
I. Cash flows generated from from operating activities					
Proceeds from sale of goods and rendering of services		96,085,387	103,063,526	88,474,535	93,695,004
Refund of taxes		80,368	666,304	21,301	480,747
Proceeds from other operating activities	V.57	508,359	503,995	688,353	254,409
Sub-total of cash inflows		96,674,114	104,233,825	89,184,189	94,430,160
Payment for goods and services		(71,923,652)	(86,719,356)	(64,415,868)	(77,483,378)
Payment to and for employees		(3,214,407)	(3,471,720)	(3,059,629)	(3,250,280)
Payment of various taxes		(13,470,624)	(12,659,264)	(13,421,590)	(12,593,700)
Payment for other operating activities	V.57	(324,984)	(576,489)	(313,539)	(360,831)
Sub-total of cash outflows		(88,933,667)	(103,426,829)	(81,210,626)	(93,688,189)
Net cash flows generated from operating activities	V.57, XIII.8	7,740,447	806,996	7,973,563	741,971
II. Cash flows (used in)/generated from investing activities					
Proceeds from capital reduction of an associate	V.57	–	50,000	–	–
Cash received from returns on investments	V.57	115,606	92,091	85,119	159,569
Net cash received from disposal of fixed assets and other long-term assets		167,575	281,351	161,936	283,304
Proceeds from other investing activities	V.57	721,306	3,202,802	518,755	3,197,022
Sub-total of cash inflows		1,004,487	3,626,244	765,810	3,639,895
Payment for acquisition of fixed assets, intangible assets and other long-term assets		(1,905,621)	(1,615,369)	(1,902,034)	(1,601,340)
Cash paid to acquire investments	V.57	(150,000)	(26,500)	(150,000)	–
Payment for other investing activities	V.57	(1,000,000)	–	(1,000,000)	–
Sub-total of cash outflows		(3,055,621)	(1,641,869)	(3,052,034)	(1,601,340)
Net cash flows (used in)/generated from investing activities		(2,051,134)	1,984,375	(2,286,224)	2,038,555

The notes on pages 291 to 453 form part of these financial statements.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Twelve months ended 31 December 2024 Consolidated	2023 Consolidated	Twelve months ended 31 December 2024 Company	2023 Company
III. Cash flows (used in)/generated from financing activities					
Proceeds from borrowings		17,567,685	33,544,998	17,567,685	33,499,998
Sub-total of cash inflows		17,567,685	33,544,998	17,567,685	33,499,998
Repayments of borrowings		(19,700,000)	(32,094,998)	(19,700,000)	(31,999,998)
Payment for dividends, profit distributions or interest		(105,364)	(152,096)	(97,850)	(144,083)
Including: Dividends paid by subsidiaries to non-controlling interests		(7,514)	(6,534)	–	–
Payment for other financing activities	V.57	(150,956)	(74,779)	(149,630)	(73,036)
Sub-total of cash outflows		(19,956,320)	(32,321,873)	(19,947,480)	(32,217,117)
Net cash flows (used in)/generated from financing activities		(2,388,635)	1,223,125	(2,379,795)	1,282,881
IV. Effect of foreign exchange rate changes on cash and cash equivalents		2,067	2,459	–	–
V. Net increase in cash and cash equivalents ("-" for decrease)		3,302,745	4,016,955	3,307,544	4,063,407
Add: Cash and cash equivalents at the beginning of the period	V.58, XIII.8	4,906,368	889,413	4,734,945	671,538
VI. Cash and cash equivalents at the end of the period	V.58, XIII.8	8,209,113	4,906,368	8,042,489	4,734,945

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*

The notes on pages 291 to 453 form part of these financial statements.

Consolidated statement of Changes in Shareholders' Equity

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

		Attributable to equity shareholders of the Company									
	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total
I. Balance at 1 January 2024		10,799,286	609,166	70,579	(887)	298,137	6,672,634	6,517,172	24,824,929	117,978	24,942,907
II. Changes in equity from 1 December 2024 to 31 December 2024 ("-" for decreases)											
(1) Total comprehensive income											
1. Net profit ("-" for net loss)		-	-	-	-	-	-	316,500	316,500	6,017	322,517
2. Other comprehensive income	V.35	-	-	-	(56,398)	-	-	-	(56,398)	-	(56,398)
(2) The capital of shareholders' reduction											
1. Treasury stock repurchase		-	-	109,584	-	-	-	-	(109,584)	-	(109,584)
2. Cancellation of treasury stock repurchase	V.34	(124,058)	54	(124,004)	-	-	-	-	-	-	-
3. Purchase of equity interests from non-controlling interests	V.39	-	12,240	-	-	-	-	-	12,240	(12,240)	-
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	V.35	-	-	-	60,097	-	-	-	60,097	-	60,097
(4) Appropriation of profits											
1. Distributions to shareholders		-	-	-	-	-	-	-	-	(7,514)	(7,514)
(5) Specific reserve											
1. Accrued	V.36	-	-	-	-	182,363	-	-	182,363	-	182,363
2. Utilized	V.36	-	-	-	-	(189,893)	-	-	(189,893)	-	(189,893)
III. Balance at 31 December 2024		10,675,228	621,460	56,159	2,812	290,607	6,672,634	6,833,672	25,040,254	104,241	25,144,495

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun
Chairman

Du Jun
Director and Chief Financial Officer

Fu Hejuan
Accounting Chief

The notes on pages 291 to 453 form part of these financial statements.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

		Attributable to equity shareholders of the Company									
	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Sub-total	Non-controlling interests	Total
I. Balance at 1 January 2023		10,823,814	610,327	25,689	(806)	240,418	6,672,639	7,923,002	26,243,705	127,681	26,371,386
Add: Changes in accounting policies		–	–	–	–	–	(5)	46	41	(2)	39
Adjusted balance at the beginning of the current period		10,823,814	610,327	25,689	(806)	240,418	6,672,634	7,923,048	26,243,746	127,679	26,371,425
II. Changes in from 1 January 2023 to 31 December 2023 ("-" for decreases)											
(1) Total comprehensive income											
1. Net profit ("-" for net loss)		–	–	–	–	–	–	(1,405,876)	(1,405,876)	(3,167)	(1,409,043)
2. Other comprehensive income	V.35	–	–	–	45,749	–	–	–	45,749	–	45,749
(2) The capital of shareholders' reduction											
1. Treasury stock repurchase		–	–	70,579	–	–	–	–	(70,579)	–	(70,579)
2. Cancellation of treasury stock repurchase	V.34	(24,528)	(1,161)	(25,689)	–	–	–	–	–	–	–
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items	V.35	–	–	–	(45,830)	–	–	–	(45,830)	–	(45,830)
(4) Appropriation of profits											
1. Distributions to shareholders		–	–	–	–	–	–	–	–	(6,534)	(6,534)
(5) Specific reserve											
1. Accrued	V.36	–	–	–	–	153,920	–	–	153,920	–	153,920
2. Utilized	V.36	–	–	–	–	(96,201)	–	–	(96,201)	–	(96,201)
III. Balance at 31 December 2023		10,799,286	609,166	70,579	(887)	298,137	6,672,634	6,517,172	24,824,929	117,978	24,942,907

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun
Chairman

Du Jun
Director and Chief Financial Officer

Fu Hejuan
Accounting Chief

The notes on pages 291 to 453 form part of these financial statements.

Statement of Changes in Shareholders' Equity

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at the beginning of 1 January 2024		10,799,286	599,607	70,579	(39)	298,132	6,672,634	6,070,476	24,369,517
II. Changes in from 1 January 2024 to 31 December 2024 ("-" for decreases)									
(1) Total comprehensive income									
1. Net profit ("-" for net loss)		–	–	–	–	–	–	342,239	342,239
2. Other comprehensive income		–	–	–	(56,400)	–	–	–	(56,400)
(2) Shareholders' contributions and decreases in capital									
1. Treasury stock repurchase		–	–	109,584	–	–	–	–	(109,584)
2. Cancellation of treasury stock repurchase		(124,058)	54	(124,004)	–	–	–	–	–
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	–	–	60,097	–	–	–	60,097
(4) Specific reserve									–
1. Accrued		–	–	–	–	174,231	–	–	174,231
2. Utilized		–	–	–	–	(181,761)	–	–	(181,761)
III. Balance at 31 December 2024		10,675,228	599,661	56,159	3,658	290,602	6,672,634	6,412,715	24,598,339

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun	**Du Jun**	**Fu Hejuan**
Chairman	*Director and Chief Financial Officer*	*Accounting Chief*

The notes on pages 291 to 453 form part of these financial statements.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

	Note	Share capital	Capital reserve	Less: Treasury stock	Other comprehensive income	Specific reserve	Surplus reserve	Retained earnings	Total
I. Balance at 1 January 2023		10,823,814	600,768	25,689	(806)	239,689	6,672,639	7,339,125	25,649,540
Add: Changes in accounting policies		–	–	–	–	–	(5)	45	40
Adjusted balance at the beginning of the current period		10,823,814	600,768	25,689	(806)	239,689	6,672,634	7,339,170	25,649,580
II. Changes in from 1 January 2023 to 31 December 2023 ("-" for decreases)									
(1) Total comprehensive income									
1. Net profit ("-" for net loss)		–	–	–	–	–	–	(1,268,694)	(1,268,694)
2. Other comprehensive income		–	–	–	46,597	–	–	–	46,597
(2) Shareholders' decreases in capital									
1. Treasury stock repurchase		–	–	70,579	–	–	–	–	(70,579)
2. Cancellation of treasury stock repurchase		(24,528)	(1,161)	(25,689)	–	–	–	–	–
(3) Amounts transferred from hedging reserve to initial carrying amount of hedged items		–	–	–	(45,830)	–	–	–	(45,830)
(4) Specific reserve									
1. Accrued		–	–	–	–	146,458	–	–	146,458
2. Utilized		–	–	–	–	(88,015)	–	–	(88,015)
III. Balance at 31 December 2023		10,799,286	599,607	70,579	(39)	298,132	6,672,634	6,070,476	24,369,517

These financial statements were approved by the Board of Directors of the Company on 19 March 2025.

Guo Xiaojun
Chairman

Du Jun
Director and Chief Financial Officer

Fu Hejuan
Accounting Chief

The notes on pages 291 to 453 form part of these financial statements.

I. General information

Sinopec Shanghai Petrochemical Company Limited ("the Company"), formerly Shanghai Petrochemical Company Limited, was established in the People's Republic of China ("the PRC") on 29 June 1993 with registered capital of RMB4,000,000,000, invested by its holding company-China National Petrochemical Corporation ("Sinopec Group"); these shares were converted from assets of former Shanghai Petrochemical Complex.

H shares were listed on the Hong Kong Stock Exchange on 26 July 1993 and listed on the New York Stock Exchange in the form of American Depositary Shares at the same time; the A shares were listed on the Shanghai Stock Exchange on 8 November 1993.

Sinopec Group completed its reorganisation on 25 February 2000. After the reorganisation, China Petroleum & Chemical Corporation ("Sinopec Corp.") was established. As part of the reorganisation, Sinopec Group transferred its 4,000,000,000 of the Company's state-owned legal shares, which represented 55.56 percent of the issued share capital of the Company, to Sinopec Corp. Sinopec Corp. became the largest shareholder of the Company. The Company changed its name to Sinopec Shanghai Petrochemical Company Limited on 12 October 2000.

Additionally, A shares of RMB14,176,600 and RMB9,636,900 were registered on 27 September 2017 and 12 January 2018.

On 12 August 2022, the Company announced its voluntary delisting of American Depositary Receipts from the New York Stock Exchange. On 26 August 2022, the Group submitted Form 25 to the U. S. Securities and Exchange Commission to delist and deregister the Group's American Depositary Receipts. On 6 September 2022, the Group's American Depositary Receipts were delisted from the New York Stock Exchange. On 15 March 2024, the Group submitted Form 15F to the U. S. Securities and Exchange Commission to deregister the Group's American Depositary Receipts and terminate reporting obligations. The form became effective 90 days after submission.

On 22 June 2022, the 2021 General Meeting of shareholders, the 2022 Second General Meeting of A-share Shareholders, and the 2022 Second General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, at 17 February 2023 the Company cancelled 24,528,000 H-shares that had been repurchased, accounting for 0.23% of the total issued shares of the Company.

On 28 June 2023, the 2022 General Meeting of shareholders, the 2023 First General Meeting of A-share Shareholders, and the 2023 First General Meeting of H-share Shareholders approved the proposal to authorize the board of directors to repurchase domestic shares or overseas listed foreign shares of the Company. According to this authorization, on 17 June 2024 the Company cancelled all 124,058,000 H-shares that had been repurchased, accounting for 1.15% of the total issued shares of the Company.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

I. General information *(continued)*

As of 31 December 2024, total share capital of the Company was RMB10,675,227,500, with RMB1 Yuan per share. Detailed changes to share capital refers to Note V.32.

The Company and its subsidiaries ("the Group") is a highly integrated entity which processes crude oil into synthetic fibres, resins and plastics, intermediate petrochemicals and petroleum products.

Details of the Company's principal subsidiaries are set out in Note VI.

II. Basis of preparation

The financial statements have been prepared on the going concern basis.

III. Summary of significant accounting policies and accounting estimates

Accounting policies for the provision for the recognition and measurement of bad debt provisions for receivables, the measurement of inventory issuance and the depreciation of fixed assets of the Group are adopted according to the specific characteristics of the Group's operations. Please refer to the relevant notes on accounting policies.

1. Statement of compliance

The financial statements have been prepared in accordance with the requirements of Accounting Standards for Business. These financial statements present truly and completely the consolidated financial position and financial position of the Company as of 31 December 2024, and the consolidated financial performance and financial performance and the consolidated cash flows and cash flows of the Company for the year from 1 January 2024 to 31 December 2024.

These financial statements also comply with the disclosure requirements of "Regulation on the Preparation of Information Disclosures by Companies Issuing Securities, No.15: General Requirements for Financial Reports" as revised by the China Securities Regulatory Commission ("CSRC") in 2023.

2. Accounting period

The Company's accounting year starts on 1 January and ends on 31 December.

3. Operating cycle

The Company takes the period from the acquisition of assets for processing to until the ultimate realization of cash or cash equivalents as a normal operating cycle. The operating cycle of the Company is usually less than 12 months.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

4. Functional currency

The Company's functional currency is Renminbi and these financial statements are presented in Renminbi. Functional currency is determined by the Company and its subsidiaries on the primary economic environment in which they operate.

5. Method for determining materiality standards and basis for selection

Item	Materiality standards
Significant construction in progress	Amount at the end of the period or change during the year of construction projects in progress ≥ RMB30 million
Significant joint arrangements or associates	Carrying amount of long-term equity investment or the impact of the current year's income statement ≥ RMB30 million
Significant non-wholly-owned subsidiaries	Amount at the end of the period or change during the period of minority shareholder equity ≥ RMB30 million

6. Accounting treatments for business combinations involving entities under common control and not under common control

A transaction constitutes a business combination when the Group obtains control of one or more entities (or a group of assets or net assets). Business combination is classified as either business combinations involving enterprises under common control or business combinations not involving enterprises under common control.

For a transaction not involving enterprises under common control, the acquirer determines whether acquired set of assets constitute a business. The Group may elect to apply the simplified assessment method, the concentration test, to determine whether an acquired set of assets is not a business. If the concentration test is met and the set of assets is determined not to be a business, no further assessment is needed. If the concentration test is not met, the Group shall perform the assessment according to the guidance on the determination of a business.

When the set of assets the Group acquired does not constitute a business, acquisition costs should be allocated to each identifiable assets and liabilities at their acquisition-date fair values. It is not required to apply the accounting of business combination described as below.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

6. Accounting treatments for business combinations involving entities under common control and not under common control *(continued)*

(1) Business combinations involving entities under common control

A business combination involving entities under common control is a business combination in which all of the combining entities are ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory. The assets acquired and liabilities assumed are measured based on their carrying amounts in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the share of carrying amount of the net assets acquired and the consideration paid for the combination (or the total par value of shares issued) is adjusted against share premium in the capital reserve, with any excess deducted from surplus reserve and retained earnings sequentially. Any costs directly attributable to the combination are recognized in profit or loss when incurred. The combination date is the date on which one combining entity obtains control of other combining entities. Transaction costs associated with the issue of equity or debt securities for the business combination are included in the initially recognized amounts of the equity or debt securities.

(2) Business combinations involving entities not under common control

A business combination involving entities not under common control is a business combination in which all of the combining entities are not ultimately controlled by the same party or parties both before and after the business combination. Where (1) the aggregate of the acquisition-date fair value of assets transferred (including the acquirer's previously held equity interest in the acquiree), liabilities incurred or assumed, and equity securities issued by the acquirer, in exchange for control of the acquiree, exceeds (2) the acquirer's interest in the acquisition-date fair value of the acquiree's identifiable net assets, the difference is recognized as goodwill after taking into account def erred tax impact. If (1) is less than (2), the difference is recognized in profit or loss for the current period. The costs of issuing equity or debt securities as a part of the consideration for the acquisition are included in the carrying amounts of these equity or debt securities upon initial recognition. Acquisition-related costs are expensed when incurred. Any difference between the fair value and the carrying amount of the assets transferred as consideration is recognized in profit or loss. The acquiree's identifiable asset, liabilities and contingent liabilities, if the recognition criteria are met, are recognized by the Group at their acquisition-date fair value. The acquisition date is the date on which the acquirer obtains control of the acquiree.

III. Summary of significant accounting policies and accounting estimates *(continued)*

7. Judgmental criteria for control and consolidated financial statements

(1) General principles

The scope of consolidated financial statements is based on control and the consolidated financial statements comprise the Company and its subsidiaries. Control exists when the investor has all of following: power over the investee; exposure, or rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial position, financial performance and cash flows of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Intra-group balances and transactions, and any unrealized profit or loss arising from intra-group transactions, are eliminated when preparing the consolidated financial statements. Unrealized losses resulting from intra-group transactions are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognized in the financial statements. Unrealized profits and losses resulting from the sale of assets by a subsidiary to the Company are eliminated and allocated between net profit attributable to owners of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. Unrealized profits and losses resulting from the sale of assets by one subsidiary to another are eliminated and allocated between net profit attributable to owners of the parent and non-controlling interests in accordance with the allocation proportion of the parent in the subsidiary. If the accounting treatment of a transaction which considers the Group as an accounting entity is different from that considers the Company or its subsidiaries as an accounting entity, it is adjusted from the perspective of the Group.

(2) Subsidiaries acquired through a business combination

Where a subsidiary was acquired 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 based on the carrying amounts of the assets and liabilities of the subsidiary in the financial statements of the ultimate controlling party as if the combination had occurred at the date that the ultimate controlling party first obtained control. The opening balances and the comparative figures of the consolidated financial statements are also restated.

Where a subsidiary was acquired during the reporting period, through a business combination involving entities not under common control, the identifiable assets and liabilities of the acquired subsidiaries are included in the scope of consolidation from the date that control commences, based on the fair value of those identifiable assets and liabilities at the acquisition date.

III. Summary of significant accounting policies and accounting estimates *(continued)*

7. Judgmental criteria for control and consolidated financial statements *(continued)*

(3) Disposal of subsidiaries

When the Group loses control over a subsidiary, any resulting disposal gains or losses are recognized as investment income for the current period. The remaining equity interests is re-measured at its fair value at the date when control is lost, any resulting gains or losses are also recognized as investment income for the current period.

(4) Changes in non-controlling interests

Where the Company acquires a non-controlling interest from a subsidiary's non-controlling shareholders or disposes of a portion of an interest in a subsidiary without a change in control, the difference between the proportion interests of the subsidiary's net assets being acquired or disposed and the amount of the consideration paid or received is adjusted to the capital reserve (share premium) in the consolidated balance sheet, with any excess write down surplus reserve and retained earnings in turn.

8. Cash and cash equivalents

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

9. Foreign currency transactions

When the Group receives capital in foreign currencies from investors, the capital is translated to Renminbi at the spot exchange rate at the date of the receipt. Other foreign currency transactions are, on initial recognition, translated to Renminbi at the spot exchange rates on the dates of the transactions.

Monetary items denominated in foreign currencies are translated to Renminbi at the spot exchange rate at the balance sheet date. The resulting exchange differences are generally recognized in profit or loss, unless they arise from the re-translation of the principal and interest of specific borrowings for the acquisition of qualifying assets (see Note III.16). Non monetary foreign currency items measured at fair value are translated at the spot exchange rate on the date when the fair value is determined. The resulting exchange difference is the difference of equity instrument investment measured at fair value with changes included in other comprehensive income and included in other comprehensive income; Other differences are included in current profits and losses. Non-monetary items that are measured at historical cost in foreign currencies are translated to Renminbi using the exchange rate at the transaction date. Effect of foreign exchange rate changes on cash is presented separately in the cash flow statement.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments

Financial instruments include cash at bank and on hand, account receivables, accounts receivable financing, other equity instrument investments, other non-current financial assets, account payables, borrowings, and share capital, etc.

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

A financial asset or financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of a financial instrument.

A financial asset or financial liability is measured initially at fair value. For financial assets and financial liabilities at fair value through profit or loss, any related directly attributable transaction costs are charged to profit or loss; for other categories of financial assets and financial liabilities, any related directly attributable transaction costs are included in their initial costs. A trade receivable, without significant financing component or practical expedient applied for one year or less contracts, is initially measured at the transaction price in accordance with Note III.22.

(2) Classification and subsequent measurement of financial assets

(a) Classification of financial assets

The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. On initial recognition, a financial asset is classified as measured at amortized cost, at fair value through other comprehensive income ("FVOCI"), or at fair value through profit or loss ("FVTPL").

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(2) Classification and subsequent measurement of financial assets *(continued)*

(a) Classification of financial assets (continued)

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

– it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

– its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income, and listed them as other equity instrument investments. This election is made on an investment-by-investment basis. The instrument meets the definition of equity from the perspective of the issuer. The relevant dividend income of such financial assets is included in the current profit and loss.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL.

The business model refers to how the Group manages its financial assets in order to generate cash flows. That is, the Group's business model determines whether cash flows will result from collecting contractual cash flows, selling financial assets or both. The Group determines the business model for managing the financial assets according to the facts and based on the specific business objective for managing the financial assets determined by the Group's key management personnel.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs, as well as a profit margin. The Group also assesses whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(2) Classification and subsequent measurement of financial assets *(continued)*

(b) Subsequent measurement of financial assets

– Financial assets at FVTPL

These financial assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss unless the financial assets are part of a hedging relationship. Those maturing more than one year from the balance sheet date and expected to be held for more than one year shall be listed as other non-current financial assets, while the rest shall be listed as trading financial assets.

– Financial assets at amortized cost

These assets are subsequently measured at amortized cost using the effective interest method. A gain or loss on a financial asset that is measured at amortized cost and is not part of a hedging relationship shall be recognized in profit or loss when the financial asset is derecognized, through the amortization process or to recognize impairment gains or losses. Such financial assets mainly include cash at bank and on hand, accounts receivable, other receivables and investments in debt securities, etc.

– Debt investments at FVOCI

These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, impairment and foreign exchange gains and losses are recognized in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to profit or loss. Such financial assets mainly include receivables under financing, other debt investments, etc.

– Equity investments at FVOCI

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss. Other net gains and losses are recognized in other comprehensive income. On derecognition, gains and losses accumulated in other comprehensive income are reclassified to retained earnings.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(3) Classification and subsequent measurement of financial liabilities

Financial liabilities are classified as measured at FVTPL, or financial liabilities measured at amortized cost.

– Financial liabilities at FVTPL

A financial liability is classified as at FVTPL if it is classified as held-for-trading (including derivative financial liability) or it is designated as such on initial recognition.

Financial liabilities at FVTPL are subsequently measured at fair value and net gains and losses are recognized in profit or loss, unless the financial liabilities are part of a hedging relationship.

– Financial liabilities measured at amortized cost

These financial liabilities are subsequently measured at amortized cost using the effective interest method.

The financial liabilities of the Group are mainly financial liabilities measured by amortized cost, including bills payable and accounts payable, other payables, borrowings, etc. Such financial liabilities are initially measured according to their fair value after deducting transaction costs and are subsequently measured by the effective interest rate method. Where the term is less than one year (including one year), it shall be listed as current liabilities; If the term is more than one year, but the term is due within one year (including one year) from the balance sheet date, it shall be listed as non-current liabilities that are due within one year; The rest are shown as non-current liabilities.

(4) Offsetting

Financial assets and financial liabilities are generally presented separately in the balance sheet and are not offset. However, a financial asset and a financial liability are offset and the net amount is presented in the balance sheet when both of the following conditions are satisfied:

– the Group currently has a legally enforceable right to set off the recognized amounts;

– the Group intends either to settle on a net basis, or to realize the financial asset and settle the financial liability simultaneously.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(5) Derecognition of financial assets and financial liabilities

Financial asset is derecognized when one of the following conditions is met:

– the Group's contractual rights to the cash flows from the financial asset expire;

– the financial asset has been transferred and the Group transfers substantially all of the risks and rewards of ownership of the financial asset; or;

– the financial asset has been transferred, although the Group neither transfers nor retains substantially all of the risks and rewards of ownership of the financial asset, it does not retain control over the transferred asset.

Where a transfer of a financial asset in its entirety meets the criteria for derecognition, the difference between the two amounts below is recognized in profit or loss:

– the carrying amount of the financial asset transferred measured at the date of derecognition;

– the sum of the consideration received from the transfer and, when the transferred financial asset is a debt investment at FVOCI, any cumulative gain or loss that has been recognized directly in other comprehensive income for the part derecognized.

The Group derecognizes a financial liability (or part of it) only when its contractual obligation (or part of it) is extinguished. The difference between the carrying amount of the part to be recognized and the consideration paid shall be recorded into the profit and loss of the current period.

(6) Impairment

The Group recognizes loss allowances for expected credit loss (ECL) on:

– financial assets measured at amortized cost;

– debt investments measured at FVOCI.

Financial assets measured at fair value, including equity securities designated at FVOCI, derivative financial assets and other non-current financial assets, are not subject to the ECL assessment.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Measurement of ECLs

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 maximum period considered when estimating ECLs is the maximum contractual period (including extension options) over which the Group is exposed to credit risk.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

12-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the balance sheet date (or a shorter period if the expected life of the instrument is less than 12 months).

Loss allowances for trade receivables and receivables under financing formed from daily operations such as sales of goods and rendering of services are always measured at an amount equal to lifetime ECLs. ECLs on these financial assets are estimated using a provision matrix based on the Group's historical credit loss experience, adjusted for factors that are specific to the debtors and an assessment of both the current and forecast general economic conditions at the balance sheet date.

Except for trade receivables and receivables under financing, the Group measures loss allowance at an amount equal to 12-month ECLs for the following financial instruments, and at an amount equal to lifetime ECLs for all other financial instruments.

- If the financial instrument is determined to have low credit risk at the balance sheet date;

- If the credit risk on a financial instrument has not increased significantly since initial recognition.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Provision for bad debts for trade receivables

(a) Categories of items for which bad debt provisioning is made based on a combination of credit risk characteristics and the basis.

Bills receivable	Based on the differences in credit risk characteristics of the acceptors, the Group classifies notes receivable into two portfolios, bankers' acceptances and commercial acceptances.
Trade receivable	Based on the Group's historical experience, there is no significant difference in the incidence of losses incurred by different segments of customer groups, therefore, the Group treats the entire trade receivable as a portfolio and does not further differentiate between different groups of customers in calculating the bad debt provision for accounts receivable.
Receivables under financing	The Group's receivables under financing is bank acceptance bills receivable and accounts receivable related to Forfaiting business without recourse with dual holding purpose. The Group divides the receivables under financing into bills receivables and accounts receivables.
Other receivable	The Group's other receivables mainly include receivables from consumption tax refunds and export tax refunds, receivables from related parties. Based on the nature of the receivables and the credit risk characteristics of different counterparties, the Group classifies other receivables into three portfolios, specifically: tax refund receivable portfolio, related party current receivable portfolio and others.

(b) Individual provisioning judgment criteria according to individual provision for bad debts

The Group generally measures its provision for losses on bills receivable, trade receivable, receivables under financing and other receivables on the basis of a 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 there is a significant change in the credit risk characteristics of that counterparty, provision for for bad debts is made on an individual basis for receivables from that counterparty. For example, when a counterparty is in severe financial difficulty and the expected rate of credit loss on receivables from that counterparty is significantly higher than the expected rate of credit loss for the ageing range in which the counterparty is organized, a separate provision for bad debts is made.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Financial instruments that have low credit risk

The credit risk on a financial instrument is considered low if the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

Significant increases in credit risk

In assessing whether the credit risk of a financial instrument has increased significantly since initial recognition, the Group compares the risk of default occurring on the financial instrument assessed at the balance sheet date with that assessed at the date of initial recognition.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort, including forward-looking information. In particular, the following information is taken into account:

– failure to make payments of principal or interest on their contractually due dates;

– an actual or expected significant deterioration in a financial instrument's external or internal credit rating (if available);

– an actual or expected significant deterioration in the operating results of the debtor; and

– existing or forecast changes in the technological, market, economic or legal environment that have a significant adverse effect on the debtor's ability to meet its obligation to the Group.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(6) Impairment *(continued)*

Credit-impaired financial assets

At each balance sheet date, the Group assesses whether financial assets carried at amortized cost and debt investments at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

– significant financial difficulty of the borrower or issuer;

– a breach of contract, such as a default or delinquency in interest or principal payments;

– for economic or contractual reasons relating to the borrower's financial difficulty, the Group having granted to the borrower a concession that would not otherwise consider;

– it is probable that the borrower will enter bankruptcy or other financial reorganization; or

– the disappearance of an active market for that financial asset because of financial difficulties.

Presentation of allowance for ECL

ECLs are remeasured at each balance sheet date to reflect changes in the financial instrument's credit risk since initial recognition. Any change in the ECL amount is recognized as an impairment gain or loss in profit or loss. Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt investments that are measured at FVOCI, the loss allowance is recognised in other comprehensive income and not deducted from the carrying amount of the assets.

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. A write-off constitutes a derecognition event. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group's procedures for recovery of amounts due.

Subsequent recoveries of an asset that was previously written off are recognized as a reversal of impairment in profit or loss in the period in which the recovery occurs.

III. Summary of significant accounting policies and accounting estimates *(continued)*

10. Financial instruments *(continued)*

(7) Equity instrument

The issuance of equity instruments is recognised at the actual issue price in shareholders' equity, relevant transaction costs are deducted from shareholders' equity (capital reserve), with any excess deducted from surplus reserve and retained earnings sequentially.

Consideration and transaction costs paid by the Company for repurchasing self-issued equity instruments are deducted from shareholders' equity.

When the Company repurchases its own shares, those shares are treated as treasury shares. All expenditure relating to the repurchase is recorded in the cost of the treasury shares, with the transaction recording in the share register. Treasury shares are excluded from profit distributions and are presented as a deduction under shareholders' equity in the balance sheet.

When treasury shares are cancelled, the share capital should be reduced to the extent of the total par value of the treasury shares cancelled. Where the cost of the treasury shares cancelled exceeds the total par value, the excess is deducted from capital reserve (share premium), surplus reserve and retained earnings sequentially. If the cost of treasury shares cancelled is less than the total par value, the difference is credited to the capital reserve (share premium).

When treasury shares are disposed of, any excess of proceeds above cost is recognized in capital reserve (share premium); otherwise, the shortfall is deducted against capital reserve (share premium), surplus reserve and retained earnings sequentially.

11. Inventories

(1) 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.

In addition to the purchase cost of raw materials, work in progress and finished goods include direct labor costs and an appropriate allocation of production overheads based on normal capacity.

(2) Measurement method of cost

Cost of inventories recognized is calculated using the weighted average method.

III. Summary of significant accounting policies and accounting estimates *(continued)*

11. Inventories *(continued)*

(3) Inventory count system

The Group's inventories system is the perpetual inventory system.

(4) Amortization methods of low value consumables and packaging materials

Reusable materials including low-value consumables and packaging materials are charged to profit or loss upon receipt. The amortization charge is included in the cost of the related assets or recognized in profit or loss for the current period.

(5) Criteria for determining and method for provision for obsolete inventories

At the balance sheet date, inventories are carried at the lower of cost and net realizable value. For the difference between the cost calculated by a single inventories item and its net realizable value, the provision for inventories depreciation shall be withdrawn and included in the current profits and losses.

The net realizable value of materials held for use in the production is measured based on the net realizable value of the finished goods in which they will be incorporated. The net realizable value of the inventory held to satisfy sales or service contracts is measured based on the contract price, to the extent of the quantities specified in sales contracts, and the excess portion of inventories is measured based on general selling prices.

12. Long-term equity investments

(1) Investment cost of long-term equity investments

(a) Long-term equity investments acquired through a business combination

– The initial cost of a long-term equity investment acquired through a business combination involving entities under common control is the Company's share of the carrying amount of the subsidiary's equity in the consolidated financial statements of the ultimate controlling party at the combination date. The difference between the initial investment cost and the carrying amount of the consideration given is adjusted to the share premium in the capital reserve, with any excess adjusted to surplus reserve and retained earnings in turn.

– For a long-term equity investment obtained through a business combination not involving entities under common control, the initial cost comprises the aggregate of the fair value of assets transferred, liabilities incurred or assumed, and equity securities issued by the Company, in exchange for control of the acquiree.

III. Summary of significant accounting policies and accounting estimates *(continued)*

12. Long-term equity investments *(continued)*

(1) Investment cost of long-term equity investments *(continued)*

(b) Long-term equity investments acquired other than through a business combination

– A long-term equity investment acquired other than through a business combination is initially recognized at the amount of cash paid 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.

(2) Subsequent measurement of long-term equity investment

(a) Investments in subsidiaries

In the Company's separate financial statements, long-term equity investments in subsidiaries are accounted for using the cost method for subsequent measurement. The Company recognises its share of the cash dividends or profit distributions declared by the investee as investment income for the current period.

(b) Investment in joint ventures and associates

A joint venture is an arrangement whereby the Group and other parties have joint control (see Note III.12 (3)) and rights to the net assets of the arrangement.

An associate is an entity over which the Group has significant influence (see Note III.12 (3)).

A long-term investment in a joint venture or an associate is accounted for using the equity method for subsequent measurement unless the investment meets the conditions for holding for sale.

– After the acquisition of the investment, the Group recognizes its share of the investee's profit or loss and other comprehensive income as investment income or losses and other comprehensive income respectively and adjusts the carrying amount of the investment accordingly. Once the investee declares any cash dividends or profit distributions, the carrying amount of the investment is reduced by the amount attributable to the Group. Changes in the Group's share of the investee's owners' equity, other than those arising from the investee's net profit or loss, other comprehensive income or profit distribution (referred to as "other changes in owners' equity"), is recognized directly in the Group's equity, and the carrying amount of the investment is adjusted accordingly.

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III. Summary of significant accounting policies and accounting estimates *(continued)*

12. Long-term equity investments *(continued)*

(2) Subsequent measurement of long-term equity investment *(continued)*

(b) Investment in joint ventures and associates (continued)

– Unrealized 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. Unrealized losses resulting from transactions between the Group and its associates or joint ventures are eliminated in the same way as unrealized gains, unless they represent impairment losses that are recognised in full in the financial statements.

– The Group discontinues recognizing its share of further losses of the investee after the carrying amount of the long-term equity investment and any long-term interest that in substance forms part of the Group's net investment in the joint venture or associate is reduced to zero, except to the extent that the Group has an obligation to assume additional losses. However, if the Group has obligations for additional losses and the criteria with respect to recognition of provisions under the accounting standards on contingencies are satisfied, the Group continues recognizing the investment losses and the provisions. If the joint venture or associate subsequently reports net profits, the Group resumes recognizing its share of those profits only after its share of the profits has fully covered the share of losses not recognized.

(3) Criteria for determining the existence of joint control or significant influence over an investee

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities (activities with significant impact on the returns of the arrangement) require the unanimous consent of the parties sharing control.

The following factors are usually considered when assessing whether the Group can exercise joint control over an investee:

– Whether no single participant party is in a position to control the investee's related activities unilaterally;

– Whether strategic decisions relating to the investee's related activities require the unanimous consent of all participant parties that sharing of control.

Significant influence is the power to participate in the financial and operating policy decisions of an investee but does not have control or joint control over those policies.

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III. Summary of significant accounting policies and accounting estimates *(continued)*

13. Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are accounted for using the cost model. The cost of investment property, less its estimated residual value and accumulated impairment losses, is depreciated or amortized using the straight-line method over its estimated useful life.

Class	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Plant and buildings	30-40 years	3%	2.4%-3.2%

When an investment property is transferred to owner-occupied properties, it is reclassified as fixed asset or intangible asset at the date of the transfer. When an owner-occupied property is transferred out for earning rentals or for capital appreciation, the fixed asset or intangible asset is reclassified as investment properties at its carrying amount at the date of the transfer.

The investment property's estimated useful life, net residual value and depreciation method applied are reviewed and adjusted as appropriate at each year-end.

An investment property is derecognized on disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from its disposal. The net amount of proceeds from sale, transfer, retirement or damage of an investment property after its carrying amount and related taxes and expenses is recognized in profit or loss for the current period.

14. Fixed assets

(1) Recognition of fixed assets

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 is measured in accordance with the policy set out in Note III.15. The fixed assets injected by the state-owned shareholder during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

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

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III. Summary of significant accounting policies and accounting estimates *(continued)*

14. Fixed assets *(continued)*

(1) Recognition of fixed assets *(continued)*

Any subsequent costs including the cost of replacing part of an item of fixed assets are recognized as assets when it is probable that the economic benefits associated with the costs will flow to the Group, and the carrying amount of the replaced part is derecognized. The costs of the day-to-day maintenance of fixed assets are recognized in profit or loss as incurred.

(2) Depreciation of fixed assets

The cost of a fixed asset, less its estimated residual value and accumulated impairment losses, is depreciated using the straight-line method over its estimated useful life.

The estimated useful lives, residual value rates and depreciation rates of each class of fixed assets are as follows:

	Estimated useful life (years)	Residual value rate (%)	Depreciation rate (%)
Buildings	12-40 years	0%-5%	2.4%-8.3%
Plant and machinery	5-20 years	0%-5%	4.8%-20.0%
Vehicles and other equipment	4-20 years	0%-5%	4.8%-25.0%

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

15. Construction in progress

The cost of self-constructed assets includes the cost of materials, direct labour, capitalized borrowing costs (see Note III.16), and any other costs directly attributable to bringing the asset to working condition for its intended use.

A self-constructed asset is classified as construction in progress and transferred to fixed asset when it is ready for its intended use, and depreciation begins from the following month. No depreciation is provided against construction in progress.

III. Summary of significant accounting policies and accounting estimates *(continued)*

15. Construction in progress *(continued)*

The criteria and point in time for carrying forward each type of construction in progress to fixed assets are as follows:

Class	Criteria	Time
Machinery and others	(1) A single set of devices can be put into operation alone, and independent of other devices or processes to produce qualified products, the relevant departments to issue a test report; (2) The joint device can be successful joint commissioning, normal production of qualified products, the relevant departments to issue a commissioning report; (3) Ancillary facilities are completed at the point when the combined plant is completed as a whole and reaches its intended useable state.	Ready for the intended use
Plant and buildings	The relevant departments have completed on-site acceptance and are in a position to use the site.	Ready for the intended use

The Group sells the products or by-products produced before the fixed assets are ready for their intended use. In accordance with CAS No.14 – Revenue, CAS No.1 – Inventory and other standards, the relevant income and cost are accounted for separately and recognized in profit or loss.

16. Borrowing costs

Borrowing costs incurred directly attributable to the acquisition and construction of a qualifying asset are capitalized as part of the cost of the asset. Other borrowing costs are recognized as financial expenses when incurred.

During the capitalization period, the amount of interest (including amortization of any discount or premium on borrowing) to be capitalized in each accounting period is determined as follows:

– Where funds are borrowed specifically for the acquisition, and construction or production of a qualifying asset, the amount of interest to be capitalized is the interest expense calculated using effective interest rates during the period less any interest income earned from depositing the borrowed funds or any investment income on the temporary investment of those funds before being used on the asset.

– To the extent that the Group borrows funds generally and uses them for the acquisition, and construction or production of a qualifying asset, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the weighted average of the excess amounts of cumulative expenditure on the asset over the above amounts of specific borrowings. The capitalization rate is the weighted average of the interest rates applicable to the general-purpose borrowings.

III. Summary of significant accounting policies and accounting estimates *(continued)*

16. Borrowing costs *(continued)*

The effective interest rate is determined as the rate that exactly discounts estimated future cash flow through the expected life of the borrowing or, when appropriate, a shorter period to the initially recognized amount of the borrowings.

During the capitalization period, exchange differences related to the principal and interest on a specific-purpose borrowing denominated in foreign currency are capitalized as part of the cost of the qualifying asset. The exchange differences related to the principal and interest on foreign currency borrowings other than a specific-purpose borrowing are recognized as a financial expense when incurred.

17. Intangible assets

(1) Useful life and amortization methods

For an intangible asset with finite useful life, its cost less estimated residual value and accumulated impairment losses is amortized using the straight-line method over its estimated useful life, unless the intangible asset is classified as held for sale. The intangible assets injected by the state-owned shareholder during the restructuring were initially recorded at the valuated amount approved by the relevant authorities managing state-owned assets.

The respective useful life and its determination basis and amortization methods for intangible assets are as follows:

Item	Estimated useful life (years)	Determination basis	Amortization methods
Land-use right	20-50 years	Duration stated on the land certificate	straight-line method
Other intangible assets	2-28 years	Actual useful life of past intangible assets of similar nature and function	straight-line method

Useful lives and amortization methods of intangible asset with finite useful life are reviewed at least at each year-end.

An intangible asset is regarded as having an indefinite useful life and is not amortized when there is no foreseeable limit to the period over which the asset is expected to generate economic benefits for the Group. At the balance sheet date, the Group does not have any intangible assets with indefinite useful lives.

III. Summary of significant accounting policies and accounting estimates *(continued)*

17. Intangible assets *(continued)*

(2) Research and development expenditure

Expenditure on an internal research and development project is classified into expenditure incurred during the research phase and expenditure incurred during the development phase.

Expenditure during the research phase is expensed when incurred. Expenditure during the development phase is capitalized if development costs can be measured reliably, the product or process is technically and commercially feasible, and the Group intends to and has sufficient resources to complete the development. Other development expenditure is recognized as an expense in the period in which it is incurred.

For the external sales of products or by-products produced in the research and development process, the relevant income and cost are accounted for separately and recognized in profit or loss in accordance with CAS No.14 – Revenue, CAS No.1 – Inventory and other standards.

18. Long-term deferred expenses

Long-term prepaid expenses mainly include the catalyst expenditures, leasehold improvements and other expenditures that have been incurred but should be recognized as expenses over more than one year in the current and subsequent periods.

Long-term deferred expenses are amortized using a straight-line method within the benefit period. The respective amortization periods for such expenses are as follows:

Item	Amortization period
Catalysts	1.5-10 years
Leasehold improvements	15-27 years

III. Summary of significant accounting policies and accounting estimates *(continued)*

19. Impairment of assets other than inventories and financial assets

The carrying amounts of the following assets are reviewed at each balance sheet date based on internal and external sources of information to determine whether there is any indication of impairment:

– fixed assets

– construction in progress

– right-of-use assets

– intangible assets

– investment properties measured using a cost model

– long-term equity investments

– long-term deferred expenses, etc.

If any indication exists, the recoverable amount of the asset is estimated. In addition, the Group estimates the recoverable amounts of intangible assets not ready for use at least annually at each year-end, irrespective of whether there is any indication of impairment.

The recoverable amount of an asset (or asset group, set of asset groups) is the higher of its fair value (see Note III.20) less costs to sell and its present value of expected future cash flows.

An asset group is composed of assets directly related to cash generation and is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or asset groups.

The present value of expected future cash flows of an asset is determined by discounting the future cash flows, estimated to be derived from continuing use of the asset and from its ultimate disposal, to their present value using an appropriate pre-tax discount rate.

An impairment loss is recognized in profit or loss when the recoverable amount of an asset is less than its carrying amount. A provision for impairment of the asset is recognized accordingly. Impairment losses related to an asset group or a set of asset groups are allocated first to reduce the carrying amount of any goodwill allocated to the asset group or set of asset groups, and then to reduce the carrying amount of the other assets in the asset group or set of asset groups on a pro rata basis. However, such allocation would not reduce the carrying amount of an asset below the highest of its fair value less costs to sell (if measurable), its present value of expected future cash flows (if determinable) and zero.

Once an impairment loss is recognized, it is not reversed in a subsequent period.

III. Summary of significant accounting policies and accounting estimates *(continued)*

20. Fair value measurement

Unless otherwise specified, the Group measures fair value as follows:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When measuring fair value, the Group takes into account the characteristics of the particular asset or liability (including the condition and location of the asset and restrictions, if any, on the sale or use of the asset) that market participants would consider when pricing the asset or liability at the measurement date, and uses valuation techniques that are appropriate in the circumstances and for which sufficient data and other information are available to measure fair value. Valuation techniques mainly include the market approach, the income approach and the cost approach.

21. Provisions

A provision is recognized for an obligation related to a contingency if the Group has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

A provision is initially measured at the best estimate of the expenditure required to settle the related present obligation. Where the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows. The increase in the discounted amount of the provision arising from passage of time is recognized as interest expense. Factors pertaining to a contingency such as the risks, uncertainties and time value of money are taken into account as a whole in reaching the best estimate. Where there is a continuous range of possible outcomes for the expenditure required, and each possible outcome in that range is as likely as any other, the best estimate is the mid-point of that range. In other cases, the best estimate is determined according to the following circumstances:

- Where the contingency involves a single item, the best estimate is the most likely outcome.

- Where the contingency involves a large population of items, the best estimate is determined by weighting all possible outcomes by their associated probabilities.

The Group reviews the carrying amount of a provision at the balance sheet date and adjusts the carrying amount to the current best estimate. The estimated liabilities expected to be paid within one year from the balance sheet date are listed as current liabilities.

III. Summary of significant accounting policies and accounting estimates *(continued)*

22. Revenue recognition

Revenue is the gross inflow of economic benefits arising in the course of the Group's ordinary activities when the inflows result in increase in shareholders' equity, other than increase relating to contributions from shareholders.

Revenue is recognized when the Group satisfies the performance obligation in the contract by transferring the control over relevant goods or services to the customers.

Where a contract has two or more performance obligations, the Group determines the stand-alone selling price at contract inception of the distinct good or service underlying each performance obligation in the contract and allocates the transaction price in proportion to those stand-alone selling prices. The Group recognizes as revenue the amount of the transaction price that is allocated to each performance obligation

For the contract with a warranty, the Group analyses the nature of the warranty provided, if the warranty provides the customer with a distinct service in addition to the assurance that the product complies with agreed-upon specifications, the Group recognizes for the promised warranty as a performance obligation. Otherwise, the Group accounts for the warranty in accordance with the requirements of CAS No.13 – Contingencies.

The transaction price is the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties. The Group recognizes the transaction price only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur when the uncertainty associated with the variable consideration is subsequently resolved.

The Group satisfies a performance obligation over time if one of the following criteria is met; or otherwise, a performance obligation is satisfied at a point in time:

– the customer simultaneously receives and consumes the benefits provided by the Group's performance as the Group performs;

– the customer can control the asset created or enhanced during the Group's performance; or

– the Group's performance does not create an asset with an alternative use to it and the Group has an enforceable right to payment for performance completed to date.

For performance obligation satisfied over time, the Group recognizes revenue over time by measuring the progress towards complete satisfaction of that performance obligation. When the outcome of that performance obligation cannot be measured reasonably, but the Group expects to recover the costs incurred in satisfying the performance obligation, the Group recognizes revenue only to the extent of the costs incurred until such time that it can reasonably measure the outcome of the performance obligation.

III. Summary of significant accounting policies and accounting estimates *(continued)*

22. Revenue recognition *(continued)*

For performance obligation satisfied at a point in time, the Group recognizes revenue at the point in time at which the customer obtains control of relevant goods or services. To determine whether a customer has obtained control of goods or services, the Group considers the following indicators:

– the Group has a present right to payment for the goods or services;

– the Group has transferred physical possession of the goods to the customer;

– the Group has transferred the legal title of the goods or the significant risks and rewards of ownership of the goods to the customer; and

– the customer has accepted the goods or services, etc.

The Group determines whether it is a principal or an agent, depending 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 recognizes revenue in the gross amount of consideration to which it has received (or receivable). Otherwise, the Group is an agent, and recognizes 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 the established amount or proportion.

Circumstances in which the Group is able to control a commodity before transferring it to a customer include:

– The Group obtains control of goods or other assets from third parties and then transfers them to customers;

– The Group is able to lead third parties to provide services to clients on the Group's behalf;

– After the Group obtains control of a commodity from a third party, it transfers the commodity to the customer by providing major services that integrate the commodity with other commodities into a certain combination of outputs.

In making specific judgments about whether the Group has control over a commodity before transferring it to a customer, the Group considers all relevant facts and circumstances together, including:

– The Group's primary responsibility for the transfer of goods to customers;

– The Group assumes the inventory risk of the commodity before or after the transfer of the commodity;

– The Group has the right to independently determine the prices of the commodities traded, etc.

III. Summary of significant accounting policies and accounting estimates *(continued)*

22. Revenue recognition *(continued)*

Accounts receivable is the Group's right to consideration that is unconditional (only the passage of time is required). A contract liability is the Group's obligation to transfer goods or services to a customer for which the Group has received consideration (or an amount of consideration is due) from the customer.

The following is the description of accounting policies regarding revenue from the Group's principal activities:

(1) Sale of goods

Revenue from sale is recognized when all of the general conditions stated above and the following conditions are satisfied: the significant risks and rewards of ownership of goods have been transferred to the buyer, as well as the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold. The Group recognizes revenue when goods are sent to designated place or customer take delivery of the goods from Group's designated warehouse, and confirmed receipt by customers according to the terms of contract. Revenue from sale excludes VAT and has been deducted from estimated sales discounts.

The Group provides discounts based on the sales amount, and recognizes revenue based on the contract value exclude expected discounts.

(2) Rendering of overseas shipping services

Revenue from the rendering of overseas shipping services is recognized using the percentage of completion method, with the stage of completion being determined based on proportion of shipping time incurred to date to the estimated total shipping time.

23. Contract costs

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained (e. g., sales commission). The Group recognizes as an asset the incremental costs of obtaining a contract with a customer if it expects to recover those costs. Other costs of obtaining a contract are expensed when incurred.

III. Summary of significant accounting policies and accounting estimates *(continued)*

23. Contract costs *(continued)*

If the costs to fulfil a contract with a customer are not within the scope of inventories or other accounting standards, the Group recognizes an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

– the costs relate directly to an existing contract or to a specifically identifiable anticipated contract, including direct labor, direct materials, allocations of overheads (or similar costs), costs that are explicitly chargeable to the customer and other costs that are incurred only because the Group entered into the contract;

– the costs generate or enhance resources of the Group that will be used in satisfying performance obligations in the future;

– the costs are expected to be recovered.

Assets recognized for the incremental costs of obtaining a contract and assets recognized for the costs to fulfil a contract (the "assets related to contract costs") are amortized on a systematic basis that is consistent with the transfer to the customer of the goods or services to which the assets relate and recognized in profit or loss for the current period. The Group chooses to recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

The Group recognizes an impairment loss in profit or loss to the extent that the carrying amount of an asset related to contract costs exceeds:

– remaining amount of consideration that the Group expects to receive in exchange for the goods or services to which the asset relates;

– the costs that relate directly to providing those goods or services that have not yet been recognized as expenses.

24. Employee benefits

(1) Shortterm employee benefits

Employee wages or salaries, bonuses, social security contributions such as medical insurance, work injury insurance, maternity insurance and housing fund, measured at the amount incurred or accrued at the applicable benchmarks and rates, are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Employee benefits which are non-monetary benefits are measured at fair value.

III. Summary of significant accounting policies and accounting estimates *(continued)*

24. Employee benefits *(continued)*

(2) Post-employment benefits – defined contribution plans

Pursuant to the relevant laws and regulations of the People's Republic of China, the Group participated in a defined contribution basic pension insurance plan in the social insurance system established and managed by government organisations. The Group makes contributions to basic pension insurance plans based on the applicable benchmarks and rates stipulated by the government. When employees retire, the relevant local authorities are obliged to pay the basic pensions to them. Basic pension insurance contributions payable are recognized as a liability as the employee provides services, with a corresponding charge to profit or loss or included in the cost of assets where appropriate.

(3) Termination benefits

When the Group terminates the employment with employees before the employment contracts expire, or provides compensation under an offer to encourage employees to accept voluntary redundancy, a provision is recognized with a corresponding expense in profit or loss at the earlier of the following dates:

- When the Group cannot unilaterally withdraw the offer of termination benefits because of an employee termination plan or a curtailment proposal;

- When the Group has a formal detailed restructuring plan involving the payment of termination benefits and has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

25. Government grants

A government grant is recognized when there is reasonable assurance that the grant will be received and that the Group will comply with the conditions attaching to the grant.

If a government grant is in the form of a transfer of a monetary asset, it is measured at the amount received or receivable. If a government grant is in the form of a transfer of a nonmonetary asset, it is measured at fair value.

Government grants related to assets are grants whose primary condition is that the Group qualifying for them should purchase, construct or otherwise acquire long-term assets. Government grants related to income are grants other than those related to assets. A government grant related to an asset is offset against the carrying amount of the related asset or recognized as deferred income and amortized over the useful life of the related asset on a reasonable and systematic manner as other income or non-operating income. A grant that compensates the Group for expenses or losses to be incurred in the future is recognized as deferred income, and included in other income or non-operating income offset against related expense in the periods in which the expenses or losses are recognized. Or included in other income or non-operating income offset against the related expenses directly. The Group uses the same reporting method for similar government subsidies.

III. Summary of significant accounting policies and accounting estimates *(continued)*

25. Government grants *(continued)*

Government subsidies related to daily activities are included in operating profit, while government subsidies unrelated to daily activities are included in non-operating income and expenditure.

26. Specific reserve

The Group recognizes 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, and accrues in the specific reserve.

When the safety fund is subsequently used for revenue expenditure, the specific reserve is reduced accordingly. On utilization of the safety fund for fixed assets, the specific reserve is reduced as the fixed assets are recognized, which is the time when the related assets are ready for their intended use; in such cases, an amount that corresponds to the reduction in the specific reserve is recognized in accumulated depreciation with respect to the related fixed assets. Consequently, such fixed assets are not depreciated in subsequent periods.

27. Income tax

Current tax and deferred tax are recognized in profit or loss except to the extent that they relate to a business combination or items recognized 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 only if the Group has a legally enforceable right to set them off and also intends either to settle on a net basis or to realize 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 the deductible losses and tax credits carried forward to subsequent periods. Deferred tax assets are recognized to the extent that it is probable that future taxable profits will be available against which deductible temporary differences can be utilized.

Deferred tax is not recognized for the temporary differences arising from a single transaction that is not a business combination, affects neither accounting profit nor taxable profit (or deductible loss) and the initial recognition of the assets and liabilities does not result in taxable temporary differences and deductible temporary differences in equal amounts. Deferred tax is not recognized 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.

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III. Summary of significant accounting policies and accounting estimates *(continued)*

27. Income tax *(continued)*

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 utilized. Such reduction is reversed to the extent that it becomes probable that sufficient taxable profits will be available.

Deferred tax liabilities are recognized for temporary differences arising from investments in subsidiaries, associates and joint ventures, except where the Group is able to control the timing of reversal of the temporary difference, and it is probable that the temporary difference will not reverse in the foreseeable future. When it is probable that the temporary differences arising from investments in subsidiaries, associates and joint ventures will be reversed in the foreseeable future and that the taxable profit will be available in the future against which the temporary differences can be utilized, the corresponding deferred tax assets are recognized.

At the balance sheet date, deferred tax assets and deferred tax liabilities are offset if all of the following conditions are met:

- the taxable entity has a legally enforceable right to offset current tax liabilities and current tax assets;
- they relate to income taxes levied by the same tax authority on either:
- 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 realize 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.

28. Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period in exchange for consideration.

For a contract that contains more separate lease components, the lessee and the lessor separate lease components and account for each lease component as a lease separately. For a contract that contains lease and non-lease components, the lessee and the lessor separate lease components from non-lease components. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate lease components from non-lease components and account for the lease and non-lease components as a single lease component.

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III. Summary of significant accounting policies and accounting estimates *(continued)*

28. Leases *(continued)*

(1) As a lessee

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date.

The right-of-use asset is depreciated using the straight-line method. If the lessee is reasonably certain to exercise a purchase option by the end of the lease term, the right-of-use asset is depreciated over the remaining useful lives of the underlying asset. Otherwise, the right-of-use asset is depreciated from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date. Discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate.

A constant periodic rate is used to calculate the interest on the lease liability in each period during the lease term with a corresponding charge to profit or loss or included in the cost of assets where appropriate. Variable lease payments not included in the measurement of the lease liability is charged to profit or loss or included in the cost of assets where appropriate as incurred.

Under the following circumstances after the commencement date, the Group remeasures lease liabilities based on the present value of revised lease payments:

– there is a change in the amounts expected to be payable under a residual value guarantee;

– there is a change in future lease payments resulting from a change in an index or a rate used to determine those payments;

– there is a change in the assessment of whether the Group will exercise a purchase, extension or termination option, or there is a change in the exercise of the extension or termination option.

When the lease liability is remeasured, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets which the value of brand-new individual asset is low. The Group recognizes the lease payments associated with these leases in profit or loss or as the cost of the assets where appropriate using the straight-line method over the lease term.

III. Summary of significant accounting policies and accounting estimates *(continued)*

28. Leases *(continued)*

(2) As a lessor

All lease contracts where the Group is a lessor are operating leases.

Lease receipts from operating leases is recognized as income using the straight-line method over the lease term. Variable lease payments not included in lease receipts are recognized as income as they are earned.

29. Hedge accounting

Hedge accounting is a method which recognizes in profit or loss (or other comprehensive income) the gain or loss on the hedging instrument and the hedged item in the same accounting period (s) to represent the effect of risk management.

Hedged items are items that expose the Group to risks of changes in cash flows and that are designated as being hedged and can be reliably measured. 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 financial instrument whose changes in cash flows are expected to offset changes in the fair value or cash flows of the hedged item.

The Group assesses at the inception of a hedging relationship, and on an ongoing basis, whether the hedging relationship meets the hedge effectiveness requirements. A hedging relationship is regarded as having met the hedge effectiveness requirements if all of the following conditions are satisfied:

– There is an economic relationship between the hedged item and the hedging instrument;

– The effect of credit risk does not dominate the value changes that result from the economic relationship;

– 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 the hedged item.

When a hedging relationship no longer meets the hedge effectiveness requirements due to the hedge ratio, but the risk management objective of the designated hedging relationship remains unchanged, the Group rebalances the hedging relationship. Rebalancing refers to the adjustments made to the designated quantities of the hedged item or the hedging instrument of an already existing hedging relationship for the purpose of maintaining a hedge ratio that complies with the hedge effectiveness requirements.

III. Summary of significant accounting policies and accounting estimates *(continued)*

29. Hedge accounting *(continued)*

The Group discontinues applying hedge accounting in any of the following circumstances:

– The hedging relationship no longer meets the risk management objective on the basis of which it qualified for hedge accounting;

– The hedging instrument expires or is sold, terminated or exercised;

– 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;

– The hedging relationship no longer meets other criteria for applying hedge accounting.

(1) Cash flow hedges

A cash flow hedge is a hedge of the exposure to variability in cash flows. The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognized in other comprehensive income as a cash flow hedge reserve. The amount of 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 change in the amount of the cash flow hedge reserve is recognized in other comprehensive income in each period.

The portion of the gain or loss on the hedging instrument that is determined to be ineffectiveness is recognized 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 non-financial liability becomes a firm commitment for which fair value hedge accounting is applied, the Group removes that amount from the cash flow hedge reserve and includes it in the initial cost or other carrying amount of the asset or liability.

For cash flow hedges other than those covered above, that amount is 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.

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III. Summary of significant accounting policies and accounting estimates *(continued)*

29. Hedge accounting *(continued)*

(1) Cash flow hedges *(continued)*

When the Group discontinues hedge accounting for a cash flow hedge, the amount of the accumulated cash flow hedge reserve recognized in other comprehensive income is accounted for as follows:

– If the hedged future cash flows are still expected to occur, that amount will remain in the cash flow hedge reserve and be accounted for in accordance with the above policy;

– 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.

30. Profit distributions

Dividends or profit distributions proposed in the profit appropriation plan, which will be approved after the balance sheet date, are not recognized as a liability at the balance sheet date but are disclosed in the notes separately.

31. 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 or joint control from another party, they are considered to be related parties. Related parties may be individuals or enterprises. Enterprises with which the Company is under common control only from the State and that have no other related party relationships are not regarded as 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.

32. Segment reporting

Reportable segments are identified based on operating segments which are determined based on the structure of the Group's internal organization, management requirements and internal reporting system after taking the materiality principle into account. An operating segment is a component of the Group that satisfies all of the following conditions:

– the component is able to earn revenues and incur expenses from its ordinary activities;

– whose operating results are regularly reviewed by the Group's management to make decisions about resources to be allocated to the segment and to assess its performance;

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III. Summary of significant accounting policies and accounting estimates *(continued)*

32. Segment reporting *(continued)*

– for which the information on financial position, operating results and cash flows is available to the Group.

Two or more operating segments may be aggregated into a single operating segment if the segments have the similar economic characteristics and are same or similar in respect of the nature of each segment's products and services, the nature of production processes, the types or classes of customers for the products and services, the methods used to distribute the products or provide the services, and the nature of the regulatory environment. The Group determines the reporting segments based on the operating segments and the principle of materiality.

Inter-segment revenues are measured on the basis of the actual transaction prices for such transactions for segment reporting. Segment accounting policies are consistent with those for the consolidated financial statements.

33. Significant accounting estimates and judgements

The preparation of the financial statements requires management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates as well as underlying assumptions and uncertainties involved are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

(1) Significant accounting estimates

(a) Accounting estimate of Inventory provision

Any excess of the cost over the net realizable value of each item of inventories is recognized as a provision for diminution in the value of inventories. Net realizable 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 cost of sales. 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.

(b) Impairment of assets other than inventories and financial assets

As described in Note III.19, at the end of each reporting period, the Group estimates the recoverable amount of an asset or a cash-generating unit ("CGU") (a portion of which related to certain production facilities), at the higher of its fair value less costs of disposal and its value in use, to determine the impairment losses. If circumstances indicate that the carrying amount of the asset or CGU may not be recoverable, the asset or CGU may be considered "impaired", and an impairment loss may be recognized.

III. Summary of significant accounting policies and accounting estimates *(continued)*

33. Significant accounting estimates and judgements *(continued)*

(1) Significant accounting estimates *(continued)*

(b) Impairment of assets other than inventories and financial assets (continued)

The recoverable amount of assets or CGUs is the higher of the fair value less costs of disposal and value in use. As the fair value of certain assets or CGUs may not be publicly available, 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 for projections of product sales and operating costs and discount rate. In particular, in determining the value in use of the Group's specific CGUs, significant judgements are required on the accounting estimates which are based on the assumptions relating to product sales growth rates, related costs growth rates and discount rate applied.

(c) Estimated useful life and residual value of fixed assets

The Group assessed the reasonableness of estimated useful life of fixed assets in line with the historical experience on the basis of similar function or characteristic for the assets. If there are significant changes in estimated useful lives and residual value from previous years, the depreciation expenses for future periods are adjusted.

The Group reviews and adjusts the useful lives and estimated residual value of the assets regularly at the end of each year end.

(d) Recognition of deferred tax assets

For the deductible losses that can be carried forward to the next year, the Group recognizes the corresponding deferred tax assets to the extent of the taxable income that is likely to be obtained in the future to offset the deductible losses. The taxable income obtained in the future period includes the taxable income that can be realized by the Group through normal production and operation activities, and the taxable income that will increase when the taxable temporary difference generated in the previous period is reversed in the future period. The Group needs to use estimates and judgments when determining the time and amount of taxable income in the future. If there is a difference between the actual situation and the estimate, the book value of deferred tax assets may be adjusted.

III. Summary of significant accounting policies and accounting estimates *(continued)*

33. Significant accounting estimates and judgements *(continued)*

(2) Significant accounting judgements

(a) Classification of financial assets

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. The Group determines the business model of managing financial assets at the level of financial asset portfolio, taking into account such factors as the way of evaluating and reporting the performance of financial assets to key managers, the risk and management methods that affect the performance of financial assets, and the ways in which relevant business managers are paid, etc.

When the Group evaluates whether the contract cash flow of financial assets is consistent with the basic lending arrangement, there are the following main judgments: whether the time distribution or amount of principal may change within the duration due to prepayment or other reasons; Does interest include only the time value of money, credit risk, other basic lending risks, and consideration of costs and profits? For example, does the prepayment amount reflect only the principal outstanding and the interest based on the principal outstanding, as well as the reasonable compensation paid for the early termination of the contract.

34. Changes in significant accounting policies and accounting estimates

(1) Description of and reasons for changes in accounting policies

In 2024, the Group has adopted the accounting requirements and guidance under CAS newly issued by the Ministry of Finance:

– "Classification of current liabilities and non-current liabilities" in CAS Bulletin No.17 (Caikuai [2023] No.21)

– "Disclosure of supplier financing arrangements" in CAS Bulletin No.17

– "Accounting treatment of sale and leaseback transactions" in CAS Bulletin No.17

– "Accounting treatment of guaranteed warranty that does not belong to single performance obligation" in CAS Bulletin No.18 (Caikuai [2024] No.24)

III. Summary of significant accounting policies and accounting estimates *(continued)*

34. Changes in significant accounting policies and accounting estimates *(continued)*

(1) Description of and reasons for changes in accounting policies *(continued)*

(a) Classification of current liabilities and non-current liabilities

In accordance with CAS No. 17, when the Group classifies the liquidity of liabilities, it only considers whether the Group has a material right at the balance sheet date to postpone the settlement of liabilities to more than one year after the balance sheet date (right to postpone the settlement of liabilities), and does not consider whether the Group has a subjective possibility to exercise the said right.

For liabilities arising from the Group's loan facilities, if the Group's right to postpone the repayment of liabilities depends on whether the Group has complied with the conditions specified in the loan facilities (contractual conditions), the Group shall only consider the contractual conditions to be complied with on or before the balance sheet date when dividing the liquidity of the relevant liabilities, without regard to the effect of contractual conditions to be followed by the Group after the balance sheet date.

For the liabilities that the Group liquidates by delivering its own equity instruments at the option of the counterparty, the liquidity division of the liabilities will not be affected if the Group classifies the above options as equity instruments and recognizes them separately as an equity component of the compound financial instruments in accordance with the CAS No. 37 – Presentation of Financial Instruments; On the contrary, if the above option cannot classify the equity instrument, it will affect the liquidity division of the liability.

The adoption of the above provisions has not had a material impact on the financial position and results of operations of the Group.

(b) Disclosure of supplier financing arrangements

According to CAS Bulletin No.17, the Group shall disclose information related to supplier financing arrangements in summary when making note disclosure, so as to help statement users assess the impact of these arrangements on the Group's liquidity risk exposure. The impact of supplier financing arrangements should also be considered when identifying and disclosing liquidity risks.

III. Summary of significant accounting policies and accounting estimates *(continued)*

34. Changes in significant accounting policies and accounting estimates *(continued)*

(1) Description of and reasons for changes in accounting policies *(continued)*

(b) Disclosure of supplier financing arrangements (continued)

This disclosure applies only to supplier financing arrangements. The supplier arrangement refers to the transaction with the following transaction characteristics: one or more financing providers provide funds for the enterprise to pay the amount due to the supplier, and agree that the enterprise will repay the financing provider according to the terms and conditions of the arrangement on or after its supplier receives the payment; Compared with the original payment due date, supplier financing arrangements extend the payment period of the enterprise or advance the collection period of the enterprise's suppliers. Arrangements that only provide credit enhancement for enterprises (such as financial guarantees such as letters of credit used as guarantees) and tools that enterprises use to directly settle accounts payable with suppliers (such as credit cards) are not supplier financing arrangements.

The adoption of the above provisions has not had a material impact on the financial position and results of operations of the Group.

(c) Accounting treatment of sale and leaseback transactions

CAS Bulletin No.17 stipulates that if the transfer of assets in a sale and leaseback transaction is a sale, the lessee shall, on the beginning date of the leases term, make a subsequent measurement of the right-of-use assets formed by the sale and leaseback in accordance with Article 20 of the Accounting Standards for Business Enterprises No. 21- leases, The lease liabilities formed by leaseback is subsequently measured in accordance with Articles 23 to 29 of the Accounting Standards for Business Enterprises No. 21- leases. When the lessee makes subsequent measurement of the lease liabilities formed by the leaseback, the way of recognizing the leases payment or the leases payment after the change shall not lead to its recognition of the gains or losses related to the use right obtained by the leaseback.

If the scope of the leases is reduced or the term of the leases is shortened due to the change of the leases, the lessee shall, in accordance with the provisions of Article 29 of the Accounting Standards for Business Enterprises No. 21- leases, record the gains or losses related to the partial or complete termination of the leases into the current profits and losses.

The adoption of the above provisions has not had a material impact on the financial position and results of operations of the Group.

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III. Summary of significant accounting policies and accounting estimates *(continued)*

34. Changes in significant accounting policies and accounting estimates *(continued)*

(1) Description of and reasons for changes in accounting policies *(continued)*

(d) Presentation of guarantee type warranty expenses

In accordance with the Accounting Standards for Business Enterprises – Application Guide [2024], the Group has included guarantee type warranty expenses in the "main business cost" and is no longer included in the "selling expense".

The adoption of the above provisions has not had a material impact on the Group's financial position and results of operations.

IV. Taxation

Main types of taxes and corresponding tax rates:

Tax type	Tax basis	Tax rate
Corporate income tax (a)	Based on taxable profits	25%
Value-added tax	Output VAT is calculated on product sales and taxable services revenue. The basis for VAT payable is to deduct input VAT from the output VAT for the period	5%, 6%, 9% and 13%
Consumption tax	Based on taxable sales	Gasoline: RMB2,109.76 per ton; Diesel oil: RMB1,411.20 per ton; Naphtha: RMB2,105.20 per ton; Fuel oil: RMB1,218.00 per ton
Urban maintenance and construction tax	Based on VAT and consumption tax paid	5% and 7%
Education surcharges	Based on VAT and consumption tax paid	3%
Local education surcharges	Based on VAT and consumption tax paid	2%
Property tax	Based on VAT and consumption tax paid	1.2% of the residual tax value of the house property or 12% of the house rent

The applicable income tax rate of the Company and its subsidiaries this year is 25% (2023: 25%).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements

1. Cash at bank and on hand

Item	2024	2023
Deposits with banks	12,092,626	5,607,010
Other monetary funds	3,851	3
Total	12,096,477	5,607,013

Cash and cash equivalents shown in the cash flow statement:

Item	2024	2023
Deposits with banks	12,092,626	5,607,010
Less: Time deposits (a)	(3,883,513)	(700,642)
Ending balance of cash and cash equivalents	8,209,113	4,906,368

(a) As of 31 December 2024, time deposits of six months to three years will mature in one year, with annual interest rate of 2.05%%-3.55%.

As of 31 December 2023, time deposits of three years to five years will mature in one year, with annual interest rate of 3.85%-4.20%.

(b) As of 31 December 2024, the Group had no deposits with finance companies (31 December 2023: none).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

2. Derivative financial assets

Category	2024	2023
Derivative financial assets		
– Commodity swaps contracts	49	–

At 31 December 2024, the derivative financial assets of the Group are mainly commodity swap contracts.

3. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Category	2024	2023
Amounts due from related parties (Note VIII.6)	701,439	1,448,887
Amounts due from third parties	2,265	2,228
Sub-total	703,704	1,451,115
Less: Provision for bad and doubtful debts	(2,117)	(2,168)
Total	701,587	1,448,947

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

3. Accounts receivable *(continued)*

(2) The ageing analysis of accounts receivable is as follows:

Aging	2024	2023
Within 1 year (inclusive)	701,590	1,449,001
Over 1 year but within 2 years (inclusive)	–	–
Over 2 years but within 3 years (inclusive)	–	–
Over 3 years	2,114	2,114
Total	703,704	1,451,115

The ageing is counted starting from the date when accounts receivables are recognized.

(3) Accounts receivable by provisioning method

	31 December 2024					31 December 2023				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
Category	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Individual assessment	-	-	-	-	-	-	-	-	-	-
Collective assessment	703,704	100.00	2,117	0.30	701,587	1,451,115	100.00	2,168	0.15	1,448,947
Total	703,704	100.00	2,117	0.30	701,587	1,451,115	100.00	2,168	0.15	1,448,947

(i) *As of 31 December 2024 and 31 December 2023, the Group has no provision for bad debts on a single basis.*

(ii) *The recognition standard and instruction of provision for bad debts on combination for the year ended at 31 December 2024:*

According to the historical experience of the Group, there is no significant difference in the occurrence of losses among different customer segments, so different customer groups are not further differentiated in the calculation of bad debt reserve.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

3. Accounts receivable *(continued)*

(3) Accounts receivable by provisioning method *(continued)*

(iii) Assessment of ECLs on accounts receivable:

At all times the Group measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the expected loss rate.

The loss given default is measured based on the actual credit loss experience in the past years and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

(4) Movements of provisions for bad and doubtful debts:

	For the year ended 31 December	
Provisions for bad and doubtful debts	2024	2023
Balance at the beginning	2,168	2,766
Additions during the period	–	47
Recoveries or reversals during the year	(51)	(645)
Balance at the end	2,117	2,168

(5) As of 31 December 2024, Five largest accounts receivable by debtor at the end of the period:

	Amount	Provision	Percent of total amount
Total amount of five largest accounts receivable by debtor of the Group	703,692	2,117	99.99%

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

3. Accounts receivable *(continued)*

(6) Derecognition of accounts receivable due to transfer of financial assets

(i) For the year ended 31 December 2024, the Group has no accounts receivable derecognized due to transfer of financial assets.

(ii) For the year ended 31 December 2024, the Group has not recovered accounts receivable that have been fully provisioned for bad debts in previous. (For the year ended 31 December 2023: RMB489 thousand).

(iii) For the year ended 31 December 2024, the Group has not written off significant accounts receivable. (For the year ended 31 December 2023: Nil)

(iv) At 31 December 2024, the Group has no pledged accounts receivable. (31 December 2023: Nil)

4. Receivables under financing

Item	Note	31 December 2024	31 December 2023
Bills receivable	(1)	133,082	79,146
Accounts receivable	(2)	255,148	157,341
Total		388,230	236,487

(1) Bills receivable

(i) Due to the requirement of cash management, the Group discounted and endorsed part of the bank acceptance notes that met the condition of derecognition. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. Therefore, as of 31 December 2024, the Group classified RMB133,082 thousand bills receivable to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable and accounts receivable (31 December 2023: RMB79,146 thousand).

(ii) The Group has no individually impaired bank acceptance notes, with all provision was accrued by their expected credit loss. As of 31 December 2024 and 31 December 2023, the Group considers no significant credit risk of the bank acceptance notes and the Group has limited exposure to losses arising from banks' breach of contract.

(iii) As of 31 December 2024, the Group had no pledged bank acceptance notes (31 December 2023: Nil).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

4. Receivables under financing *(continued)*

(1) Bills receivable *(continued)*

(iv) As of 31 December 2024, unmatured bills receivable that have been endorsed or discounted by the Group is as follows:

Item	Derecognized	Not derecognized
Bank acceptance notes	178,017	–

As of 31 December 2024, the Group endorsed and discounted the undue bills receivable of RMB178,017thousand (31 December 2023: RMB493,707 thousand). The Group derecognized such bills receivable, accounts payable to suppliers and short-term loans as a whole by considering that the risks and rewards of ownership of such unmatured bills had been substantially transferred. The Group's continued involvement in the unexpired bills receivable whose overall derecognition is limited to the extent that the issuing bank is unable to settle the amount to the bill holder. The maximum exposure to loss caused by the Group's continued involvement is the amount of outstanding bills receivable endorsed to the supplier of RMB178,017thousand (31 December 2023: RMB493,707 thousand). The term of the outstanding bills receivable is within one year.

(2) Accounts receivable

(i) The Group's subsidiaries China Jinshan Associated Trading Corporation Limited ("JMGJ") and Shanghai Jinshan Trading Corporation Limited ("Jinmao International") derecognized part of the accounts receivable for the non-recourse forfaiting business based on the requirement of daily cash management. The business model of accounts receivable management is for the purpose of collecting cash flow of contracts and sales. Therefore, as of 31 December 2024, the Group classified RMB255,148 thousand third party accounts receivable of subsidiaries to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable and accounts receivable (31 December 2023, RMB157,341 thousand).

(ii) The analysis of accounts receivable derecognized due to the transfer of financial assets is as follows: At 31 December 2024, the Group's subsidiaries JMGJ and Jinmao International derecognized RMB189,663 thousand-yuan accounts receivable that haven't reached the expiration date of credit period due to the non-recourse forfaiting. (For the year ended 31 December 2023: RMB254,029 thousand).

(iii) For accounts receivable without individual provision for impairment, the bad debt provision shall be measured according to the expected credit loss of the whole duration. On December 31,2024 and December 31,2023, the Group believed that the accounts receivable related to Forfaiting business without recourse held by it did not have significant credit risk, so it did not accrue bad debt reserves for accounts receivable reported as receivables under financing.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

5. Prepayments

(1) Prepayments by category:

Item	31 December 2024	31 December 2023
Amounts advance to related parties (Note VIII.6)	1,018	2,303
Amounts advance to third parties	145,435	30,233
Total	146,453	32,536

(2) The ageing analysis of prepayments is as follows:

	31 December 2024		31 December 2023	
Aging	Amount	Percentage	Amount	Percentage
Within 1 year	146,453	100%	32,536	100%

The ageing is counted starting from the date when prepayments are recognized.

(3) As of 31 December 2024, the total amount of the top five prepayments to suppliers are summarised as follows:

	Amount	Percentage of total advances to suppliers
Total amount of the top five prepayments to suppliers	142,713	97.45%

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables

	Note	31 December 2024	31 December 2023
Amounts due from related parties	VIII.6	17,509	5,524
Amounts due from third parties		677,759	351,271
Sub-total		695,268	356,795
Less: Provision for bad and doubtful debts		(4,731)	(4,731)
Total		690,537	352,064

(a) The aging analysis is as follows:

Aging	31 December 2024	31 December 2023
Within 1 year (inclusive)	396,180	344,197
Over 1 year but within 2 years (inclusive)	294,358	10,663
Over 2 years but within 3 years (inclusive)	2,795	1,930
Over 3 years	1,935	5
Total	695,268	356,795

The ageing is counted starting from the date when other receivables are recognized.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables *(continued)*

(b) Others by provisioning method:

Category	31 December 2024					31 December 2023				
	Book value		Provision for bad and doubtful debts			Book value		Provision for bad and doubtful debts		
	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount	Amount	Percentage (%)	Amount	Percentage (%)	Carrying amount
Individual assessment	4,725	0.68	(4,725)	100.00	-	4,725	1.32	(4,725)	100.00	-
Collective assessment	690,543	99.32	(6)	0.00	690,537	352,070	98.68	(6)	0.00	352,064
Total	695,268	100.00	(4,731)	0.68	690,537	356,795	100.00	(4,731)	1.33	352,064

As of 31 December 2024 and 31 December 2023, the basis of provision for bad debts on a single basis is as follows:

Name	Book value	Provision for impairment	Percentage (%)	Basis of provision
Sinopec Materials & Equipment Co., Ltd.	2,795	2,795	100.00	Not expected to be recovered
Beijing Zhongli Machinery Engineering Technology Co., Ltd.	1,930	1,930	100.00	Not expected to be recovered
Total	4,725	4,725	100.00	

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables *(continued)*

(c) Provision for and movements of provisions for bad debts

	Stage 1					Stage 3		
	12-month ECL (collective)		12-month ECL (individual)		Sub-total	Lifetime ECL – Credit impaired		Total
	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Provision for bad and doubtful debts
Balance at 31 December 2023	352,070	(6)	–	–	(6)	4,725	(4,725)	(4,731)
Additions during the period	–	–	–	–	–	–	–	–
Recoveries or reversals during the period	–	–	–	–	–	–	–	–
Balance at 31 December 2024	690,537	(6)	–	–	(6)	4,725	(4,725)	(4,731)

As of 31 December 2024 and 31 December 2023, the Group has no other receivables under Stage 2.

(i) *For the six months ended 31 December 2024, the Group has no other receivables that have fully accrued or accrued a large proportion of bad and doubtful debts in previous years, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period. (For the year ended 31 December 2023: Nil)*

(ii) *For 2024, the Group has not written off significant other receivables (For the year ended 31 December 2023: Nil).*

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

6. Other receivables *(continued)*

(d) Others categorised by nature

Nature of other receivables	31 December 2024	31 December 2023
Refund of consumption tax receivable	648,757	315,659
Amounts due from related parties	17,509	5,524
Export tax rebate	10,057	11,168
Prepayment for share repurchase	8,304	6,333
Advance payment for compensation	3,918	5,814
Others	6,723	12,297
Sub-total	695,268	356,795
Less: Provision for bad debts	(4,731)	(4,731)
Total	690,537	352,064

(e) Five largest other receivables-by debtors as of 31 December 2024

Name	Nature of the receivable	Balance at the end of the period	Aging	Percentage of ending balance of other receivables	Provision for bad debts
Jinshan Customs, People's Republic of China	Refund of consumption tax receivable	648,757	Within 1 year and 1-2 years (including 2 years)	93.31%	–
State Administration of Taxation, Shanghai Jinshan	Export tax rebate	10,057	Within 1 year (including 1 year)	1.45%	–
China International Capital Corporation Hong Kong Securities Limited	Prepayment of share repurchase	8,304	Within 1 year (including 1 year)	1.19%	–
China International United Petroleum & Chemical Co., Ltd.	Transactions	5,248	Within 1 year (including 1 year)	0.75%	–
Sinopec Catalyst Co., Ltd. Precious Metals Branch	Transactions	3,984	Within 1 year (including 1 year)	0.57%	–
Total		676,350		97.27%	–

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

7. Inventories

(1) Inventories by categories are as follows:

	31 December 2024			31 December 2023		
Inventories by categories	Book value	Provision for impairment of inventories	Carrying amount	Book value	Provision for impairment of inventories	Carrying amount
Raw materials	4,763,432	(25,437)	4,737,995	6,018,092	(11,481)	6,006,611
Work in progress	942,908	(217,387)	725,521	885,340	(206,701)	678,639
Finished goods	1,081,514	(152,192)	929,322	1,098,755	(189,766)	908,989
Spare parts and consumables	234,398	(74,973)	159,425	236,636	(79,188)	157,448
Total	7,022,252	(469,989)	6,552,263	8,238,823	(487,136)	7,751,687

The balance of inventories of the Group does not include the capitalized interest at 31 December 2024 (31 December 2023: Nil).

The Group has no inventory for guarantee as of 31 December 2024 (31 December 2023: Nil).

(2) Provision for impairment of inventories is analysed as follows:

Inventories by categories	31 December 2023	Increases during the year	Decreases during the year	31 December 2024
Raw materials	11,481	28,290	(14,334)	25,437
Work in progress	206,701	129,086	(118,400)	217,387
Finished goods	189,766	128,553	(166,127)	152,192
Spare parts and consumables	79,188	–	(4,215)	74,973
Total	487,136	285,929	(303,076)	469,989

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

7. Inventories *(continued)*

(3) Provision for impairment of inventories is analysed as follows:

Inventories by categories	Basis for determining net realizable value	Main reasons for reversal/ write-off
Raw materials	The estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs to make the sale and related taxes.	Sold in current period
Work in progress	The estimated selling price in the ordinary course of business, less the estimated costs to completion and estimated costs to make the sale and related taxes.	Sold in current period
Finished goods	The estimated selling price in the ordinary course of business, less the estimated costs to make the sale and related taxes.	Sold in current period
Spare parts and consumables	The estimated selling price in the ordinary course of business, less the estimated costs to make the sale and related taxes.	Used for repair and sold in current period

8. Other current assets

Item	31 December 2024	31 December 2023
VAT deductible	15,315	15,222
Corporate income tax prepaid	–	1,556
Assets of carbon emission rights	42,228	9,320
Total	57,543	26,098

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

9. Long-term equity investments

Item	Note	31 December 2024	31 December 2023
Joint ventures	(1)	606,503	469,434
Associates	(2)	2,981,462	2,910,899
Sub-total		3,587,965	3,380,333
Less: Provision for impairment			
– Joint ventures		–	–
– Associates		(28,392)	(28,392)
Total		3,559,573	3,351,941

(1) Joint ventures

		Current period movement					
Investee	31 December 2023	Additional/ (negative)	Investment (loss)/income recognized under equity method	Cash dividends declared in current period	Impairment provision	31 December 2024	Ending balance of impairment provision 31 December 2024
Joint venture of the Company							
Shanghai Jinshan Baling New Material Co., Ltd. ("Baling Materials")	250,000	150,000	–	–	–	400,000	–
Joint ventures of subsidiaries							
Shanghai Petrochemical Yangu Gas Development Company Limited ("Yangu Gas")	35,822	–	(4,315)	–	–	31,507	–
Linde-SPC Gases Company Limited ("Linde"), formerly known as "BOC-SPC Gases Company Limited")	173,964	–	6,777	(15,278)	–	165,463	–
Others	9,648	–	247	(362)	–	9,533	–
Total	469,434	150,000	2,709	(15,640)	–	606,503	–

Interests in joint ventures, refer to Note VI.2.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

9. Long-term equity investments *(continued)*

(2) Associates

Investee	31 December 2023	Current period movement: Additional/ (negative) investment	Investment incomes/ (losses) recognized under equity method	Cash dividends declared in current period	Impairment provision	Change in other equity	Others	31 December 2024	Ending balance of impairment provision 31 December 2024
Associates of the Company									
Shanghai Secco (Note 1)	-	-	-	-	-	-	-	-	-
Shanghai Chemical Industry Park Development Company Limited ("Chemical Industry")	2,295,705	-	139,334	(69,633)	-	3,659	-	2,369,065	-
Associates of subsidiaries									
Shanghai Azbil Automation Company Limited ("Azbil")	68,389	-	16,337	(24,000)	-	-	-	60,726	-
Shanghai Shidian Energy Company Limited ("Shidian Energy")	416,955	-	14,307	(4,000)	-	-	-	427,262	-
Others	101,458	-	(3,108)	(2,333)	-	-	-	96,017	(28,392)
Total	2,882,507	-	166,870	(99,966)	-	3,659	-	2,953,070	(28,392)

Interests in associates, refer to Note VI.2.

Note 1: Due to excessive losses of Shanghai Secco, the Group writes down the long-term equity investment to zero without recognizing the extra loss.

10. Other non-current financial properties

Item	31 December 2024	31 December 2023
Financial assets measured at fair value through profit or loss	36,500	36,500
Including: Equity investments with resale clauses	36,500	36,500

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

11. Investment properties

	Buildings
Cost	
31 December 2023	623,147
Additions during the year	
– Transfer in from fixed assets (Note V.12)	363
Decrease during the year	
– Transfer out to fixed assets (Note V.12)	(4,635)
31 December 2024	618,875
Accumulated depreciation	
31 December 2023	302,110
Additions during the year	
– Charge for current period	15,076
– Transfer in from fixed assets (Note V.12)	115
Decrease during the year	
– Transfer out to fixed assets (Note V.12)	(3,568)
31 December 2024	313,733
Carrying amount	
31 December 2024	305,142
31 December 2023	321,037

For the year ended 31 December 2024, the depreciation amount of the investment properties is RMB15,076thousand (For the year ended 31 December 2023, depreciation amount is RMB15,270 thousand). No provision for impairment has been made (For the year ended 31 December 2023: Nil).

As of 31 December 2024 and 31 December 2023 the Group had no investment properties pending certificates of ownership.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

12. Fixed assets

(1) Fixed assets situation

	Buildings	Plant and machinery	Vehicles and other equipment	Total
Cost				
31 December 2023	4,705,041	48,387,384	2,249,262	55,341,687
Reclassification in current period	(27,346)	(6,797)	34,143	–
Increase in current period				
– Purchase	878	178,663	36,856	216,397
– Transfer from CIP (Note V.13)	168,776	478,756	36,143	683,675
– Transfer from investment properties (Note V.11)	4,635	–	–	4,635
Decrease in current period				
– Disposal	(148,835)	(2,348,243)	(43,426)	(2,540,504)
– Transfer out to investment properties (Note V.11)	(363)	–	–	(363)
30 December 2024	4,702,786	46,689,763	2,312,978	53,705,527
Accumulated depreciation				
31 December 2023	2,916,274	34,780,487	1,711,502	39,408,263
Reclassification in current period	(22,148)	18,239	3,909	–
Increase in current period				
– Charge for current period	103,906	1,539,579	133,944	1,777,429
– Transfer from investment properties (Note V.11)	3,568	–	–	3,568
Decrease in current period				
– Disposal	(86,724)	(1,844,431)	(34,619)	(1,965,774)
– Transfer out to investment properties (Note V.11)	(115)	–	–	(115)
31 December 2024	2,914,761	34,493,874	1,814,736	39,223,371

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

12. Fixed assets *(continued)*

(1) Fixed assets situation *(continued)*

	Buildings	Plant and machinery	Vehicles and other equipment	Total
Provision for impairment				
31 December 2023	105,029	1,626,498	11,070	1,742,597
Reclassification in current period	276	(367)	91	–
– Increase in current period	–	2,333	–	2,333
Decrease in current period				
– Disposal	(56,302)	(416,981)	(5,917)	(479,200)
31 December 2024	49,003	1,211,483	5,244	1,265,730
Carrying amount				
31 December 2024	1,739,022	10,984,406	492,998	13,216,426
31 December 2023	1,683,738	11,980,399	526,690	14,190,827

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

12. Fixed assets *(continued)*

(2) In 2024, due to increasingly severe market conditions, specific production devices include the cash output unit of the chemical products segment, and the expected sales price of the products produced cannot make up for the increase in their production and operating costs. The management of the Group believes that there are signs of impairment of assets related to specific production devices. The Group conducts impairment testing on assets related to specific production devices according to the accounting policies contained in Note III.19 to the financial statements. According to the test results, the recoverable amount of assets related to specific production devices is higher than the book value of assets, and the Group does not need to accrue assets impairment reserves for related fixed assets.

The recoverable amount of the assets or cash output unit of the intermediate petrochemical product specific production unit of the chemical products segment is determined according to the present value of the estimated future cash flow of the assets. The Group calculates the present value of the expected future cash flow based on the approved five-year financial budget. The forecasted cash flow is based on several key assumptions, including the growth rate of product sales, the growth rate of related costs (the "forecasted growth rate") and the discount rate. Among the above important assumptions, the forecast growth rate is based on historical operating experience and market participants' expectations. The average compound growth rate of revenue from 2025 to 2029 is 9.39%, and the average compound growth rate of cost from 2025 to 2029 is 7.17%, which is consistent with the forecast in relevant industry reports. The pre tax discount rate used in the assessment of the present value of expected future cash flows is 10.93% (2023: 11.89%), reflecting the special risks of the Group.

The recoverable amount of assets or cash output units of synthetic fiber specific production units in the chemical products segment is determined based on the net amount of the fair value of assets minus disposal expenses. The fair value of assets is determined based on key assumptions such as the full replacement price and the depreciation rate of the service life. In the above important assumptions, the full replacement price is determined according to the purchase and construction cost adjusted by the corresponding price index, the age depreciation rate is determined according to the remaining economic years, and the disposal expenses are calculated and determined according to the expected intermediary expenses and tax ratio.

(3) For the year ended 31 December 2024, the Group did not prepare for impairment of fixed assets (For the year ended 31 December 2023: 29,850 thousand). At 31 December 2024, the Group's fixed assets depreciation reserves is RMB1,265,730 thousand.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

12. Fixed assets *(continued)*

(4) In 2024, due to the shutdown of some production devices of the Group's chemical products division or the backward production process, the Group will disposal the relevant production devices. The original value of disposal is RMB2,203,428 thousand, the accumulated depreciation is RMB1,753,662 thousand, the impairment provision is RMB385,191 thousand, and the book value is RMB64,575 thousand.

(5) As of 31 December 2024, the original carrying amount of the Group's temporarily idle fixed asset amounted to RMB2,487,332 thousand, accumulated depreciation amounted to RMB2,051,621 thousand, provision for impairment amounted to RMB290,029 thousand, and the carrying value amounted to RMB145,682 thousand (As of December 31,2023: original carrying amount amounted to RMB3,624,724 thousand, accumulated depreciation amounted to RMB2,905,834 thousand, provision for impairment amounted to RMB544,801thousand, and the carrying value amounted to RMB174,089 thousand).

As of 31 December 2024 and 31 December 2023, the Group had no fixed assets used as collateral.

(6) As of 31 December 2024, the carrying value of the Group's fixed assets leased out under operating leases amounted to RMB54,293 thousand (December 31,2023: carrying value of RMB49,951 thousand).

(7) As of 31 December 2024 and 31 December 2023, the Group had no fixed assets with outstanding title certificates.

13. Construction in progress

(1) Construction in progress

	31 December 2024			31 December 2023		
	Original cost	Provision for impairment	Carrying amount	Original cost	Provision for impairment	Carrying amount
Construction in progress	2,064,067	–	2,064,067	1,225,088	(24,486)	1,200,602

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

13. Construction in progress *(continued)*

(2) The movement of the Group's major construction in progress is listed as follows:

Project	Budget	31 December 2023	Increase during the period	Transfer to fixed Assets (Note V.11)	Disposals during the year	31 December 2024	Percentage of actual cost to budget	Project progress	Accumulative capitalized interest	Including: Capitalized interest in current period	Interest rate for capitalization in current period	Sources of funding
Shanghai Petrochemical Cogeneration Unit Clean and Efficiency Improvement Project	3,287,711	100,000	720,000	–	–	820,000	24.94%	24.94%	2,076	2,076	2.03%	own funds
250,000 tons/year thermoplastic elastomer project supporting engineering	211,326	80,000	80,000	–	–	160,000	75.71%	75.71%	1,679	1,565	2.00%	own funds and borrowings
Cogeneration Department East Area 220 kV System Hazard Management Project	95,085	48,697	32,000	–	–	80,697	84.87%	84.87%	–	–	–	own funds and borrowings
Jinshan Area Comprehensive Environmental Improvement Shanghai Petrochemical Storage and Transportation Department T-135, T	141,200	–	53,400	–	–	53,400	37.82%	37.82%	–	–	–	own funds
Efficiency improvement and upgrading project of Shanghai Petrochemical Ercheng crude oil system	65,489	35,000	15,028	–	–	50,028	76.35%	76.35%	–	–	–	– own funds
2022 Renewal of equipment in the Cogeneration Department	50,000	35,711	–	(5,657)	–	30,054	71.42%	71.42%	–	–	–	own funds
Aromatics Department 3 # hydrogen production unit reformer F2001 boiler tube renewal project	40,611	28,399	5,910	(34,309)	–	–	84.49%	100.00%	–	–	–	own funds
T-121~124 tank intrinsic safety and environmental protection hidden danger treatment project of the Storage and Transportation Department	156,259	–	38,500	(38,500)	–	–	91.83%	100.00%	–	–	–	own funds
VOCs in-depth treatment project of the first and second workshops of the Storage and Transportation Department	55,112	8,000	41,000	(49,000)	–	–	88.91%	100.00%	–	–	–	own funds
Sinopec Shanghai 24000 t/a precursor,12000 t/a 48 K Large tow carbon fiber project	3,489,638	–	170,000	(170,000)	–	–	80.24%	80.24%	32,673	–	–	own funds and borrowings
220kV System Hidden Danger Treatment and Reconstruction Project in the East District of Thermoelectricity	85,813	55,483	20,000	(75,483)	–	–	87.96%	100.00%	732	447	2.00%	own funds and borrowings
Other sporadic projects		833,798	369,644	(310,726)	(22,828)	869,888	–	–	–	–	–	
Sub-total		1,225,088	1,545,482	(683,675)	(22,828)	2,064,067	–	–	37,160	4,088	2.01%	
Less: Provision for impairment		(24,486)	–	2,333	22,153	–	–	–	–	–	–	
Total		1,200,602	1,545,482	(681,342)	(675)	2,064,067	–	–	37,160	4,088	2.01%	

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

13. Construction in progress *(continued)*

(2) The movement of the Group's major construction in progress is listed as follows: *(continued)*

For the twelve months ended 31 December 2024, the Group's borrowing costs were capitalized at RMB4,088 thousand (For the year ended 31 December 2023: RMB11,700 thousand).

As of 31 December 2024, the balance of impairment provision for the Group's construction in progress amounted to RMB22,153 thousand which represented the provision for impairment in relation to the energy-saving renovation of the No. 2 and No. 3 aromatics combined units, which had been suspended for a long period of time.

14. Right-of-use assets

	Buildings	Plant and machinery	Vehicles and other equipment	Total
Cost				
31 December 2023	28,664	1,545	2,136	32,345
Increase in current period	5,834	135	1,063	7,032
Decrease in current period	(8,817)	(103)	(1,431)	(10,351)
31 December 2024	25,681	1,577	1,768	29,026
Accumulated depreciation				
31 December 2023	21,863	565	1,622	24,050
Increase in current period	12,260	542	1,000	13,802
Decrease in current period	(8,757)	(103)	(1,401)	(10,261)
31 December 2024	25,366	1,004	1,221	27,591
Carrying amount				
31 December 2024	315	573	547	1,435
31 December 2023	6,801	980	514	8,295

For the Group's specific arrangements relating to leasing activities, refer to Note V.60.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

15. Intangible assets

Intangible assets situation

	Land-use rights	Other intangible assets	Total
Cost			
31 December 2023	785,567	100,193	885,760
Increase in current period	–	–	–
Disposal in current period	–	–	–
31 December 2024	785,567	100,193	885,760
Accumulated amortization			
31 December 2023	438,891	94,197	533,088
Charge for current period	17,044	2,924	19,968
Disposal in current period	–	–	–
31 December 2024	455,935	97,121	553,056
Carrying amount			
31 December 2024	329,632	3,072	332,704
31 December 2023	346,676	5,996	352,672

As of 31 December 2024 and 31 December 2023, the Group had no land-use right without property right certificate.

As of 31 December 2024 and 31 December 2023, the Group has no intangible assets formed through internal research and development.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

16. Long-term deferred expenses

	31 December 2023	Increase during the period	Amortization during the period	Other decreases	31 December 2024
Catalysts	637,570	88,751	(229,505)	(92,501)	404,315
Lease holding improvements	3,441	–	(3,254)	–	187
Others	317	–	(299)	–	18
Less: Provision for impairment	–	–	–	–	–
Total	641,328	88,751	(233,058)	(92,501)	404,520

17. Deferred tax assets and deferred tax liabilities

(1) Deferred tax assets before offsetting

	2024		2023	
Item	Deductible temporary differences and deductible losses	Deferred tax assets	Deductible temporary differences and deductible losses	Deferred tax assets
Provision for bad debts	6,842	1,710	6,893	1,723
Provision for inventory	469,989	117,497	487,136	121,784
Provision for impairment of fixed assets	1,235,874	308,969	1,712,741	428,185
Provision for impairment of construction in progress	–	–	24,486	6,122
Accrued expenses	6,550	1,638	51,693	12,923
Deductible loss	5,427,383	1,356,845	5,566,915	1,391,728
Lease liabilities	1,304	326	8,457	2,114
Government grand	168,679	42,170	30,092	7,523
Other deferred tax assets	7,015	1,754	11,365	2,843
Total	7,323,636	1,830,909	7,899,778	1,974,945

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

17. Deferred tax assets and deferred tax liabilities *(continued)*

(2) Deferred tax liabilities before offsetting

	2024		2023	
Item	Taxable temporary differences	Deferred tax liabilities	Taxable temporary differences	Deferred tax liabilities
Capitalized interest	(3,365)	(841)	(4,172)	(1,043)
Difference in fixed assets depreciation and intangible assets amortization	(2,578,152)	(644,538)	(2,748,204)	(687,051)
Difference in changes in fair value of non-current financial assets	(10,000)	(2,500)	(10,000)	(2,500)
Derivative financial assets	(49)	(11)	–	–
Right-of-use assets	(1,194)	(299)	(8,294)	(2,074)
Total	(2,592,760)	(648,189)	(2,770,670)	(692,668)

(3) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows:

Item	2024	2023
Deductible temporary differences	29,861	29,861
Deductible losses	400,709	454,782
Total	430,570	484,643

In accordance with the accounting policy set out in Note III.27, it is not probable that sufficient future taxable profit will be available to realize the deductible temporary differences and deductible losses in the foreseeable future for some of the Group's subsidiaries, therefore the Group has not yet recognized deferred income tax assets in respect of the following subsidiaries' accumulated deductible temporary differences and deductible losses. These deductible losses expire between 2024 and 2029 in accordance with current tax laws.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

17. Deferred tax assets and deferred tax liabilities *(continued)*

(3) Deductible temporary differences and deductible losses that are not recognized as deferred tax assets are analysed as follows: *(continued)*

The breakdown of deductible losses by subsidiaries is as follows:

Name of subsidiaries	2024	2023
Shanghai Petrochemical Investment Development Company Limited ("Toufa")	97,954	135,837
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang")	155,947	162,719
Zhejiang Jinlian Petrochemical Storage and Transportation Co., LTD. ("Jinlian")	146,808	156,226
Total	400,709	454,782

(4) Deductible losses that are not recognized as deferred tax assets will expire in the following years:

Year	2024	2023
2024	–	91,901
2025	41,475	41,475
2026	95,144	95,144
2027	107,558	107,558
2028	126,304	118,704
2029	30,228	–
Total	400,709	454,782

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

17. Deferred tax assets and deferred tax liabilities *(continued)*

(5) The net balance of deferred tax assets and liabilities after offsetting is as follows:

	2024		2023	
Item	Offsetting amount of deferred tax assets and deferred tax liabilities	Deferred tax assets – net	Offsetting amount of deferred tax assets and deferred tax liabilities	Deferred tax assets – net
Deferred tax assets	(618,948)	1,211,961	(661,104)	1,313,841
Deferred tax liabilities	618,948	(29,241)	661,104	(31,564)

18. Other non-current assets

Item	2024	2023
Time deposit	–	2,782,500

As of 31 December 2023, other non-current assets represent the Group's large certificates of deposit with a maturity of three years deposited with banks with an interest rate range of 3.55%. As of 31 December 2024, the deposit will mature in one year after the balance sheet date, so the relevant balance was reclassified to cash at bank.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

19. Provision for assets impairment

	31 December 2023	Increase in current period	Decrease in current period: Reverse	Decrease in current period: Sold	Decrease in current period: Written-off	Reclassification	31 December 2024
Provision for accounts receivable (Note V.3)	2,168	–	(51)	–	–	–	2,117
Provision for other receivable (Note V.6)	4,731	–	–	–	–	–	4,731
Sub-total	6,899	–	(51)	–	–	–	6,848
Provision for inventory (Note V.7)	487,136	285,929	–	(300,534)	(2,542)	–	469,989
Provision for fixed assets (Note V.12)	1,742,597	–	–	–	(479,200)	2,333	1,265,730
Provision for CIP (Note V.13)	24,486	–	–	–	(22,153)	(2,333)	–
Impairment loss of investments accounted for using equity method (Note V.9)	28,392	–	–	–	–	–	28,392
Sub-total	2,282,611	285,929	–	(300,534)	(503,895)	–	1,764,111
Total	2,289,510	285,929	(51)	(300,534)	(503,895)	–	1,770,959

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

20. Short-term loans

Item	Currency	2024	2023
Credit loans			
– bank loans	RMB	1,500,940	3,000,000

At 31 December 2024, the interest rate range for short-term borrowings was 2.05% (31 December 2023: 1.95% to 2.08%).

As of 31 December 2024 and 31 December 2023, the Group had no overdue short-term borrowings.

21. Bills payable

Item	2024	2023
Bank acceptance notes	8,747,594	1,535,334
Finance companies acceptance notes	300,000	–
Total	9,047,594	1,535,334

The bills above are all due within one year.

22. Accounts payable

Item	2024	2023
Amount due to related parties (Note VIII.6)	1,302,316	4,727,391
Amount due to third parties	1,428,598	1,569,521
Total	2,730,914	6,296,912

As of 31 December 2024 and 31 December 2023, there was no individually significant accounts payable aged over one year.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

23. Contract liabilities

Item	2024	2023
Advance from related parties (Note VIII.6)	13,676	11,727
Advance from third parties	235,224	323,279
Total	248,900	335,006

As of 31 December 2024 and 31 December 2023, there was no individually significant contract liabilities aged over one year.

Contract liabilities mainly relate to advance receipts received by the Group from customers' contracts for the sale of goods, etc. The advance receipts are collected at the time of contract signing and amount to 100% of the contract consideration. Revenue relating to this contract will be recognized when the Group has fulfilled its performance obligations.

Changes in the contract liabilities of the Group are as follows:

	2024	2023
Balance at the beginning of the period	335,006	383,246
Revenue recognized that was included in the contract liability balance at the beginning of the period	(335,006)	(383,246)
Net increase due to cash received during the period	248,900	335,006
Balance at the end of the period	248,900	335,006

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

24. Employee benefits payable

(1) Employee benefits payable:

	Note	2024	2023
Short-term employee benefits	(2)	208,726	297,449
Post-employment benefits			
– defined contribution plans	(3)	23,999	24,816
Termination benefits	(4)	–	–
Total		232,725	322,265

(2) Short-term employee benefits

	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
Salaries, bonuses, allowances	276,800	1,852,361	(1,939,151)	190,010
Staff welfare	3,569	207,839	(207,839)	3,569
Social insurances	16,535	192,362	(194,353)	14,544
Including: Medical insurance	15,032	164,209	(166,148)	13,093
Work injury insurance	1,503	17,835	(17,887)	1,451
Supplementary medical insurance	–	10,153	(10,153)	–
Other insurance	–	165	(165)	–
Housing funds	–	213,373	(213,373)	–
Labour union fee, staff and workers' education fee	545	66,607	(66,549)	603
Non-monetary benefits	–	94,457	(94,457)	–
Labor cost	–	37,870	(37,870)	–
Others	–	6,989	(6,989)	–
Total	297,449	2,671,858	(2,760,581)	208,726

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

24. Employee benefits payable *(continued)*

(3) Defined contribution plans

	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
Basic pensions	24,063	286,730	(287,523)	23,270
Unemployment insurance	753	8,954	(8,978)	729
Supplemental basic pensions	–	133,595	(133,595)	–
Total	24,816	429,279	(430,096)	23,999

As stipulated by the regulations of the PRC, the Group participates in a defined contribution retirement plan organised by the Shanghai Municipal Government for its staff.

In addition, pursuant to the document "Order of the Ministry of Labour and Social Security No.20" dated 6 January 2004 issued by the Ministry of Labour of the PRC, the Group has set up a supplementary defined contribution retirement plan for the benefit of employees. Employees who have served the Group for more than one year may participate in this plan. The Group and participating employees make defined contributions to their pension saving accounts according to the plan.

The Group has no other material obligation for the payment of pension benefits associated with these plans beyond the annual contributions described above. For the year ended 31 December 2024, the Group's contribution to the above two plans amounted to RMB286,730 thousand and RMB133,595 thousand respectively (for the year ended 31 December 2023: RMB302,901 thousand and RMB157,323 thousand respectively).

(4) Termination benefits

	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
Termination benefits	–	31,317	(31,317)	–

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

25. Taxes payable

	2024	2023
Consumption tax payable	949,963	914,411
Value-added tax payable	215,177	39,428
Educational surcharge payable	64,003	69,134
Urban maintenance and construction tax payable	89,592	96,776
Corporate income tax payable	728	2,369
Land-use tax payable	12,200	12,200
Individual income tax payable	38,623	31,036
Others	17,861	21,721
Total	1,388,147	1,187,075

26. Other payables

	2024	2023
Dividends payable on ordinary shares	31,386	31,631
Amounts due to related parties (Note VIII.6)	274,902	282,634
Amounts due to third parties	800,783	830,418
Total	1,107,071	1,144,683

(1) As of 31 December 2024, the Group has no other payables that are individually significant aged over 1 year. (31 December 2023: Nil).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

26. Other payables *(continued)*

(2) Other payables by categories are analysed as follows:

Item	2024	2023
Accrued expenses	119,409	128,671
Equipment project payables	857,822	912,594
Dividends payable on ordinary shares	31,386	31,631
Withholding social insurance	15,427	15,990
Deposits	13,451	9,467
Project quality guarantee deposit	12,828	7,821
Others	56,748	38,509
Total	1,107,071	1,144,683

27. Non-current liabilities due within one year

Item	2024	2023
Long-term borrowings due within one year (Note V.29)	47	700,000
Lease liabilities due within one year (Note V.30)	1,112	7,515
Total	1,159	707,515

28. Other current liabilities

Item	2024	2023
Output VAT to be transferred	31,597	43,819

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

29. Long-term loans

	2024	2023
Credit loans	67,732	700,000
Less: Long term borrowings due within one year (Note V.27)	(47)	(700,000)
Total	67,685	–

At December 31,2024, the interest rate for long-term loans was 2.66% (31 December 2023: 1.08%).

30. Lease liabilities

	2024	2023
Lease liabilities	1,304	8,457
Less: Non-current liabilities due within one year (Note V.27)	(1,112)	(7,515)
Total	192	942

For the Group's specific arrangements relating to leasing activities, refer to Note V.60.

31. Deferred income

Item	31 December 2023	Increase in current period	Decrease in current period	31 December 2024	Cause
Government grants	110,222	175,568	(47,111)	238,679	related to assets/ income

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

31. Deferred income *(continued)*

Liability Items	31 December 2023	Increase in current period	Deduct from Property plant and Equipment	Include in other income	Deduct from general and administrative expenses	Deduct from financial expenses	Include in non-operating income	Deduct from non-operating expense	31 December 2024	Related to assets/ income
Investment subsidy for Chemical Industry	101,261	137,934	-	-	-	-	(11,724)	-	227,471	related to assets
Other government subsidy related to income	8,961	37,634	-	(35,387)	-	-	-	-	11,208	related to income
Total	110,222	175,568	-	(35,387)	-	-	(11,724)	-	238,679	

32. Share capital

	31 December 2023	Increase or decrease in current period: Issue new share	Stock dividend	Transfer from capital surplus to paid-in capital	Cancell treasury shares	Sub-total	31 December 2024
Non-restricted Shares							
Ordinary A shares listed in PRC	7,328,814	–	–	–	–	7,328,814	7,328,814
Foreign investment H shared listed overseas	3,470,472	–	–	–	(124,058)	3,346,414	3,346,414
Total Shares	10,799,286	–	–	–	(124,058)	10,675,228	10,675,228

The Company was founded in Shanghai, PRC on 29 June 1993 with registered capital of RMB4,000,000,000 invested by its holding company-China National Petrochemical Corporation; these shares were converted from assets of former Shanghai Petrochemical Complex.

V. Notes to the consolidated financial statements *(continued)*

32. Share capital *(continued)*

Approved by Zheng Wei Fa No. [1993] 30 issued by the State Council Securities Committee, the Company launched its Initial Public Offering ("IPO") in July 1993 and September 1993 in Hong Kong, New York and Shanghai to issue 2.23 billion shares, including 1.68 billion H shares and 550 million A shares. The 550 million A shares included 400 million individual shares (including 150 million shares issued to SPC employees) and 150 million legal person shares. H shares were listed on the Hong Kong Stock Exchange on 26 July 1993 and listed on the New York Stock Exchange in the form of American Depositary Shares at the same time; the A shares were listed on the Shanghai Stock Exchange on 8 November 1993.

After the IPO, the total quantity of shares issued by the Company was 6.23 billion, including 4 billion state owned shares,150 million legal person shares,400 million individual shares, and 1.68 billion H shares.

According to the plan stated in the prospectus issued in July 1993, and approved by the China Securities Regulatory Commission, the Company issued 320 million ordinary A shares with a par value of RMB1 each at an issuing price of RMB2.4 each during the period from 5 April to 10 June 1994. These shares were listed on the Shanghai Stock Exchange on 4 July 1994. By then, the total quantity of shares issued was expanded from 6.23 billion to 6.55 billion.

On 22 August 1996, the Company issued 500 million H shares to overseas investors; on 6 January 1997, another 150 million H shares were issued to overseas investors. By then, the total quantity of shares issued was expanded to 7.2 billion, including 2.33 billion H shares.

In 1998, China National Petrochemical Corporation was restructured to Sinopec Group.

Sinopec Corp. was founded on 28 February 2000 based on the approved assets restructuring of Sinopec Group. As part of the restructuring, the shares of the Company held by the Sinopec Group were injected in Sinopec Corp.; after the restructuring, the ownership of 4 billion state-owned shares of the Company held by the Sinopec Group were transferred to Sinopec Corp., and the shares were changed to state owned legal person shares in nature.

All the A and H shares rank pari passu in all respects.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

32. Share capital *(continued)*

Pursuant to the 'Approval on matters relating to the Share Segregation Reform of Sinopec Shanghai Petrochemical Company Limited' issued by the State-owned Assets Supervision and Administration Commission of the State Council (State Owned Property [2013] No.443), a General Meeting of A share shareholders was held on 8 July 2013 and passed the resolution of 'Share Segregation Reform of Sinopec Shanghai Petrochemical Company Limited (Amendment) ' ("the share segregation reform resolution") which was published by the Company on Shanghai Stock Exchange ("SSE") website on 20 June 2013. According to the Share Segregation Reform Resolution, the controlling shareholder of the Company, Sinopec Corp., offered shareholders of circulating A shares 5 shares for every 10 circulating A shares they held on 16 August 2013, aggregating 360,000,000 A shares, for the purpose of obtaining the listing rights of its noncirculating shares in the A Shares market. From 20 August 2013 ("the circulation date"), all the Company's non-circulating A shares have been granted circulating rights on Shanghai Stock Exchange ("SSE"). As part of the restricted conditions, Sinopec Corp. committed that all the 3,640,000,000 A shares held were not allowed to be traded on SSE or transferred within 12 months from the circulation date ("the restriction period"). After the restriction period, Sinopec Corp. can only sell no more than 5 and 10 percent of its total shares within 12 and 24 months, respectively. The former 150,000,000 non-circulating A shares held by social legal persons were also prohibited to be traded on SSE or transferred within 12 months from the circulation date. Meanwhile, Sinopec Corp. also committed in the Share Segregation Reform Resolution that a scheme of converting surplus to share capital (no less than 4 shares for every 10 shares) will be proposed on the board of directors and shareholders meetings within 6 months after the circulation date.

On 22 October 2013, Sinopec Corp. passed the Share Reform Commitment Scheme added up to 3,600,000,000 shares, after deliberation of temporary shareholders' meeting, A share class shareholders' meeting and H share class shareholders' meeting.

Since the Company share reform, which was executed after 20 August 2013, the Company's non-circulating A shares have been granted circulating rights on Shanghai Stock Exchange ("SSE"). As part of the restricted conditions, all the 5,460,000,000 A shares held by Sinopec Corp. and 225,000,000 A shares held by social legal persons had been realized circulation as of 31 December 2016.

On 23 August 2017, the first Share Option Incentive Scheme of A shares was passed according to board resolution. On 27 September 2017, the Company increased newly registered capital of RMB14,177 thousand, which was paid in cash amount to RMB54,580 thousand by 199 grantees. The difference between actual capital contribution and registered capital amount to RMB40,403 thousand was included in share premium, and the confirmed capital reserve – employee equity option plan in the waiting period is RMB21,916 thousand, which is transferred to the capital reserve – equity premium.. As to 31 December 2017, total equity capital was 10,814,176,600 shares.

V. Notes to the consolidated financial statements *(continued)*

32. Share capital *(continued)*

On 8 January 2018, according to the resolution of the board of directors of the Company, the second exercise period exercise plan of the Company's common a-share stock option incentive plan was adopted. On 12 January 2018, the new registered capital of the Company is RMB9,637 thousand, which is fully paid in cash of RMB37,102 thousand by 185 equity incentive objects who meet the conditions for exercise. The difference between the actual capital contribution and the subscribed registered capital is RMB27,465 thousand, which is included in the Company's capital reserve – equity premium, and the confirmed capital reserve – employee equity option plan in the waiting period is RMB17,062 thousand, which is transferred to the capital reserve – equity premium.

According to the board resolution of the Company on 28 December 2018, the third exercise period of the stock option incentive plan for A shares of the common stock of the Company will not be exercised because the non-market exercise conditions are not met. As of 31 December 2023 and 31 December 2022, the total share capital of the Company was 10,823,813,500 shares.

On 22 June 2022, the Company's annual general meeting for the year 2021, the second class A shareholders' meeting for the year 2022 and the second class H shareholders' meeting for the year 2022 considered and passed the ''Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company''. Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 27 October 2022 onwards by way of centralized bidding. As of December 31,2022, the Company repurchased a total of 24,528,000 ordinary H shares on the Stock Exchange of Hong Kong for a total consideration paid of RMB25,689 thousand. On February 17,2023, the Company cancelled all the repurchased H shares totaling 24,528,000 shares, representing 0.23% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,799,285,500 shares, of which 7,328,813,500 shares were A shares and 3,470,472,000 shares were H shares.

On 28 June 2023, the Company's annual general meeting for the year 2022, the first class A shareholders' meeting for the year 2023 and the first class H shareholders' meeting for the year 2023 considered and passed the ''Proposal to Request the General Meeting to Authorize the Board of Directors to Repurchase Domestic Shares/Or Overseas-Listed Foreign Shares of the Company''. Pursuant to such general authorization, the Company conducted the repurchase of the Company's shares from 3 November 2023 onwards by way of centralized bidding.

On 17 June 2024, the Company cancelled all the repurchased H shares totalling 124,058,000 shares, representing 1.15% of the total number of issued shares of the Company. After this cancellation, the total number of issued shares of the Company was reduced to 10,675,227,500 shares, of which 7,328,813,500 shares were A shares and 3,346,414,000 shares were H shares.

At 31 December 2024, the total share capital of the Company was 10,675,227,500 shares.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

33. Capital reserve

Item	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
Government grants	412,370	–	–	412,370
Refund of harbour construction charge	32,485	–	–	32,485
Share premium (Note V.32)	105,685	54	–	105,739
Others (Note V.39)	58,626	12,240	–	70,866
Total	609,166	12,294	–	621,460

As of 31 December 2024 and 31 December 2023, there were no outstanding share options.

34. Treasury stock

Item	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
Repurchase of Hong Kong ordinary shares	70,579	109,584	(124,004)	56,159

Pursuant to the ''Proposal to Request the General Meeting of Shareholders to Authorize the Board of Directors to Repurchase the Company's Domestic Shares and/or Overseas-Listed Foreign Shares'' considered and approved by the General Meeting of Shareholders held on 28 June 2023, the Company commenced the repurchase of the Company's shares from 3 November 2023 onwards by way of centralized bidding. As of 31 December 2023, the Company repurchased a total of 70,192,000 ordinary H shares on the Stock Exchange of Hong Kong for a total consideration of RMB70,579 thousand.

The 2023 Annual General Meeting of Shareholders held on June 6,2024, reviewed and passed the Proposal on Requesting the General Meeting of Shareholders to Authorize the Board to Repurchase the Company's Domestic Shares and/or Overseas Listed Foreign Shares. The Company repurchased the Company's shares by means of centralized bidding on September 9,2024. In 2024, the Company repurchased 109,236,000 H-share ordinary shares on the Stock Exchange of Hong Kong and paid a total consideration of RMB109,584 thousand.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

34. Treasury stock *(continued)*

As stated in Note V 32, in 2024, the Company will cancel the repurchase of 124,058,000 H-share ordinary shares on the Stock Exchange of Hong Kong, and the consideration for cancellation of shares will be RMB124,004 thousand.

The Company has cancelled all H-shares repurchased as of March 3,2025, totalling 96,346,000 shares.

35. Other comprehensive income

	Other comprehensive income in Balance Sheet				Other comprehensive income in the year ended 31 December 2024 Income Statement				
	31 December 2023	Net-of-tax amount attributable to shareholders of the Company	Less: Amounts transferred from hedging reserve to initial carrying amount of hedged items	31 December 2024	Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: income tax (expense)/benefit	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests
Items that cannot be reclassified to profit or loss									
Changes in fair value of investments in other equity instruments	(848)	2	-	(846)	3	-	(1)	2	-
Items that can be reclassified to profit or loss									
Cash flow hedge reserves	-	(60,059)	60,097	38	28,246	(108,326)	20,021	(60,059)	-
Other comprehensive income recognized under equity method	(39)	3,659	-	3,620	3,659	-	-	3,659	-
Total	(887)	(56,398)	60,097	2,812	31,908	(108,326)	20,020	(56,398)	-

During the year ended 31 December 2024, the Group initially recognized RMB60,097,000 of cash flow hedging reserves transferred out of inventory and reclassified to RMB108,326,000 of operating income.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

35. Other comprehensive income *(continued)*

	Other comprehensive income in Balance Sheet				Other comprehensive income in the year ended 31 December 2023 Income Statement				
	31 December 2022	Net-of-tax amount attributable to shareholders of the Company	Less: Amounts transferred from hedging reserve to initial carrying amount of hedged items	31 December 2023	Before-tax amount	Less: Previously recognized amount transferred to profit or loss	Less: income tax expense	Net-of-tax amount attributable to shareholders of the Company	Net-of-tax amount attributable to non-controlling interests
Items that cannot be reclassified to profit or loss									
Changes in fair value of investments in other equity instruments	–	(848)	–	(848)	(1,131)	–	283	(848)	–
Items that can be reclassified to profit or loss									
Cash flow hedge reserves	–	45,830	(45,830)	–	15,624	45,482	(15,276)	45,830	–
Other comprehensive income recognized under equity method	(806)	767	–	(39)	767	–	–	767	–
Total	(806)	45,749	(45,830)	(887)	15,260	45,482	(14,993)	45,749	–

During the year ended 31 December 2023, the Group initially recognized RMB45,830,000 of cash flow hedging reserves transferred out of inventory and reclassified to RMB45,482,000 of operating income.

36. Specific reserve

Item	31 December 2023	Accrued in current period	Utilized in current period	31 December 2024
Safety fund	298,137	182,363	(189,893)	290,607

Item	31 December 2022	Accrued in current period	Utilized in current period	31 December 2023
Safety fund	240,418	153,920	(96,201)	298,137

Specific reserve represents unutilized safety fund accrued in accordance with state regulations (Note III.26).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

37. Surplus reserve

Item	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
Statutory surplus reserve	6,571,279	–	–	6,571,279
Discretionary surplus reserve	101,355	–	–	101,355
Total	6,672,634	–	–	6,672,634

Item	31 December 2022 (Restated)	Increase in current period	Decrease in current period	31 December 2023
Statutory surplus reserve	6,571,279	–	–	6,571,279
Discretionary surplus reserve	101,355	–	–	101,355
Total	6,672,634	–	–	6,672,634

In accordance with the Company Law and the Company's Articles of Association, the Company should appropriate 10% of net profit for the year to the statutory surplus reserve. The statutory surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. No statutory surplus reserve was appropriated in current period (2023: Nil).

The Company appropriates for the discretionary surplus reserve should be proposed by the board of directors and approved by the shareholders' meeting. The discretionary surplus reserve can be used to make up for the loss or increase the share capital after approval from the appropriate authorities. No discretionary surplus reserve was appropriated in current period (2023: Nil).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

38. Retained earnings

	2024	2023
Retained earnings at the end of the previous year before adjustment	6,517,172	7,923,002
Total undistributed profits at the beginning of the adjustment period (increase+, decrease -)	–	46
Retained earnings at the beginning of the period after adjustment	6,517,172	7,923,048
Add: Net gains/(losses) attributable to shareholders of the Company	316,500	(1,405,876)
Less: Appropriation to statutory reserve (Note V. 37)	–	–
Dividend to ordinary shares (1)	–	–
Retained earnings at the end of the period	6,833,672	6,517,172

(1) Pursuant to the resolution of the General Meeting of shareholders at 6 June 2024, the Company did not distribute cash dividends for the year 2023.

Pursuant to the resolution of the General Meeting of shareholders at 28 June 2023, the Company did not distribute cash dividends for the year 2022.

(2) Retained earnings at the end of the year

As of 31 December 2024, the consolidated retained earnings attributable to the Group included appropriation to surplus reserves made by the Company's subsidiaries amounting to RMB302,390 thousand (31 December 2023: RMB297,224 thousand).

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

39. Non-controlling interests

Attributable to the non-controlling interests of the Group:

Name of subsidiaries	2024	2023
China Jinshan Associated Trading Corporation ("Jinmao")	104,241	105,362
Shanghai Jinchang Engineering Plastics Company Limited ("Jinchang") (Note 1)	–	12,616
Total	104,241	117,978

Note 1: During the reporting period, the Group purchased 25.75% equity of Jinchang Company from its minority shareholders at a nominal price of RMB2, capital reserve increased by RMB12,240 thousand, resulting in the decrease to zero in minority shareholders' equity.

40. Operating income and operating costs

Item	Note	2024	2023
Income from principal activities	(1)	86,230,113	92,434,202
Income from other operating activities		902,707	579,393
Total		87,132,820	93,013,595

Item	Note	2024	2023
Cost of principal activities	(1)	71,494,898	78,695,511
Cost of other operating activities		550,392	462,362
Total		72,045,290	79,157,873

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

40. Operating income and operating costs *(continued)*

(1) Income and cost from principal activities

The principal business of the Group mainly belongs to the petrochemical industry.

Analysis by product is as following:

	2024		2023	
	Income from principal activities	Cost of principal activities	Income from principal activities	Cost of principal activities
Petroleum products	62,069,226	47,757,325	64,642,544	51,778,757
Chemical products	17,157,166	16,829,739	19,111,302	18,342,975
Trading of petrochemical products	6,912,378	6,817,560	8,179,335	8,070,375
Others	91,343	90,274	501,021	503,404
Total	86,230,113	71,494,898	92,434,202	78,695,511

(2) For the year ended 31 December 2024, analysis of revenue and cost of sales is as following:

	2024				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Income from principal activities	62,069,226	17,157,166	6,912,378	91,343	86,230,113
Including: Recognized at a point in time	62,069,226	17,157,166	6,877,007	91,343	86,194,742
Recognized over time	–	–	35,371	–	35,371
Income from other operating activities	–	284,503	–	618,204	902,707
Total	62,069,226	17,441,669	6,912,378	709,547	87,132,820

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

40. Operating income and operating costs *(continued)*

(2) For the year ended 31 December 2024, analysis of revenue and cost of sales is as following: *(continued)*

	2024				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Cost from principal activities	47,757,325	16,829,739	6,817,560	90,274	71,494,898
Including: Recognized at a point in time	47,757,325	16,829,739	6,782,189	90,274	71,459,527
Recognized over time	–	–	35,371	–	35,371
Cost from other operating activities	–	92,502	–	457,890	550,392
Total	47,757,325	16,922,241	6,817,560	548,164	72,045,290

For the year ended 31 December 2023, analysis of revenue and cost of sales is as following:

	2023				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Income from principal activities	64,642,544	19,111,302	8,179,335	501,021	92,434,202
Including: Recognized at a point in time	64,642,544	19,111,302	8,123,135	501,021	92,378,002
Recognized over time	–	–	56,200	–	56,200
Income from other operating activities	–	–	–	579,393	579,393
Total	64,642,544	19,111,302	8,179,335	1,080,414	93,013,595

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

40. Operating income and operating costs *(continued)*

(2) For the year ended 31 December 2024, analysis of revenue and cost of sales is as following: *(continued)*

	2023				
Classification	Petroleum products	Chemical products	Trading of petrochemical products	Others	Total
Cost from principal activities	51,778,757	18,342,975	8,070,375	503,404	78,695,511
Including: Recognized at a point in time	51,778,757	18,342,975	8,014,175	503,404	78,639,311
Recognized over time	–	–	56,200	–	56,200
Cost from other operating activities	–	–	–	462,362	462,362
Total	51,778,757	18,342,975	8,070,375	965,766	79,157,873

For the year ended 31 December 2024, the Group has no revenues and costs from trial sales (For the year ended 31 December 2023: Nil).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

41. Taxes and surcharges

Item	2024	2023	Tax base and rate
Consumption tax	11,098,580	11,218,369	According to relevant PRC tax regulations, since 1 January 2009, the Group required to pay consumption tax based on the Group's sales of gasoline, diesel, naphtha and fuel oil rate according to the applicable tax rate (Note IV)
Urban maintenance and construction tax	925,026	897,647	5% or 7% of actual payments of consumption tax and VAT during the period
Education surcharges	668,429	648,873	3% of actual payments of consumption tax and VAT during the period
Stamp tax	16,550	22,268	Applicable tax rate
Property tax	33,076	32,587	1.2% of taxable property value or 12% of rental expense
Land use tax	24,645	24,993	Applicable tax rate
Others	11,491	9,114	
Total	12,777,797	12,853,851	

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

42. Selling expenses

Item	2024	2023
Transportation fee	35,144	61,928
Sales commission	52,467	100,391
Staff costs	78,541	84,910
Storage and logistics expenses	28,110	40,529
Others	29,879	28,095
Total	224,141	315,853

43. General and administrative expenses

Item	2024	2023
Staff costs	908,095	1,081,516
Repair and maintenance expense	215,455	191,200
Depreciation and amortization	170,839	192,478
Security and fire fighting expenses	43,481	50,897
Information system operation maintenance	39,058	42,221
Depreciation of right-of-use assets	13,252	13,391
Others	193,452	255,565
Total	1,583,632	1,827,268

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

44. Research and development expenses

Item	2024	2023
R & D material cost	16,428	24,166
Technical cooperation fee	32,105	41,095
Payroll	55,996	72,227
Depreciation and amortization	25,843	19,597
Others	43,581	29,893
Total	173,953	186,978

45. Financial expenses ("-" for income)

Item	2024	2023
Interest expenses from loans and payables	118,710	156,318
Less: Capitalized borrowing costs	(4,088)	(11,700)
Add: Interest expenses from lease liabilities	365	695
Interest income from deposits and receivables	(309,542)	(383,988)
Net exchange losses	12,622	4,909
Others	10,479	5,139
Total	(171,454)	(228,627)

The interest rate per annum, at which the borrowing costs were capitalized by the Group, was 2.01% for 2024 (for the year ended 31 December 2023: 1.70%).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

46. Other income

By Nature	2024	2023	related to asset/ related to income
Other income related government grants	21,602	15,999	related to income
Refund of harbour construction charge	6,309	5,279	related to income
Tax refunds	547	2,339	related to income
Scientific research expenditures subsidy	2,211	12,496	related to income
Others	4,718	1,982	related to income
Total	35,387	38,095	related to income

47. Investment income ("-" for losses)

Item	2024	2023
Gain/(Losses) from investment in associates and joint ventures	169,579	(151,128)
Net losses from disposal of derivative financial instruments	4,028	–
Discount loss of receivables	(3,501)	(4,403)
Others	4,878	–
Total	174,984	(155,531)

There was no significant restriction on the repatriation of investment income.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

48. Gains from changes in fair value ("-" for losses)

Item	2024	2023
Financial assets at fair value through profit or loss		
Other non-current financial assets	–	10,000

49. Credit losses

Item	2024	2023
Accounts receivable credit reversals/(loss) (Note V. 3)	51	598
Other receivable credit loss (Note V. 6)	–	(3)
Others (Note)	–	4,860
Total	51	5,455

Note: Zhejiang Jinyong Acrylic Co., Ltd. ("Jinyong Company"), a subsidiary within the original consolidation scope of the Group, went into bankruptcy liquidation on August 23,2019. According to the final distribution plan of Jinyong Company's bankruptcy property, the Group recovered the debt payment of RMB4,860 thousand paid by Jinyong Company's bankruptcy administrator this year.

50. Impairment losses

Item	2024	2023
Impairment loss on inventories (Note V. 7)	(285,929)	(446,719)
Impairment loss on fixed assets (Note V. 12)	–	(29,850)
Total	(285,929)	(476,569)

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

51. Gains from asset disposals

Item	2024	2023	Amount recognised in extraordinary gain and loss for the year ended 31 December 2024
Gains from disposal of fixed assets	1,851	923	1,851
Gains from disposal of fixed assets	40,459	–	40,459
Total	42,310	923	42,310

52. Non-operating income

Item	Note	2024	2023	Amount recognised in extraordinary gain and loss for the year ended 31 December 2024
Compensation payments, income from fines		4,085	16,843	4,085
Government grants	(1)	11,724	11,724	11,724
Fixed asset obsolescence gains		21,664	5,482	21,664
Others		495	5,288	495
Total		37,968	39,337	37,968

(1) Government grants mainly include:

Item	2024	2023
Amortization of deferred income (Note V.31)	11,724	11,724

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

53. Non-operating expenses

Item	2024	2023	Amount recognised in extraordinary gain and loss for the year ended 31 December 2024
Losses from scrapping of fixed assets	21,839	25,572	21,839
Losses from scrapping of construction in progress	653	7,591	653
Allowances	37,690	38,256	37,690
Others	15,215	5,826	15,215
Total	75,397	77,245	75,397

54. Income tax expenses/(benefits)

Item	2024	2023
Current tax expense for the period based on tax law and regulations	6,768	15,134
Changes in deferred tax assets/liabilities	99,545	(321,000)
Tax filing differences	5	(227)
Total	106,318	(306,093)

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

54. Income tax expenses/(benefits) *(continued)*

Reconciliation between income tax expenses/(income) and accounting profit/(losses):

Item	2024	2023
Profit/(losses) before income tax	428,835	(1,715,136)
Expected income tax expense at applicable tax rates	107,209	(428,784)
Tax effect of investment income accounted for using the equity method	(41,512)	38,665
Other non-taxable income	(6,234)	(7,250)
Tax deductions for R&D expenses	(15,000)	(21,369)
Costs, expenses and losses not deductible	62,554	79,578
Difference in settlement of income tax in previous years and the supplementary income tax	5	(227)
Tax losses for which no deferred income tax asset was recognized this period	7,557	29,676
(Recognition of deductible losses or temporary differences not recognized in previous periods)/Deductible losses of deferred tax assets over recognized in previous periods	(8,261)	4,137
Other tax adjustment items	–	(519)
Income tax expenses/(income)	106,318	(306,093)

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

55. Calculation of basic gains/(losses) per share and diluted gains/(losses) per share

(1) Basic gains/(losses) per share

Basic gains/(losses) per share is calculated by dividing the consolidated net gains/(losses) attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding:

Item	2024	2023
Consolidated net gains/(losses) attributable to ordinary shareholders of the Company	316,500	(1,405,876)
Weighted average number of the Company's ordinary shares outstanding (thousand share)	10,667,315	10,792,977
Basic gains/(losses) per share (RMB per share)	0.030	(0.130)

The weighted average number of ordinary shares is calculated as follows:

Item	2024 (thousand shares)	2023 (thousand shares)
Amount of ordinary shares outstanding at 31 December 2023 (Note)	10,729,094	10,799,286
Weighted average number of ordinary shares during the period	(61,779)	(6,309)
Amount of ordinary shares outstanding at 31 December 2024	10,667,315	10,792,977

Note: The Company repurchased 70,192 thousand shares in fiscal year 2023 (see Note V.34), which were cancelled in fiscal year 2024, and have deducted them from the number of common shares outstanding at the beginning of the year.

(2) Diluted gains/(losses) per share

For the year ended 31 December 2024, the Company has no diluted ordinary shares outstanding, the diluted gains/(losses) per share equals the basic gains/(losses) per share.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

56. Supplementary information on income statement

Expenses on income statement are analysed by their nature:

Item	2024	2023
Operating income	87,132,820	93,013,595
Less: Changes in inventories of finished goods and work in progress	(67,215)	(154,992)
Consumed raw materials and low value consumables, etc.	59,834,774	65,553,670
Cost of purchasing products	6,817,560	8,070,375
Employee benefits	3,132,454	3,479,098
Depreciation and amortization expenses	2,059,333	1,990,791
Taxes and surcharges	12,777,797	12,853,851
Repair and maintenance expenses	807,781	1,153,602
Other expenses	1,442,329	1,395,428
Finance expenses ("-" for income)	(171,454)	(228,627)
Add: Gains from changes in fair value ("-" for loss)	–	10,000
Gains from asset disposals ("-" for loss)	42,310	923
Other income	35,387	38,095
Investment income ("-" for loss)	174,984	(155,531)
Impairment losses ("-" for loss)	(285,929)	(476,569)
Credit losses ("-" for loss)	51	5,455
Operating gains/(loss)	466,264	(1,677,228)

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Notes to cash flow statement

(1) Cash from operating activities

(i) Proceeds from other operating activities

	For the year ended 31 December	
Item	2024	2023
Subsidy income	175,021	35,756
Interest income on demand deposits	194,024	194,388
Agency income	–	147,239
Others	139,314	126,612
Total	508,359	503,995

(ii) Payments for other operating activities

Item	2024	2023
Agency fee	(52,467)	(100,391)
Research and development expenses	(72,029)	(70,988)
Information system operation maintenance	(39,058)	(42,221)
Commodity storage and logistics fee	(13,508)	(40,529)
Security and fire fighting expenses	(43,481)	(50,897)
Agency payment	–	(147,239)
Others	(104,441)	(124,224)
Total	(324,984)	(576,489)

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Notes to cash flow statement *(continued)*

(2) Cash from investment activities

(i) Significant cash received related to investing activities

a. Cash received from investment income

Items	2024	2023
Dividends received from joint ventures	15,640	20,398
Dividends received from associates	99,966	71,693
Total	115,606	92,091

b. Cash received from withdrawal of investments

Items	2024	2023
Withdrawal of investment margin	–	50,000
Withdrawal of entrusted loan	–	–
Total	–	50,000

(ii) Significant cash paid related to investing activities

Items	2024	2023
Cash paid for investment in unlisted preference shares	–	(26,500)
Cash paid for investment in joint ventures and associates	(150,000)	–
Total	(150,000)	(26,500)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Notes to cash flow statement *(continued)*

(2) Cash from investment activities *(continued)*

(iii) Proceeds from other investing activities

Item	2024	2023
Time deposits due within one-year receipts	700,642	3,000,000
Interest income on time deposits	16,636	202,802
Investment gains from derivative financial instruments	4,028	–
Total	721,306	3,202,802

(iv) Payments for other investing activities

Item	2024	2023
Time deposits for more than three months	(1,000,000)	–

(3) Payments for other financing activities

(i) Other cash disbursements related to financing activities

Item	2024	2023
Lease liabilities payment	(15,051)	(15,935)
Payment of discount interest on buyer's interest-bearing notes	(22,626)	(9,505)
Hong Kong ordinary shares repurchase	(113,279)	(49,339)
Total	(150,956)	(74,779)

For the year ended 31 December 2024, cash payment of the Group related to lease activities is RMB25,094 thousand (For year ended 31 December 2023: RMB30,699 thousand), except for the above amount included in financing activities, the rest are included in operating activities.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

57. Notes to cash flow statement *(continued)*

(3) Payments for other financing activities *(continued)*

(ii) Liabilities arising from financing activities

	Short-term loan	Other accounts payable – interest payable	Non-current liabilities due within one year – long-term loans	Long-term borrowings	Lease liabilities	Total
Balance at 31 December 2023	3,000,000	2,509	700,000	–	8,457	3,710,966
Increase for the period – change in cash						
Borrowings	17,500,000	–	–	67,685	–	17,567,685
Increase for the period – non-cash changes						
Increase in lease liability as a result of entering into new leases	–	–	–	–	7,533	7,533
Accrued interest	95,884	–	–	199	365	96,448
reclassification	–	–	–	–	–	–
Decrease in current period – change in cash						
Repayment of loans	(19,000,000)	–	(700,000)	–	–	(19,700,000)
Repayment of principal and interest on lease liabilities	–	–	–	–	(15,051)	(15,051)
Payment of interest	(94,944)	(2,509)	–	(152)	–	(97,605)
Decrease during the period – non-cash changes						
Reclassification	–	–	47	(47)	–	–
Balance at 31 December 2024	1,500,940	–	47	67,685	1,304	1,569,976

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

58. Supplementary information on cash flow statement

(1) Supplement to cash flow statement

a. *Reconciliation of net profit/(losses) to cash flows from operating activities:*

Item	2024	2023
Net profit/(losses)	322,517	(1,409,043)
Add: Provisions for impairment of assets	285,929	476,569
Reversal of credit losses provision	(51)	(595)
Depreciation of investment properties	15,076	15,270
Depreciation of fixed assets	1,777,429	1,687,018
Depreciation of right-of-use assets	13,802	15,261
Amortization of intangible assets	19,968	19,968
Amortization of long-term deferred expenses	233,058	253,274
Losses on disposal of fixed assets ("-" for income)	(41,482)	26,758
Gains from changes in fair value	–	(10,000)
Finance expenses ("-" for income)	(874)	(46,746)
Investment loss ("-" for income)	(178,485)	151,128
Decrease in deferred tax assets ("-" for increase)	101,879	(321,666)
Increase in deferred tax liabilities ("-" for decrease)	(2,334)	666
Increase in deferred income ("-" for decrease)	128,457	(24,386)
Decrease in inventories ("-" for increase)	913,495	(904,346)
Decrease in operating receivables ("-" for increase)	111,575	2,220,592
Increase in operating payables ("-" for decrease)	4,048,018	(1,400,445)
Increase in specific reserve ("-" for decrease)	(7,530)	57,719
Net cash flows generated from operating activities	7,740,447	806,996

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

58. Supplementary information on cash flow statement *(continued)*

(1) Supplement to cash flow statement *(continued)*

b. Net changes in cash and cash equivalents

Item	2024	2023
Cash and cash equivalents at end of the year	8,209,113	4,906,368
Less: Cash and cash equivalents at beginning of the year	4,906,368	889,413
Net increase in cash and cash equivalents	3,302,745	4,016,955

(2) Details of cash and cash equivalents

Items	2024	2023
Cash at bank and on hand	8,209,113	4,906,368
Including: Bank deposits available on demand	8,209,113	4,906,368
Cash and cash equivalents at the end of the year	8,209,113	4,906,368

(3) Monetary funds not classified as cash and cash equivalents

Items	2024	2023
Time deposit	3,883,513	700,642
Other monetary funds	3,851	3

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

59. Foreign monetary items

	2024		
	Foreign currency	Exchange rate	RMB currency
Cash at bank and on hand—USD	19,556	7.1884	140,576
Accounts receivable—USD	–	–	–
Other receivable—USD	40	7.1884	288
Other receivable—HKD	8,908	0.9325	8,307
Receivables under financing—USD	27,519	7.1884	197,818
Accounts payable—USD	(67,128)	7.1884	(482,543)
Other payables—USD	(275)	7.1884	(1,977)
Gross balance sheet exposure—USD	(20,288)		(145,838)
Gross balance sheet exposure—HKD	8,908		8,307

	2023		
	Foreign currency	Exchange rate	RMB currency
Cash at bank and on hand—USD	20,823	7.0827	147,483
Accounts receivable -USD	2,742	7.0827	19,421
Other receivable —USD	40	7.0827	283
Other receivable—HKD	6,071	0.9066	5,504
Receivables under financing—USD	18,650	7.0827	132,092
Accounts payable -USD	(54,908)	7.0827	(388,897)
Other payable—USD	(275)	7.0827	(1,948)
Gross balance sheet exposure —USD	(12,928)		(91,566)
Gross balance sheet exposure—HKD	6,071		5,504

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

60. Leases

(1) As a lessor

(a) Operating lease

Item	2024	2023
Lease income	72,726	81,987

The Group leases out some land, buildings and machinery. The lease period ranges from 1 to 20 years. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

(2) As a lessee

Item	2024	2023
Short-term lease expenses applied the practical expedient	10,043	14,764
Total cash outflow for leases	25,094	30,699

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

V. Notes to the consolidated financial statements *(continued)*

61. Government grants

(1) Details of government grants

Category	Amount	Presentation item
Other asset-related government grants	227,471	Deferred income
Other income-related government grants	11,208	Deferred income
Other asset-related government grants	11,724	Non-operating income
Other income-related government grants	35,387	Other income

(2) Government grants recognized in profit or loss for the period

Type	2024	2023
Other asset-related government grants	11,724	11,724
Other government grants related to earnings	35,387	38,095

(3) For the year ended 31 December 2024, there is no repayment of government grants. (For the year ended 31 December 2023: nil)

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities

1. Interests in subsidiaries

(1) Main components of the Group's subsidiaries as at 31 December 2024:

Name of enterprise	Main business area	Place of registration	Principal activities	Registered capital (thousands)	Percentage of equity%		Way of acquisition
					Directly	Indirectly	
Toufa	Shanghai	Shanghai	Investment	RMB2,100,000	100.00%	–	Establish
Jinmao	Shanghai	Shanghai	Trading	RMB25,000	67.33%	–	Establish
Jinchang	Shanghai	Shanghai	Manufacturing	USD9,154	–	100.00%	Establish
Shanghai Golden Phillips Petrochemical Company Limited ("Jinfei")	Shanghai	Shanghai	Manufacturing	RMB415,623	–	100.00%	Establish
Jinmao International	Shanghai	Shanghai	Trading	RMB100,000	–	67.33%	Establish
Jinlian	Zhejiang Jiaxing	Zhejiang Jiaxing	Storage and transportation	RMB620,000	–	100.00%	Business combinations involving entities not under common control

(2) Important non-wholly-owned subsidiaries

Name of subsidiaries	Shareholding ratio of minority shareholders	Profit attributable to minority shareholders this period	Dividends distributed to minority shareholders this period	Balance of minority shareholders' equity at the end of the period
China Jinshan Associated Trading Corporation	32.67%	6,392	7,514	104,241

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*

1. Interests in subsidiaries *(continued)*

(3) Financial information of important non-wholly-owned subsidiaries

The following tables show the main financial information of the above-mentioned subsidiary, which are the amounts before offsetting internal transactions within the group, but have been adjusted for fair value on the consolidation date and unified accounting policies:

	China Jinshan Associated Trading Corporation	
	2024	2023
Current assets	1,016,300	1,038,720
Non-current assets	1,930	2,528
Total Assets	1,018,230	1,041,248
Current liabilities	(699,082)	(718,651)
Non-current liabilities	(78)	(92)
Total liabilities	(699,160)	(718,743)

	China Jinshan Associated Trading Corporation	
	2024	2023
Operating income	7,154,546	8,903,402
Net profit	19,568	19,575
Total comprehensive income	19,568	19,575
Cash flows from operating activities	26,281	(39,351)

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*

2. Interests in joint ventures or associates

(1) Nature of interest in major joint ventures and associates at 31 December 2024:

Name of enterprise	Place of main business	Place of registry	Principal activities	Whether it is strategic to group activities	% of ownership interest Directly	Indirectly	Registered capital (thousands)
Joint ventures–							
Linde	Shanghai	Shanghai	Production and sales of industrial gases	Yes	–	50.00%	USD32,000
Yangu Gas	Shanghai	Shanghai	Production and sales of industrial gases	Yes	–	50.00%	USD10,560
Baling Materials (i)	Shanghai	Shanghai	Production and sales of new styrene thermoplastic elastomer materials	Yes	50.00%	–	RMB800,000
Associates –							
Shanghai Secco	Shanghai	Shanghai	Manufacturing and distribution of chemical products	Yes	20.00%	–	RMB3,115,180
Chemical Industry	Shanghai	Shanghai	Planning, development and operation of the Chemical Industry Park in Shanghai, PRC	Yes	38.26%	–	RMB2,372,439
Azbil	Shanghai	Shanghai	Service and maintenance of building automation systems and products		–	40.00%	USD3,000
Shidian Energy	Shanghai	Shanghai	Electricity supply		–	40.00%	RMB1,000,000

The Group applies the equity method to measure these equity investments.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*

2. Interests in joint ventures or associates *(continued)*

(1) Nature of interest in major joint ventures and associates at 31 December 2024: *(continued)*

(i) On September 7,2021, Sinopec Hunan Petrochemical Co., Ltd. (formerly known as "Sinopec Baling Petrochemical Co., Ltd.") and the Company jointly established Baling New Materials and contributed RMB400 million in cash respectively. In 2024, the Company contributed RMB150 million in cash. As of 31 December 2024, the Company has contributed RMB400 million in cash. The main business scope of Baling New Materials is the production and sale of SBS, SIS, SEBS, SEPS, SSBR (collectively referred to as SBC), new styrenic thermoplastic elastomer materials, as well as their raw materials, intermediate products, and by-products.

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VI. Interests in other entities *(continued)*

2. Interests in joint ventures or associates *(continued)*

(2) Key financial information of material joint ventures

	2024			2023		
	Linde Gases Company	Yangu Gas	Baling Materials	Linde Gases Company	Yangu Gas	Baling Materials
Current assets	276,363	62,941	206,684	300,772	76,101	139,920
Including: Cash and cash equivalents	204,005	62,902	5,363	223,486	73,849	77,859
Non-current assets	87,865	172	2,459,544	90,912	8,784	1,624,943
Total assets	364,228	63,113	2,666,228	391,684	84,885	1,764,863
Current liabilities	(33,130)	(99)	(599,198)	(37,985)	(13,242)	(657,863)
Non-current liabilities	–	–	(1,267,030)	(5,600)	–	(607,000)
Total liabilities	(33,130)	(99)	(1,866,228)	(43,585)	(13,242)	(1,264,863)
Net assets	331,098	63,014	800,000	348,099	71,643	500,000
Group's share of net assets (i)	165,549	31,507	400,000	174,050	35,822	250,000
Adjustments-elimination of unrealized profit or loss on intra- group transactions	(86)	–	–	(86)	–	–
Carrying amount of interests in joint ventures	165,463	31,507	400,000	173,964	35,822	250,000

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*

2. Interests in joint ventures or associates *(continued)*

(2) Key financial information of material joint ventures *(continued)*

	2024			2023		
	Linde Gases Company	Yangu Gas	Baling Materials	Linde Gases Company	Yangu Gas	Baling Materials
Operating income	323,601	1,963	–	367,186	28,593	–
Financial income	357	1,775	–	3,040	1,153	–
Income tax expenses	4,383	–	–	11,327	–	–
Net profit/(loss)	13,554	(8,629)	–	33,932	(8,792)	–
Other comprehensive income	–	–	–	–	–	–
Total comprehensive income	13,554	(8,629)	–	33,932	(8,792)	–
Dividends received from joint ventures of this period	15,278	–	–	19,700	–	–

(i) The Group calculated shares of assets by its shareholding ratio, based on the amount from financial statements in joint ventures. The amount in financial statements of joint ventures based on the impacts of identifiable assets when obtained investment, fair value of liabilities, and consistency of accounting policies.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*

2. Interests in joint ventures or associates *(continued)*

(3) Key financial information of material associates

	2024				2023			
	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy
Current assets	3,278,124	3,767,001	230,573	939,488	4,669,471	3,858,856	245,285	928,769
Including: Cash and cash equivalents	1,024,967	2,470,083	159,548	844,895	972,028	2,425,810	165,961	850,415
Non-current assets	6,093,117	7,797,002	21,782	213,949	5,438,241	7,248,350	11,529	214,348
Total assets	9,371,241	11,564,003	252,355	1,153,437	10,107,712	11,107,206	256,814	1,143,117
Current liabilities	(3,730,611)	(2,123,807)	(91,339)	(25,423)	(5,838,648)	(1,932,014)	(82,457)	(38,066)
Non-current liabilities	(6,672,950)	(982,804)	(9,201)	(36,734)	(4,476,514)	(880,938)	(3,384)	(39,538)
Total liabilities	(10,403,561)	(3,106,611)	(100,540)	(62,157)	(10,315,162)	(2,812,952)	(85,841)	(77,604)
Net (liabilities)/assets	(1,032,320)	8,457,392	151,815	1,091,280	(207,450)	8,294,254	170,973	1,065,513
Non-controlling interests	–	1,403,145	–	–	–	1,431,747	–	–
Net (liabilities)/assets attributable to equity shareholders of the Company	(1,032,320)	7,054,247	151,815	1,091,280	(207,450)	6,862,507	170,973	1,065,513
Group's share of net (liabilities)/ assets (i)	(206,464)	2,698,955	60,726	436,512	(41,490)	2,625,595	68,389	426,205
Adjustment- elimination of unrealized profit or loss on intra- group transactions	–	–	–	(9,250)	2,035	–	–	(9,250)
Adjustments – excess losses not recognized in the current period	206,464	–	–	–	39,455	–	–	–
Adjustment (ii)	–	(329,890)	–	–	–	(329,890)	–	–
Impairment loss	–	–	–	–	–	–	–	–
Carrying amount of interests in associates	–	2,369,065	60,726	427,262	–	2,295,705	68,389	416,955

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities *(continued)*

2. Interests in joint ventures or associates *(continued)*

(3) Key financial information of material associates *(continued)*

	2024				2023			
	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy	Shanghai Secco	Chemical Industry	Azbil	Shidian Energy
Operating income	21,775,948	1,978,727	384,916	504,263	17,425,839	1,925,655	433,131	527,731
Net (loss)/profit	(824,870)	539,472	40,842	35,767	(1,855,222)	540,797	62,662	32,319
Other comprehensive income	–	9,563	–	–	–	2,003	–	–
Total comprehensive income	(824,870)	549,035	40,842	35,767	(1,855,222)	542,800	62,662	32,319
Dividends received from associates	–	69,633	24,000	4,000	–	46,103	20,000	4,000

(i) The Group calculates its share of assets based on the amount attributable to the parent company in the consolidated financial statements of associates in proportion to its shareholding. The key financial information of associates is adjusted for fair value adjustments at the time of acquisition and any differences in accounting policies of the Group.

(ii) Unentitled portion represented some piece of lands injected by Government in Chemical Industry as capital reserve and the earnings from this land cannot be shared by other shareholders.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VI. Interests in other entities (continued)

2. Interests in joint ventures or associates (continued)

(4) Summarised financial information of immaterial joint ventures and associates

Items	2024	2023
Joint ventures:		
Aggregate carrying amount of investments as of 31 December	9,533	9,648
Aggregate amount of share of		
– Net profit (i)	247	501
– Other comprehensive income (i)	–	–
– Total comprehensive income	247	501
Dividends received from immaterial associates	362	698
Associates:		
Aggregate carrying amount of investments as of 31 December	96,017	101,458
Aggregate amount of share of		
– Net loss (i)	(3,108)	(7,559)
– Other comprehensive income (i)	–	–
– Total comprehensive income	(3,108)	(7,559)
Dividends received from immaterial associates	2,333	1,590

(i) Net profit and other comprehensive income had been adjusted for fair value adjustments of identifiable assets and liabilities at the time of acquisition and any differences in accounting policies of the Group.

(ii) Unrecognized commitments related to investments in associates refer to Note IX.

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VII. Segment information

Segment information is presented in respect of the Group's business segments, the format of which is determined based on the structure of the Group's internal organisation, management requirement, and internal reporting system.

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 identified the following three reportable segments. No operating segments have been aggregated to form the following reportable segments.

The Group evaluates the performance and allocates resources to its operating segments on an operating income basis, without considering the effects of finance expenses, investment income, other income, non-operating income and non-operating expenses. The accounting policies adopted by the operating segments are the same with the policies in summary of significant accounting policies. The transfer price of intersegment is recognized with cost plus profit method.

The Group principally operates in three operating segments: petroleum products, chemical products, and trading of petrochemical products. Petroleum products and chemical products are produced through intermediate steps from crude oil, the principal raw material. The specific products of each segment are as follows:

(i) The Group's petroleum products segment is equipped with crude oil distillation facilities to produce qualified refined gasoline, kerosene, diesel, heavy oil and liquefied petroleum, in addition to producing feedstocks of the Group's downstream processing facilities.

(ii) The chemical products segment primarily produces p-xylene, benzene, ethylene oxide, polyethylene resin, polypropylene resin PVA granules, acrylic fibres and carbon fibres. Most of the p-xylene, benzene and ethylene oxide produced by the Group are used by the Group as raw materials in the production of other chemical products and are sold to outside customers. Polyethylene resins and plastics are used to produce insulated cable, mulching films and moulded products such as housewares and toys. Polypropylene resins are used for films, sheets and moulded products such as housewares, toys, consumer electronics and automobile parts. Acrylic fibres and carbon fibres, which are mainly used in the textile and apparel industries.

(iii) Group's trading of petrochemical products segment primarily engages in importing and exporting of petrochemical products.

(iv) All other operating segments include rental, providing services and a variety of other commercial activities, which are not allocated to the above three operating segments.

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VII. Segment information *(continued)*

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items mainly comprise long-term equity investments, investments in other equity instruments, other non-current financial assets, deferred tax assets, deferred tax liabilities and income tax expense, cash at band and on hand and its related interest income, interest-bearing borrowings, and interest expenses, invest income, etc.

(1) Segment information for the as at year ended 31 December 2024 and for the year 2024 is as follows:

Item	Petroleum products	Chemical products	Trading of petrochemical products	Others	Unallocated	Elimination	Total
Revenue from external customers	62,069,226	17,441,669	6,912,378	709,547	–	–	87,132,820
Inter-segment revenue	10,420,018	16,556,664	1,307,051	630,202	–	(28,913,935)	–
Operating costs	(47,757,325)	(16,922,241)	(6,817,560)	(548,164)	–	–	(72,045,290)
Interest income	–	–	–	–	309,542	–	309,542
Interest expenses	–	–	–	–	(114,987)	–	(114,987)
Investment gain	4,055	2,985	(1,635)	–	169,579	–	174,984
Impairment losses	(20,853)	(265,076)	–	–	–	–	(285,929)
Impairment and expected credit losses	–	51	–	–	–	–	51
Gains on changes of fair value	–	–	–	–	–	–	–
Depreciation and amortization	(986,964)	(858,521)	(14,566)	(199,282)	–	–	(2,059,333)
Profit/(losses) before income tax	1,319,360	(1,291,567)	17,789	29,598	353,655	–	428,835
Income tax expenses	–	–	–	–	106,318	–	106,318
Net profit/(losses)	1,319,360	(1,291,567)	17,789	29,598	247,337	–	322,517
Total assets	13,672,827	8,366,940	761,330	2,002,267	16,965,975	–	41,769,339
Total liabilities	10,089,439	4,198,538	699,079	38,763	1,599,025	–	16,624,844
Investment in associates and joint ventures	–	–	–	–	3,559,573	–	3,559,573
Non-current assets increase (i)	882,433	966,014	560	8,654	–	–	1,857,661

(i) Non-current assets do not include financial assets, long-term equity investments or deferred tax assets.

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VII. Segment information *(continued)*

(2) Segment information for the as at year ended 31 December 2023 and for the year 2023 is as follows:

Item	Petroleum products	Intermediate petrochemicals	Trading of petrochemical products	Others	Unallocated	Elimination	Total
Revenue from external customers	64,642,544	19,111,302	8,179,335	1,080,414	–	–	93,013,595
Inter-segment revenue	12,435,124	16,633,628	894,509	702,071	–	(30,665,332)	–
Operating costs	(51,778,757)	(18,342,975)	(8,070,375)	(965,766)	–	–	(79,157,873)
Interest income	–	–	–	–	383,988	–	383,988
Interest expenses	–	–	–	–	(145,313)	–	(145,313)
Investment losses	–	(2,456)	(1,792)	(155)	(151,128)	–	(155,531)
Impairment losses	(37,456)	(439,113)	–	–	–	–	(476,569)
Impairment and expected credit losses	–	4,010	–	1,445	–	–	5,455
Gains from changes in fair value	–	–	–	–	10,000	–	10,000
Depreciation and amortization	(1,170,319)	(544,647)	(14,604)	(261,221)	–	–	(1,990,791)
(Loss)/profit before income tax	(230,020)	(1,547,240)	41,765	(62,049)	82,408	–	(1,715,136)
Income tax expenses	–	–	–	–	306,093	–	306,093
Net loss/profit	(230,020)	(1,547,240)	41,765	(62,049)	388,501	–	(1,409,043)
Total assets	15,498,918	8,085,538	768,621	2,183,405	13,121,762	–	39,658,244
Total liabilities	7,197,171	2,983,313	718,651	53,007	3,763,195	–	14,715,337
Investment in associates and joint ventures	–	–	–	–	3,351,941	–	3,351,941
Non-current assets increase (i)	457,199	1,078,218	442	17,305	–	–	1,553,164

(i) Non-current assets do not include financial assets, long-term equity investments, and deferred income assets.

As the Group operates mainly in the PRC, no geographical segment information is presented.

For the year ended 31 December 2024, revenue from the same customer accounted for 73% of total Group revenue (For the year ended 31 December 2023: 71%). The revenue from the customer derived from the following segments: petroleum products and other segment.

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VIII. Related parties and related party transactions

1. Information about the parent of the Company

(1) General information of the parent company

Name of parent company	Place of registration	Business nature
China Petroleum & Chemical Corporation	No.22 Chaoyangmen North Street, Chaoyang District, Beijing	Exploring for, extracting and selling crude oil and natural gas; oil refining; production, sale and transport of petrochemical, chemical fibres and other chemical products; pipe transport of crude oil and natural gas; research and development and application of new technologies and information.

The Company's ultimate controlling party is China Petrochemical Corporation.

(2) Registered capital and changes in registered capital of the parent company

	31 December 2023	Increase in current period	Decrease in current period	31 December 2024
China Petroleum & Chemical Corporation	119.3 billion	20 billion	–	1,213 billion

(3) The percentages of shareholding and voting rights in the Company held by the parent company

	2024		2023	
	Share holding	Voting rights	Share holding	Voting rights
China Petroleum & Chemical Corporation	51.14%	51.14%	50.55%	50.55%

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VIII. Related parties and related party transactions *(continued)*

2. Information about the subsidiaries of the Company

For basic information about the subsidiaries of the Company, refer to Note VI.

3. Basic information about joint ventures and associates of the Company

In addition to the major joint ventures and associates disclosed in Note VI.2, related parties transactions between the Group and other associates are as follows:

	Place of business	Place of registration	Business nature	Whether it is strategic for group activities	% of ownership interest	
					Directly	Indirectly
Shanghai Nanguang Petrochemical Co., Ltd.	Shanghai	Shanghai	Petrochemical products import and export	Yes	–	35.00%
Shanghai Jinhuan Petroleum Naphthalene Development Company Limited	Shanghai	Shanghai	Production of petrochemical products	Yes	–	25.00%
Shanghai Chemical Industry Park Logistics Company Limited	Shanghai	Shanghai	Products freight	Yes	–	33.33%
Pinghu China Aviation Oil Port Co., Ltd. ("Pinghu Port")	Zhejiang Jiaxing	Zhejiang Jiaxing	Products freight	Yes	–	29.00%

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VIII. Related parties and related party transactions *(continued)*

4. Information on other related parties

Names of other related parties	Relationship with the Group
China International United Petroleum and Chemicals Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales Company Limited	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the ultimate parent company
Petro-cyberworks Information Technology Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Yangzi Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Hainan Baling Chemical New Materials Co., Ltd	Subsidiary of the ultimate parent company
SINOPEC International (South China) Co.,Ltd.	Subsidiary of the ultimate parent company
Lianhua (Ningbo) International Logistics Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Wuhan) Co., Ltd.	Subsidiary of the ultimate parent company
Zhongke(Guangdong) Refining & Chemical Co., Ltd.	Subsidiary of the ultimate parent company
Storage And Transportation Installation Company of Ningbo Engineering Company Limited	Subsidiary of the ultimate parent company
China Petrochemical International (Ningbo) Co.,Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Tianjin) Co.,Ltd.	Subsidiary of the ultimate parent company
Sinopec Honeywell (Tianjin) Company Limited	Subsidiary of the ultimate parent company
Dalian Sinopec Material Equip Company	Subsidiary of the ultimate parent company
Zhoushan Shihua Crude Oil Terminal Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Shanghai) Co.,Ltd.	Subsidiary of the ultimate parent company
Sinopec Materials & Equipment (East China) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Research Institute of Safety Engineering	Subsidiary of the ultimate parent company
Sinopec Lubricant Co.,Ltd.	Subsidiary of the ultimate parent company
Sinopec Marketing Co., Ltd.	Subsidiary of the ultimate parent company
China Petrochemical International (Nanjing) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Materials & Equipment(Dalian)Co.,Ltd.	Subsidiary of the ultimate parent company
Ningbo Eastsea Line fan Technology Co.,Ltd.	Subsidiary of the ultimate parent company
Sinopec Lubricating Oil Shanghai Research Institute Company Limited	Subsidiary of the ultimate parent company
Sinopec Yizheng Chemical Fibre Limited Liability Company	Subsidiary of the ultimate parent company
China Petrochemical International (Beijing) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Catalysts Co., Ltd.	Subsidiary of the ultimate parent company

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VIII. Related parties and related party transactions *(continued)*

4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec Shanghai Gaoqiao Petrochemical Co., Ltd.	Subsidiary of the ultimate parent company
Epec E-commerce Co., Ltd.	Subsidiary of the ultimate parent company
Unipec (Qingdao) International Logistics Company Limited	Subsidiary of the ultimate parent company
Shanghai Carbon Fiber Composite Material Innovation Research Institute	Subsidiary of the ultimate parent company
China Petrochemical International Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding (Hong Kong) Company Limited	Subsidiary of the ultimate parent company
Fujian Gulei Petrochemical Company Limited	Subsidiary of the ultimate parent company
Sinopec Fuel Oil Sales Co., Ltd.	Subsidiary of the ultimate parent company
Unipec Singapore	Subsidiary of the ultimate parent company
China Yanshan United Foreign Trade Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales (Guangdong) Co., Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Commercial Holding (Wuhan) Company Limited	Subsidiary of the ultimate parent company
Sinopec East China Chemical Sales Co., Ltd.	Subsidiary of the ultimate parent company
East China Petroleum Institute	Subsidiary of the ultimate parent company
Shanghai Lide Catalyst Co.,Ltd	Subsidiary of the ultimate parent company
Ningbo Minggang Gas Company Limited	Subsidiary of the ultimate parent company
Sinopec Heavy Lifting & Transportation Co., Ltd.	Subsidiary of the ultimate parent company
SINOPEC JINLING PETROCHEMICAL CORPORATION	Subsidiary of the ultimate parent company
Sinopec Guangzhou Engineering Co.,Ltd.	Subsidiary of the ultimate parent company
Sinopec Chemical Sales International Trade Co., Ltd	Subsidiary of the ultimate parent company
Zhongshi Chemical Logistics Co., Ltd	Subsidiary of the ultimate parent company
Zhejiang Baling Hengyi Caprolactam Co.,Ltd.	Joint venture of the ultimate parent company
Shanghai Sinopec Mitsui Chemicals,Co.,Ltd.	Joint venture of the ultimate parent company
BASF-YPC Company Limited	Joint venture of the ultimate parent company
Shanghai Changshi Shipping Co., Ltd.	Associate of the ultimate parent company
Shanghai KSD Bulk Solids Engineering Co., Ltd.	Associate of the ultimate parent company
China Petroleum & Chemical Corporation	Subsidiary of the immediate parent company
The Fourth Construction Company of Sinopec	Subsidiary of the immediate parent company
Sinopec Petrochemical Research Institute Co., Ltd	Subsidiary of the immediate parent company

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VIII. Related parties and related party transactions *(continued)*

4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec Consulting Company Limited	Subsidiary of the immediate parent company
Sinopec Assets Management Co., Ltd.	Subsidiary of the immediate parent company
Sinopec (Beijing) Chemical Research Institute Co., Ltd	Subsidiary of the immediate parent company
Sinopec Engineering Incorporation	Subsidiary of the immediate parent company
Sinopec Finance Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Shanghai Engineering Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Easy Joy sales CO., Ltd	Subsidiary of the immediate parent company
Sinopec Nanjing Engineering Company Limited	Subsidiary of the immediate parent company
Sinopec Group Economic and Technology Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Sinopec National Petrochemical Project Risk Assessment Technology Center Co., Ltd	Subsidiary of the immediate parent company
Sinopec Tending Co., Ltd.	Subsidiary of the immediate parent company
China Petrochemical Corp. Engineering Ration Management Station	Subsidiary of the immediate parent company
Petrol-Chemical Industry Management Cadre College	Subsidiary of the immediate parent company
The Fifth Construction Company of Sinopec	Subsidiary of the immediate parent company
Petrochemical Engineering Quality Supervision Terminal	Subsidiary of the immediate parent company
Sinopec Group Shanghai Training Center Ltd.	Subsidiary of the immediate parent company
Sinopec Hunan Petrochemical Co., Ltd	Subsidiary of the immediate parent company
Sinopec Shanghai Petrochemical Machinery Manufacturing Co.,Ltd.	Subsidiary of the immediate parent company
Anqing Shuguang Petrochemical Oxo Co., Ltd.	Subsidiary of the immediate parent company
Shanghai Petro-Chemical Haidi Administration Co., Ltd.	Subsidiary of the immediate parent company
China Petrochemical Corp. Nanjing Chemistry Industrial Co., Ltd.	Subsidiary of the immediate parent company
Sinopec engineering (Group) Co.,Ltd	Subsidiary of the immediate parent company

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VIII. Related parties and related party transactions *(continued)*

4. Information on other related parties *(continued)*

Names of other related parties	Relationship with the Group
Sinopec International (Australia) Pty. Ltd.	Subsidiary of the immediate parent company
Sinopec Beijing Yanshan Petrochemical Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Carbon Industry Technology Co., Ltd	Subsidiary of the immediate parent company
Sinopec (Dalian) Petrochemical Research Institute Co., Ltd	Subsidiary of the immediate parent company
China Petrochemical Technology Co., Ltd.	Subsidiary of the immediate parent company
STRAIT PETROCHEMICALS TRADING CENTER CO.,LTD	Subsidiary of the immediate parent company
Sinopec Chemical Commercial Holding Company Limited	Subsidiary of the immediate parent company
Sinopec Shared Service Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Petroleum Engineering Geophysics Ltd.	Subsidiary of the immediate parent company
Sinopec Energy Saving Technology Service Co., Ltd.	Subsidiary of the immediate parent company
Sinopec International Travel Service Company Limited	Subsidiary of the immediate parent company
Sinopec Publishing House Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Newspaper Office	Subsidiary of the immediate parent company
Sinopec Nanjing Chemical Research Institute Co., Ltd.	Subsidiary of the immediate parent company
Ningbo Engineering Company of Sinopec	Subsidiary of the immediate parent company
Sinopec Baichuan Economic and Trade Co., Ltd.	Subsidiary of the immediate parent company
China Economy Phulishing House Co., Ltd.	Subsidiary of the immediate parent company
Sinopec Luoyang Engineering Company Limited	Subsidiary of the immediate parent company
Sinopec (Shanghai) Petrochemical Research Institute Co., Ltd	Associate of the immediate parent
Shanghai Petroleum&Natural Gas General Co., Ltd	Associate of the immediate parent
China Sinopec Pipeline Storage and Transportation Co., Ltd.	Associate of the immediate parent

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VIII. Related parties and related party transactions *(continued)*

5. Material related party transactions

Most of the transactions undertaken by the Group affected on such terms as determined by Sinopec Corp. and relevant PRC authorities.

Sinopec Corp. negotiates and agrees the terms of crude oil supply with suppliers on a group basis, which is then allocated among its subsidiaries, including the Group, on a discretionary basis. Sinopec Corp. also owns a widespread petroleum products sales network and possesses a fairly high market share in domestic petroleum products market, which is subject to extensive regulation by the PRC government.

The Group has entered into a mutual product supply and sales services framework agreement with Sinopec Corp. Pursuant to the agreement, Sinopec Corp. provides the Group with crude oil, other petrochemical raw materials and agent services. On the other hand, the Group provides Sinopec Corp. with petroleum products, petrochemical products and property leasing services.

The pricing policy for these services and products provided under the agreement is as follows:

- If there are applicable State (central and local government) tariffs, the pricing shall follow the State tariffs;
- If there are no State tariffs, but there are applicable State's guidance prices, the pricing shall follow the State's guidance prices; or
- If there are no State tariffs or State's guidance prices, the pricing shall be determined in accordance with the prevailing market prices (including any bidding prices).

In addition to the related transaction disclosed in Notes V.9, V.39, V.47 other material related party transactions of the Group are as follows:

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VIII. Related parties and related party transactions *(continued)*

5. Material related party transactions *(continued)*

(1) Purchases and sales of goods, rendering and receiving services

Purchases of goods and receiving services:

			2024		2023	
Name of Related Parties	Category	Transaction type	Amount	Percentage of the same category	Amount	Percentage of the same category
Sinopec Corp., its subsidiaries and joint ventures	Purchases	Trade	51,726,906	73.68%	60,108,577	77.00%
Sinopec Group and its subsidiaries	Purchases	Trade	3,256,009	4.61%	2,267,497	2.90%
Associates of the Group	Purchases	Trade	72,519	0.10%	1,500,050	1.92%
Joint ventures of the Group	Purchases	Trade	312,399	0.45%	353,705	0.45%
Key management personnel	Short-term employee benefits	Compensation for services	11,324	0.37%	11,659	0.39%
Key management personnel	Retirement scheme contributions	Compensation for services	518	0.02%	618	0.02%

Sales of goods, rendering services:

			2024		2023	
Name of Related Parties	Category	Transaction type	Amount	Percentage of the same category	Amount	Percentage of the same category
Sinopec Corp., its subsidiaries and joint ventures	Sales/Service	Trade	64,910,948	74.56%	67,215,935	72.30%
Sinopec Group and its subsidiaries	Sales/Service	Trade	139,228	0.16%	96,805	0.10%
Associates of the Group	Sales/Service	Trade	2,383,929	2.74%	2,295,776	2.47%
Joint ventures of the Group	Sales/Service	Trade	41,722	0.05%	44,401	0.05%

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VIII. Related parties and related party transactions *(continued)*

5. Material related party transactions *(continued)*

(2) Lease

The Group as the lessor:

Name of lessee	Type of leasing	Rental income recognized in 2024	Rental income recognized in 2023
Sinopec Corp., its subsidiaries and joint ventures	Properties and equipment	31,849	34,060
Joint ventures of the Group	Equipment	6,156	6,225
Associates of the Group	Properties and equipment	5,647	9,103
Sinopec Group and its subsidiaries	Properties	479	478
Total		44,131	49,866

The rent paid by our group as the lessee:

	2024	2023
Sinopec Group and its subsidiaries	9,088	9,187
Associates of the Group	83	165
Total	9,171	9,352

Lease liabilities interest expense of the Group as lessee:

Name of Related Parties	2024	2023
Sinopec Group and its subsidiaries	194	492
Joint ventures of the Group	–	10
Total	194	502

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

VIII. Related parties and related party transactions *(continued)*

5. Material related party transactions *(continued)*

(2) Lease *(continued)*

Right-of-use assets added by the Group as lessee:

Name of lessee	Type of leased assets	2024	2023
Sinopec Group and its subsidiaries	Leased equipment, buildings and land	2,388	1,403

(3) Other related transactions

	Type of transaction	2024	2023
Sinopec Group and its subsidiaries	Insurance premiums	124,642	114,350
Sinopec Finance Co., Ltd.	Interests received and receivable	8	28
Joint ventures of the Group	Interests received and receivable	–	–
Sinopec Finance Co., Ltd	Interests received and receivable	4,852	7,665
Sinopec Group and its subsidiaries	Construction and installation project funds and maintenance fees	116,928	213,613
Sinopec Finance Co., Ltd	Long-term loans	700,000	–
Sinopec Finance Co., Ltd	Discounted trade acceptances	65,598	–
Sinopec Finance Co., Ltd	Acceptances outstanding	2,708,000	–
Sinopec Corp., its subsidiaries and joint ventures	Sales commission	48,430	99,026

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VIII. Related parties and related party transactions *(continued)*

6. Receivables from and payables to related parties

Receivables from related parties:

		2024		2023	
Item	Name of Related Parties	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts
Accounts receivable	Sinopec Corp., its subsidiaries and joint ventures	700,462	–	1,374,391	–
	Associates of the Group	520	–	74,158	55
	Joint ventures of the Group	457	3	338	–
Sub-total		701,439	3	1,448,887	55
Other receivables	Sinopec Corp., its subsidiaries and joint ventures	13,357	2,795	3,141	2,795
	Joint ventures of the Group	2,058	–	2,203	–
	Associates of the Group	2,094	–	180	–
Sub-total		17,509	2,795	5,524	2,795
Prepayments	Sinopec Corp. and its subsidiaries	1,018	–	1,547	–
	Associates of the Group	–	–	756	–
Sub-total		1,018	–	2,303	–

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VIII. Related parties and related party transactions *(continued)*

6. Receivables from and payables to related parties *(continued)*

Payables to related parties:

Item	Name of Related Parties	2024	2023
Accounts payable	Sinopec Corp., its subsidiaries and joint ventures	1,255,644	4,664,225
	Sinopec Group and its subsidiaries	7,937	12,017
	Associates of the Group	38,454	9,991
	Joint ventures of the Group	281	41,158
Sub-total		1,302,316	4,727,391
Bills payable	Sinopec Corp., its subsidiaries and joint ventures	8,000,053	–
	Associates of the Group	–	22,148
	Joint ventures of the Group	–	111,898
Sub-total		8,000,053	134,046
Other payables	Sinopec Group and its subsidiaries	259,466	251,121
	Sinopec Corp., its subsidiaries and joint ventures	15,436	31,513
Sub-total		274,902	282,634
Contract liabilities	Associates of the Group	2,427	4,983
	Sinopec Corp., its subsidiaries and joint ventures	11,230	19
	Sinopec Corp., its subsidiaries	19	11,727
Sub-total		13,676	11,727
Lease liabilities	Sinopec Group and its subsidiaries	–	6,506
	Joint ventures of the Group	–	138
Sub-total		–	6,644
Long-term loans	Sinopec Finance	–	700,000

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VIII. Related parties and related party transactions *(continued)*

7. Commitments with related parties

Commitments with related parties contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

(1) Construction and installation cost:

	2024	2023
Sinopec Group and its subsidiaries	835,636	810,730

(2) Investment commitments with related parties

	2024	2023
Capital contribution to Baling Materials (Note IX.2 (i))	–	150,000

As of 31 December 2023, except for the information disclosed above, the Group and the Company had no other material commitments with related parties, which are contracted, but not included in the financial statements.

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IX. Commitments

1. Capital commitments

Capital expenditures contracted for by the Group at the balance sheet date but are not yet necessary to be recognized on the balance sheet are as follows:

	2024	2023
Signed purchase contract of fixed assets	3,386,739	1,736,358

2. Investment commitments

(i) Sinopec Hunan Petrochemical Co., Ltd. (formerly known as "Sinopec Baling Petrochemical Co., Ltd.") and the Company jointly established Baling Materials on 7 September 2021, each with a cash contribution of RMB400,000 thousand. As at 31 December 2024, the Company has made a paid-up capital contribution of RMB400,000 thousand (As of 31 December 2023: RMB250,000 thousand).

X. Risk related to financial instruments

The Group's normal course of operations expose it to a variety of financial risks: market risk (primarily foreign currency risk, interest rate risk and commodity price risk), credit risk and liquidity risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

1. Market risk

(1) Foreign currency risk

The Group's major operational activities are carried out in Mainland China and a majority of the transactions are denominated in RMB. Nevertheless, the Group is exposed to foreign currency risk arising from the recognized assets and liabilities, and future transactions denominated in foreign currencies, primarily with respect to US dollars. The Group's finance department at its headquarters is responsible for monitoring the amount of assets and liabilities, and transactions denominated in foreign currencies to minimise the foreign currency risk. Therefore, the Group would sign forward exchange contracts or foreign exchange option contracts to avoid foreign exchange risks. As of 31 December 2024 and 31 December 2023, the Group has not signed any currency swaps. As of 31 December 2024 and 31 December 2023, the Group has no unexpired foreign exchange contract and foreign exchange option contract.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

X. Risk related to financial instruments *(continued)*

1. Market risk *(continued)*

(1) Foreign currency risk *(continued)*

As of 31 December 2024 and 31 December 2023, the Group's exposure to currency risk arising from recognized financial assets or financial liabilities denominated in foreign currencies is presented in the following tables:

	2024		2023	
	Foreign currency	RMB equivalent	Foreign currency	RMB equivalent
Cash at bank and on hand				
– USD	19,556	140,576	20,823	147,483
Receivables under financing				
– USD	27,519	197,818	18,650	132,092
Accounts receivable				
– USD	–	–	2,742	19,421
Other receivables				
– USD	40	288	40	283
Other receivables				
– HKD	8,908	8,307	6,071	5,504
Accounts payable				
– USD	(67,128)	(482,543)	(54,908)	(388,897)
Other payables				
– USD	(275)	(1,977)	(275)	(1,948)
Net balance sheet exposure				
Total				
– USD	(20,288)	(145,838)	(12,928)	(91,566)
– HKD	8,908	8,307	6,071	5,504

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

X. Risk related to financial instruments *(continued)*

1. Market risk *(continued)*

(1) Foreign currency risk *(continued)*

The following are the exchange rates for Renminbi against foreign currencies applied by the Group:

	Average rate		Balance sheet date mid-spot rate	
	For the year ended 31 December		31 December	31 December
	2024	2023	2024	2023
USD	7.1356	7.0237	7.1884	7.0827
HKD	0.9163	0.9000	0.9260	0.9066

For the Group's various foreign currency financial assets and foreign currency financial liabilities, assuming all other risk variables remained constant, a 5% strengthening or weaken of the Renminbi against foreign currencies at 31 December 2024 would have decreased or increased the Group's net profit by the amount of RMB5,157 thousand (31 December 2023: decreased or increased net loss by RMB3,228 thousand).

(2) Interest rate risk

The interest rate risk of the Group is mainly generated by interest-bearing short-term. Financial liabilities with floating interest rate expose the Group to cash flow interest rate risk, while financial liabilities with fixed interest rate expose the Group to cash fair value interest risk. The Group determines the appropriate weightings of fixed and floating rate contracts based on the current market conditions.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

X. Risk related to financial instruments *(continued)*

1. Market risk *(continued)*

(2) Interest rate risk *(continued)*

The financial department of the Group headquarters continuously monitor the interest rate level of the Group. The increase of interest rate will increase the cost of new interest-bearing debt and the interest expense of the Group's outstanding interest-bearing debt with floating interest rate and have a significant adverse impact on the financial performance of the Group. The management makes timely adjustments according to the latest market conditions, which may be reducing interest rate risk by entering into interest rate swaps. The Group does not enter any interest rate swap arrangement in 2024 and 2023.

As of 31 December 2024 and 31 December 2023, the Group held the following interest-bearing financial instruments:

Fixed rate instruments:

	31 December 2024		31 December 2023	
Item	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
– Cash at bank and on hand	2.05%-3.55%	3,600,000	3.55%-4.20%	700,000
– Other non-current assets	–	–	3.55%-4.20%	2,600,000
Financial liabilities				
– Short-term loans	2.05%	(1,500,000)	1.90%-2.08%	(3,000,000)
– Lease liabilities	4.35%-4.90%	(1,304)	4.35%-4.90%	(8,457)
Total		2,098,696		291,543

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

X. Risk related to financial instruments *(continued)*

1. Market risk *(continued)*

(2) Interest rate risk *(continued)*

Variable rate instruments:

	31 December 2024		31 December 2023	
Item	Effective interest rate	Amounts	Effective interest rate	Amounts
Financial assets				
– Cash at bank and on hand	0.05%-1.90%	8,209,113	0.05%-1.90%	4,906,368
Financial liabilities				
– Long-term loans	The latest published LPR on each interest rate determination date is reduced by 94 basis points	(67,685)	1.08% in the first year, with regular annual adjustments thereafter	(700,000)
Total		8,141,428		4,206,368

As of 31 December 2024, if interest rates on the floating rate borrowings had risen or fallen by 100 basis points while all other variables had been held constant, the Group's equity would increase or decrease by approximately RMB60,880 thousand, and net profit would increase or decrease by approximately RMB60,880 thousand (31 December 2023: the Group's equity would increase or decrease by approximately RMB31,600 thousand, and net losses would decrease or increase by approximately RMB31,600 thousand).

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X. Risk related to financial instruments *(continued)*

1. Market risk *(continued)*

(3) Commodity price risk

The Group principally engages in processing crude oil into synthetic fibers, resins and plastics, intermediate petrochemicals and petroleum products. The Group is exposed to commodity price risks related to the price of crude oil, refined oil and other chemical products. The fluctuation of the price of crude oil, refined oil and other chemical products may have a significant impact on the Group. The Group uses derivative financial instruments such as commodity swap contracts to manage some of these production price risks. The main commercial terms adopted by the Group in its petrochemical business are similar to those of the hedged items, such as valuation period, payment date, transaction price, commodity variety and quantity. The Group uses cash flow hedging for such hedging.

As of 31 December 2024, the Group holds several commodity swap contracts designated as effective cash flow hedges and economic hedges. At 31 December 2024, the fair value of the derivative financial assets hold by the Group is RMB49 thousand (31 December 2023: Nil).

At 31 December 2024, assuming all other factors remain constant, a 10% increase or decrease in the underlying price of commodity swap contracts per barrel would result in a change in the fair value of derivative financial instruments, leading to an increase or decrease of RMB363 thousand in net profit (31 December 2023: nil). This sensitivity analysis is based on the assumption that changes occur on the balance sheet date and act on the Group's derivative instruments with commodity price risk on that date.

Commodity swaps may give rise to hedge ineffectiveness when the settlement time of the hedged item changes. For the year ended 31 December 2024, the Group did not give rise to hedge ineffectiveness due to commodity swaps. (For the year ended 31 December 2023: Nil).

X. Risk related to financial instruments *(continued)*

2. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Group's credit risk is primarily attributable to cash at bank, derivative financial assets, accounts receivable, other receivables and receivables under financing, etc. As of balance sheet date, the maximum exposure to credit risk is represented by the carrying amount of financial assets in the balance sheet.

The cash at bank, derivative financial assets, and receivables under financing of the Group is mainly held with state-owned banks and other large and medium-sized listed banks with good reputation and high credit rating. Management does not foresee any significant credit risks from these deposits and does not expect that these financial institutions may default and cause losses to the Group.

The Group's exposure to credit is influenced mainly by the individual characteristics of each customer rather than the industry or country/region in which the customers operate. Therefore, significant concentrations of credit risk primarily arise when the Group has significant exposure to individual customers. As of the balance sheet date, 99.54% (31 December 2023: 94.71%) and 99.99% (31 December 2023: 99.99%) of total accounts receivable were due from the Group's largest and five largest customers respectively.

In respect of accounts receivables and other receivables, the Group establishes relevant policies to control credit risk exposure. The Group assesses customers' credit qualifications and sets corresponding credit periods based on their financial status, the possibility of obtaining guarantees from third parties, credit records and other factors such as current market conditions. The Group will regularly monitor customers' credit records. For customers with poor credit records, the Group will use written reminders, shorten the credit period or cancel the credit period to ensure that the Group's overall credit risk is within a controllable range.

As of 31 December 2024 and 31 December 2023, the Group has no material collateral mortgaged by the debtor or credit enhancement.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

X. Risk related to financial instruments *(continued)*

3. Liquidity risk

Liquidity risk is the risk that an enterprise will encounter difficulty in meeting obligations that are settled by delivering cash or another financial asset. Cash flow forecast is performed by the operating entities of the Group and aggregated by Group finance. Group finance monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities from major financial institution so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities to meet the short-term and long-term liquidity requirements.

The following tables set out the remaining contractual maturities at the balance sheet date of the Group's financial liabilities, which are based on contractual undiscounted cash flows:

	2024					
	Within 1 year or demand	More than 1year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	1,503,502	–	–	–	1,503,502	1,500,940
Long-term loans	1,800	1,800	5,400	70,086	79,086	67,732
Lease liabilities	1,160	200	–	–	1,360	1,304
Accounts payable	2,730,914	–	–	–	2,730,914	2,730,914
Bills payable	9,047,594	–	–	–	9,047,594	9,047,594
Other payables	1,107,071	–	–	–	1,107,071	1,107,071
Total	14,392,041	2,000	5,400	70,086	14,469,527	14,455,555

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

X. Risk related to financial instruments *(continued)*

3. Liquidity risk *(continued)*

	2023					
	Within 1 year or demand	More than 1 year but less than 2 years	More than 2 years but less than 5 years	More than 5 years	Total	Carrying amount at balance sheet date
Short-term loans	3,010,703	–	–	–	3,010,703	3,000,000
Long-term loans maturing within one year	704,914	–	–	–	704,914	700,000
Lease liabilities	7,878	857	201	–	8,936	8,457
Accounts payable	6,296,912	–	–	–	6,296,912	6,296,912
Bills payable	1,535,334	–	–	–	1,535,334	1,535,334
Other payables	1,144,683	–	–	–	1,144,683	1,144,683
Total	12,700,424	857	201	–	12,701,482	12,685,386

XI. Fair value disclosure

The following table presents the fair value information and the fair value hierarchy, at the end of the current reporting year, of the Group's assets and liabilities which are measured at fair value at each balance sheet date on a recurring or non-recurring basis. The level in which fair value measurement is categorised is determined by the level of the fair value hierarchy of the lowest level input that is significant to the entire fair value measurement. The levels are defined as follows:

Level 1 inputs: unadjusted quoted prices in active markets that are observable at the measurement date for identical assets or liabilities.

Level 2 inputs: inputs other than Level 1 inputs that are either directly or indirectly observable for underlying assets or liabilities.

Level 3 inputs: inputs that are unobservable for underlying assets or liabilities.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Fair value disclosure *(continued)*

1. Assets recurring measured at fair value

As of 31 December 2024, assets and liabilities recurring measured at fair value are presented in the above three levels as follows:

	Level 1	Level 2	Level 3	Total
Financial assets				
FVTPL				
– Other non-current financial assets	–	–	36,500	36,500
FVOCI				
– Receivables under financing	–	388,230	–	388,230
– Investments in other equity instruments	–	–	3,872	3,872
Derivative financial asset				
– Commodity swap contract	–	49	–	49
Total	–	388,279	40,372	428,651

As of 31 December 2023, assets and liabilities recurring measured at fair value are listed as follows according to the above three levels:

	Level 1	Level 2	Level 3	Total
Financial assets				
FVPL				
– Other non-current financial liabilities	–	–	36,500	36,500
FVOCI				
– Receivables under financing	–	236,487	–	236,487
– Investments in other equity instruments	–	–	3,869	3,869
Total	–	236,487	40,369	276,856

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XI. Fair value disclosure *(continued)*

1. Assets recurring measured at fair value *(continued)*

For the year ended 31 December 2024, there were no transfers between different levels (For the year ended 31 December 2023: Nil).

The Group uses discounted cash flow model to evaluate the fair value of the receivables under financing classified as level 2 financial assets.

The primary input to the receivables financing valuation is the discount rate for counterparty credit risk.

The primary inputs to the derivative financial assets are commodity prices and discount rate for counterparty credit risk.

Investments in other equity instruments and other non-current financial asset investments that continue to be measured at fair value at the third level are unlisted equity investments and redeemable preferred share investments held by the Group, respectively.

(i) For the unlisted equity investments held by the Group, the Group determines their fair value based on the operating conditions and financial information of the invested enterprise obtained, taking into account the net assets, asset liquidity, and liquidity of the invested enterprise.

(ii) For the unlisted preferred stock investments held by the Group, the Group determines their fair value based on a comprehensive consideration of the latest financing price of the invested enterprise, as well as the net assets, liquidity, and liquidity of the invested enterprise's assets.

The reconciliation information between the book value at the beginning of the year and the book value at the end of the year for the items measured by continuous Level 3:

	31 December 2023	Purchase	Sell	Profit or loss for the year recognized in profit or loss	Profit or loss for the year recognized in equity	31 December 2024	Unearned profits or losses for assets held at the end of the year
– Investments in other equity instruments	3,869	–	–	–	3	3,872	–
– Other non-current financial assets	36,500	–	–	–	–	36,500	–
Total	40,369	–	–	–	3	40,372	–

XI. Fair value disclosure *(continued)*

1. Assets recurring measured at fair value *(continued)*

The third level fair value measurement item refers to the equity of non-listed companies held by the Group, and there have been no significant changes in the operating environment, operating conditions, and financial conditions of the invested enterprises.

2. Fair values of financial assets and liabilities not measured at fair value

Financial assets and liabilities measured at amortized cost mainly include trade receivables, other receivables, other current assets, short-term loans, trade payables, lease liabilities and other current liabilities.

As of 31 December 2024 and 31 December 2023, the carrying amount of these financial assets and financial liabilities not measured at fair value are a reasonable approximation of their fair value.

XII. Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group's total capital is calculated as 'shareholder's equity' and 'net liabilities' as shown in the consolidated balance sheet. The Group is not subject to external mandatory capital requirements, and monitors capital on the basis of gearing ratio.

During 2024, the Group's strategy, which was unchanged from 2023, was to maintain a reasonable range of net debt-to-capital ratio by the management.

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Events after the balance sheet date

1. Description of profit distribution after the balance sheet date

	Notes	**Amount**
Dividends to be distributed	(i)	211,578

(i) Common stock dividends proposed to be distributed after the balance sheet date

On March 19,2025, the director proposed that the Company distribute cash dividends of 0.02 yuan (tax included) per share to common shareholders (2023: none). It is estimated that RMB211,578 Thousand will be distributed (2023: Nil). This proposal has yet to be considered and approved by the General Meeting of Shareholders, and the dividends distributions proposal is subject to the number of shares on the dividend distribution equity registration date. Dividends proposed to be distributed after the balance sheet date are not recognized as liabilities on the balance sheet date.

XIII. Notes to the Company's financial statements

1. Accounts receivable

(1) Accounts receivable by customer type are as follows:

Type of customers	31 December 2024	31 December 2023
Amounts due from related parties	675,872	1,324,745
Amounts due from third parties	2,114	2,114
Sub-total	677,986	1,326,859
Less: provision for bad and doubtful debts	(2,115)	(2,166)
Total	675,871	1,324,693

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

1. Accounts receivable *(continued)*

(2) The ageing analysis of accounts receivable is as follows:

Aging	31 December 2024	31 December 2023
Within 1 year (inclusive)	675,872	1,324,745
Over 1 year but within 2 years (inclusive)	–	–
Over 2 years but within 3 years (inclusive)	–	–
Over 3 years	2,114	2,114
Total	677,986	1,326,859

The ageing is counted starting from the date when accounts receivable are recognized.

(3) Accounts receivable by provisioning method

	31 December 2024					31 December 2023				
	Book value		Provision for bad and doubtful debts		Carrying	Book value		Provision for bad and doubtful debts		Carrying
Category	Amount	Percentage (%)	Amount	Percentage (%)	amount	Amount	Percentage (%)	Amount	Percentage (%)	amount
Individual assessment	-	-	-	-	-	-	-	-	-	-
Collective assessment	677,986	100	2,115	0.31	675,871	1,326,859	100	2,166	0.16	1,324,693
Total	677,986	100	2,115	0.31	675,871	1,326,859	100	2,166	0.16	1,324,693

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(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

1. Accounts receivable *(continued)*

(3) Accounts receivable by provisioning method *(continued)*

(i) As of 31 December 2024, the Company has no individually impaired accounts receivable (as of 31 December 2023: Nil).

(ii) Criteria and details for collective assessment for 2024:

According to the historical experience of the Company, there are no significant differences in the losses of different customer groups. Therefore, different customer groups are not further distinguished when calculating impairment loss based on the overdue information.

(iii) Assessment of ECLs on accounts receivable:

At all times the Company measures the impairment loss for accounts receivable at an amount equal to lifetime ECLs, and the ECLs are based on the number of overdue days and the expected loss rate.

The loss given default is measured based on the actual credit loss experience in the past years, and is adjusted taking into consideration the differences among the economic conditions during the historical data collection period, the current economic conditions and the economic conditions during the expected lifetime.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

1. Accounts receivable *(continued)*

(4) Movements of provisions for bad and doubtful debts:

Provisions for bad and doubtful debts	For the year ended 31 December 2024	2023
Balance at the beginning of the year	2,166	2,121
Additions during the year	–	45
Recoveries or reversals during the year	(51)	–
Balance at the end of the year	2,115	2,166

(i) For the year ended 31 December 2024, the Company has no accounts receivable that have fully accrued or accrued a large proportion of bad and doubtful debts in previous periods, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period (For the year ended 31 December 2023: Nil).

(ii) For the year ended ended 31 December 2024, the Company has not written off significant accounts receivable (For the year ended 31 December 2023: Nil).

(5) Five largest accounts receivable by debtor as of 31 December 2024

Item	Amount	Provision	Percent of total amount
Total amount of five largest accounts receivable by debtor of the Company	677,986	2,115	100.00%

(6) For the year ended 31 December 2024, the Company has no accounts receivable derecognized due to transfer of financial assets (For the year ended 31 December 2023: Nil).

(7) At 31 December 2024, the Company has no pledged accounts receivable (31 December 2023: Nil).

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

2. Receivables under financing

	Note	31 December 2024	31 December 2023
Bills receivable	(1)	133,082	75,238

(1) Bills receivable

(i) Due to the requirement of cash management, the Company discounted and endorsed part of the bank acceptance notes. The business model of bank acceptance notes management is for the purpose of collecting cash flow of contracts and sales. As of 31 December 2024, the Company classified RMB133,082 thousand bills receivable to financial assets measured at fair value and whose changes are included in other comprehensive income and disclosed in bills receivable (31 December 2023: RMB75,238 thousand).

(ii) The Company has no single provision for impairment of the bank acceptance notes, with all provision was accrued by their expected credit loss. As of 31 December 2024 and 31 December 2023, the Company considers that no bank acceptance notes has significant credit risk and will not suffer significant loss due to the violation of banks.

(iii) As of 31 December 2024, the Company had no pledged bills receivable (31 December 2023: Nil).

(iv) As of 31 December 2024, unmatured notes receivable that have been endorsed or discounted by the Company is as follows:

Item	Derecognized	Not derecognized
Bank acceptance notes	153,638	–

As of 31 December 2024, the Company endorsed and discounted the undue bills receivable of RMB153,638 thousand (31 December 2023: RMB363,573 thousand). The Company derecognized such bills receivable, accounts payable to suppliers and short-term loans as a whole by considering that the risks and rewards of ownership of such unmatured bills had been substantially transferred. The Company's continued involvement in the unexpired bills receivable whose overall derecognition is limited to the extent that the issuing bank is unable to settle the amount to the bill holder. The maximum exposure to loss caused by the Company's continued involvement is the amount of outstanding bills receivable endorsed to the supplier of RMB153,638 thousand (31 December 2023: RMB363,573 thousand). The term of the outstanding bills receivable is within one year.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

3. Other receivables

(1) Analysis by customer type:

Customer type	31 December 2024	31 December 2023
Amounts due from related parties	16,928	5,243
Amounts due from third parties	1,418,069	1,087,807
Sub-total	1,434,997	1,093,050
Less: Provision for bad and doubtful debts	(757,017)	(757,017)
Total	677,980	336,033

(2) The ageing analysis is as follows:

Aging	31 December 2024	31 December 2023
Within 1 year (inclusive)	664,561	328,165
Over 1 year but within 2 years (inclusive)	8,663	10,663
Over 2 years but within 3 years (inclusive)	2,642	1,930
Over 3 years	759,131	752,292
Total	1,434,997	1,093,050

The ageing is counted starting from the date when other receivables are recognized.

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

3. Other receivables *(continued)*

(3) Others by provisioning method:

Category	31 December 2024					31 December 2023				
	Book value		Provision for bad and doubtful debts		Carrying amount	Book value		Provision for bad and doubtful debts		Carrying amount
	Amount	Percentage (%)	Amount	Percentage (%)		Amount	Percentage (%)	Amount	Percentage (%)	
Individual assessment	757,017	52.75	757,017	100.00	–	757,017	69.26	757,017	100.00	–
Collective assessment	677,980	47.25	–	–	677,980	336,033	30.74	–	–	336,033
Total	1,434,997	100.00	757,017	52.75	677,980	1,093,050	100.00	757,017	69.26	336,033

(4) Movements of provisions for bad and doubtful debts

	Stage 1					Stage 3		
	12-month ECL (collective)		12-month ECL (individual)		Sub-total	Lifetime ECL-Credit impaired		Total
	Book value	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Provision for bad and doubtful debts	Book value	Provision for bad and doubtful debts	Provision for bad and doubtful debts
Balance at 31 December 2023	336,033	–	–	–	–	757,017	(757,017)	(757,017)
Additions during the year	–	–	–	–	–	–	–	–
Recoveries or reversals during the year	–	–	–	–	–	–	–	–
Balance at 31 December 2024	677,980	–	–	–	–	757,017	(757,017)	(757,017)

As of 31 December 2024 and 31 December 2023, the Company has no other receivables under Stage 2.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

3. Other receivables *(continued)*

(4) Movements of provisions for bad and doubtful debts *(continued)*

As of 31 December 2024, the amount receivable from Jinyong company, a subsidiary within the original scope of merger, was RMB752,292 thousand (31 December 2023: RMB752,292 thousand). Jinyong company started to stop production in August 2008 and entered bankruptcy liquidation procedure in August 2019. The Company believes that the other receivables are difficult to recover, so the bad debt provision are fully accrued. As of 31 December 2024, the bankruptcy liquidation procedure has been completed. The Company plans to account for the write-off of bad debts upon fulfilment of the board of directors' approval process.

For the twelve months ended 31 December 2024, the Company has no other receivable that have fully accrued or accrued a large proportion of bad and doubtful debts in previous years, but fully recovered or reversed, or have a large proportion of recovered or reversed in the current period (for the six months ended 30 June 2023: Nil).

For the twelve months ended 31 December 2024, the Company has not written-off significant other receivables (for the six months ended 31 December 2023: Nil).

(5) Others categorised by nature

Nature of other receivables	31 December 2024	31 December 2023
Receivable from Jinyong company	752,292	752,292
Refund of consumption tax receivable	648,757	315,659
Accounts due from related parties	16,928	5,243
Prepayment of share repurchase	8,304	6,333
Others	4,798	7,709
Advance compensation	3,918	5,814
Sub-total	1,434,997	1,093,050
Less: provisions for bad and doubtful debts	(757,017)	(757,017)
Total	677,980	336,033

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

3. Other receivables *(continued)*

(6) Five largest others by debtor as of 31 December 2024

Debtor	Nature of the receivable	Balance at the end of the year	Ageing	Percentage of ending balance of others (%)	Ending balance of provision for bad and doubtful debts
Zhejiang Jin Yong Acrylic Fibre Co., Ltd.	Prepayment	752,292	3年以上	52.42%	(752,292)
Jinshan Customs, People's Republic of China	Refund of consumption tax receivable	648,757	1年以內(含1年)	45.21%	–
China International Capital Corporation Hong Kong Securities Limited	Prepayment of share repurchase	8,304	1年以內(含1年)	0.58%	–
China International United Petroleum & Chemical Co., Ltd.	Transactions	5,248	1年以內(含1年)	0.37%	–
Sinopec Catalyst Co., Ltd. Precious Metals Branch	Transactions	3,984	1年以內(含1年)	0.28%	–
Total		1,418,585		98.86%	(752,292)

4. Long-term equity investment

Item	Note	31 December 2024	31 December 2023
Subsidiaries	(1)	2,048,328	2,048,328
Associates	(2)	2,369,065	2,295,705
Joint ventures	(3)	400,000	250,000
Sub-total		4,817,393	4,594,033
Less: Impairment provision for long-term equity investment		–	–
Total		4,817,393	4,594,033

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

4. Long-term equity investment *(continued)*

(1) Subsidiaries

Name of subsidiaries	31 December 2023	Additional/ negative investment	31 December 2024	Impairment Provision Ending balance	Cash dividends declared in current year
Toufa	2,031,496	–	2,031,496	–	–
Jinmao	16,832	–	16,832	–	23,000
Total	2,048,328	–	2,048,328	–	23,000

(2) Associates

The information relating to the associates of the Company, Shanghai Secco and Chemical Industry is disclosed in Note VI.2.

(3) Joint venture

The information relating to the joint venture of the Company, Shanghai Jinshan Baling New Materials Co., Ltd., is disclosed in Note VI.2.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

5. Fixed assets

(1) Fixed assets

	Buildings	Plant and machinery	Vehicles and other equipment	Total
Cost				
31 December 2023	4,138,039	47,189,083	2,176,421	53,503,543
Reclassification in current year	(27,346)	(6,797)	34,143	–
Increase				
– Purchase	878	178,664	35,983	215,525
– Transfer from construction in progress	167,898	471,766	29,384	669,048
– Transfer from investment properties	4,635	–	–	4,635
Decrease				
– Disposal	(145,931)	(2,330,793)	(40,971)	(2,517,695)
– Transfer to investment properties	(363)	–	–	(363)
31 December 2024	4,137,810	45,501,923	2,234,960	51,874,693
Accumulated depreciation				
31 December 2023	2,565,522	33,783,260	1,650,432	37,999,214
Reclassification in current year	(22,148)	18,239	3,909	–
Increase				
– Charge for current year	95,192	1,505,761	129,966	1,730,919
– Transfer from investment properties	3,568	–	–	3,568
Decrease				
– Disposal	(84,826)	(1,831,095)	(33,716)	(1,949,637)
– Transfer to investment properties	(115)	–	–	(115)
31 December 2024	2,557,193	33,476,165	1,750,591	37,783,949
Provision for impairment				
31 December 2023	84,023	1,626,498	11,182	1,721,703
Reclassification in current year	276	(367)	91	–
Increase	–	–	–	–
– Charge for current year	–	2,333	–	2,333
Decrease				
31 December 2024	(56,302)	(416,980)	(6,029)	(479,311)
Carrying amount	27,997	1,211,484	5,244	1,244,725
31 December 2024	1,552,620	10,814,274	479,125	12,846,019
31 December 2023	1,488,494	11,779,325	514,807	13,782,626

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

5. Fixed assets *(continued)*

(2) In 2024, due to increasingly severe market conditions, specific production devices include the cash output unit of the chemical products segment, and the expected sales price of the products produced cannot make up for the increase in their production and operating costs. The management of the Group believes that there are signs of impairment of assets related to specific production devices. The Group conducts impairment testing on assets related to specific production devices according to the accounting policies contained in Note III.19 to the financial statements. According to the test results, the recoverable amount of assets related to specific production devices is higher than the book value of assets, and the Company does not need to accrue assets impairment reserves for related fixed assets.

The recoverable amount of the assets or cash output unit related to the specific production unit of intermediate petrochemical products in the chemical products segment is determined according to the present value of the estimated future cash flow of the assets. The Company calculates the present value of the estimated future cash flow according to the approved five-year financial budget. The forecasted cash flow is based on several key assumptions, including the growth rate of product sales, the growth rate of related costs (the "forecasted growth rate") and the discount rate. Among the above important assumptions, the forecast growth rate is based on historical operating experience and the expectations of market participants. The average compound growth rate of revenue from 2025 to 2029 is 9.39%, and the average compound growth rate of cost from 2025 to 2029 is 7.17%, which is consistent with the forecast in relevant industry reports. The pre tax discount rate used to assess the present value of the expected future cash flows is 10.93% (2023: 11.89%), reflecting the special risks of the Group.

The recoverable amount of the assets or cash output unit related to the synthetic fiber specific production device of the chemical products segment is determined based on the net amount of the fair value of the assets minus the disposal expenses. The fair value of assets is determined based on key assumptions such as the full replacement price and the depreciation rate of the service life. In the above important assumptions, the full replacement price is determined according to the purchase and construction cost adjusted by the corresponding price index, the age depreciation rate is determined according to the remaining economic years, and the disposal expenses are calculated and determined according to the expected intermediary expenses and tax ratio.

(3) For the year ended 31 December,2024, the Company made no provision for impairment of fixed assets (for the year ended 31 December,2023: RMB29,850 thousand). As at 31 December 2024, the Company's fixed asset impairment provision was RMB1,244,725 thousand.

(4) On 31 December,2024 and 31 December 2023, the Company did not have fixed assets used as collateral.

(5) In 2024, due to the shutdown of some production devices of the Group's chemical products division or the backward production process, the Group will disposal the relevant production devices. The original value of disposal is RMB2,203,428 thousand, the accumulated depreciation is RMB1,753,662 thousand, the impairment provision is RMB385,191 thousand, and the book value is RMB64,575 thousand.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

5. Fixed assets *(continued)*

(6) As of 31 December 2024, the original carrying amount of the Group's temporarily idle property, plant and equipment amounted to RMB1,625,310 thousand accumulated depreciation amounted to RMB1,298,196 thousand, provision for impairment amounted to RMB257,614 thousand, and the carrying value amounted to RMB69,500 thousand. (31 December,2023: original carrying amount amounted to RMB3,624,724 thousand, accumulated depreciation amounted to RMB2,905,834 thousand, provision for impairment amounted to RMB544,801 thousand, and the carrying value amounted to RMB174,089 thousand).

(7) As of 31 December 2024, the carrying value of the Company's fixed assets leased out under operating leases amounted to RMB51,894 thousand (31 December 2023: carrying value of RMB47,111 thousand).

(8) As of 31 December 2024 and 31 December 2023, the Company's had no fixed assets with outstanding title certificates.

6. Operating income and operating costs

Items	Note	2024	2023
Income from principal activities	(1)	79,132,955	83,867,047
Income from other operating activities		823,249	536,393
Total		79,956,204	84,403,440

Items	Note	2024	2023
Cost of principal activities	(1)	64,540,552	70,295,789
Cost of other operating activities		481,775	413,124
Total		65,022,327	70,708,913

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

6. Operating income and operating costs *(continued)*

(1) Income and cost from principal activities

The principal business of the Company mainly belongs to the petrochemical industry.

Analysis by product is as follows:

	2024		2023	
	Income from principal activities	Cost from principal activities	Income from principal activities	Cost from principal activities
Petroleum products	62,069,226	47,757,325	64,642,544	51,778,757
Chemical products	16,965,255	16,685,822	18,730,388	18,021,137
Others	98,474	97,405	494,115	495,895
Total	79,132,955	64,540,552	83,867,047	70,295,789

The operating income of the Company is recognized at a point in time.

7. Investment income ("-" for losses)

Items	Note	2024	2023
Investment accounted for using the cost method		15,486	113,466
Investment accounted for using the equity method	(1)	139,334	(197,997)
Net losses from disposal of derivative financial instruments		4,055	–
Discount loss of receivables		(1,893)	(2,455)
Total		156,982	(86,986)

There are no severe restrictions on the investee's ability to transfer investment income to the Company.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

7. Investment income ("-" for losses) *(continued)*

(1) Income/(losses) from investment in associates accounted for using the equity method is as follow:

	2024	2023
Shanghai Secco	–	(333,896)
Chemical Industry	139,334	135,899
Total	139,334	(197,997)

8. Supplementary information on cash flow statements

(1) Reconciliation from net profit/(loss) to cash flow from operating activities

	2024	2023
Net profit/(loss)	342,239	(1,268,694)
Add: Provisions for impairment of assets	285,929	476,150
Impairment credit losses	(51)	45
Depreciation of investment properties	16,189	16,338
Depreciation of fixed assets	1,730,919	1,636,914
Depreciation of right-of-use assets	12,578	12,764
Amortization of intangible assets	12,286	12,286
Amortization of long-term deferred expense	229,505	251,947
Net losses on disposal of long-term assets ("-" for income)	(42,629)	24,346
Financial expenses ("-" for income)	1,495	(37,871)
Investment income ("-" for decrease)	(158,875)	84,531
Decrease in deferred tax assets ("-" for increase)	99,941	(322,152)
Decrease in deferred income	128,588	(24,403)
Decrease in inventories ("-" for increase)	927,126	(916,833)
Decrease in operating receivables ("-" for increase)	110,622	1,862,681
Increase in operating payables ("-" for decrease)	4,285,231	(1,124,521)
Increase of reserve ("-" for decrease)	(7,530)	58,443
Net cash outflow from generated operating activities	7,973,563	741,971

(All amounts in thousands of Renminbi Yuan unless otherwise stated)

XIII. Notes to the Company's financial statements *(continued)*

8. Supplementary information on cash flow statements *(continued)*

(2) Movement of cash and cash equivalent

Item	2024	2023
Cash and cash equivalents at the end of the year	8,042,489	4,734,945
Less: Cash and cash equivalents at the beginning of the year	4,734,945	671,538
Net increase in cash and cash equivalents	3,307,544	4,063,407

(3) Liabilities arising from financing activities

	Short-term borrowing	Other accounts payable – interest payable	Non-current liabilities due within one year – long-term loans	Long-term loan	Lease liabilities	Total
Balance at the beginning of the year	3,000,000	2,509	700,000	–	7,479	3,709,988
Increase for the year – change in cash						
borrowings	17,500,000	–	–	67,685	–	17,567,685
Increase for the period – non-cash changes						
Increase in lease liability as a result of entering into new leases	–	–	–	–	6,551	6,551
accrued interest	95,884	–	–	199	318	96,401
reclassification	–	–	–	–	–	-
Decrease in current period – change in cash						
Repayment of loans	(19,000,000)	–	(700,000)	–	–	(19,700,000)
Repayment of principal and interest on lease liabilities	–	–	–	–	(13,823)	(13,823)
Interest payments	(94,944)	(2,509)	–	(152)	–	(97,605)
Decrease during the period – non-cash changes						
reclassification	–	–	47	(47)	–	-
Balance at 31 December 2024	1,500,940	–	47	67,685	525	1,569,197

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

I. Extraordinary gains and losses

	31 December 2024	Note
Disposal gains or losses of non-current assets, including the reversal of provision for impairment of assets	41,482	–
Government grants recorded in profit or loss	17,759	–
Employee reduction expenses	4,028	–
Losses from changes in fair value of financial assets and liabilities	(31,317)	Dismissal benefit 31,317
Losses from disposal of derivative financial instruments	(3,501)	Loss on discount of receivables 3,501
Discount loss of receivables	(43,449)	
Other non-operating income and expenses other than those mentioned above	(14,998)	
Income tax effect for the above items	(6,861)	
Effect on non-controlling interests (after tax)	356	
Total	(21,503)	

Basis of preparation for extraordinary profit and loss

Pursuant to Announcement [2023] Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public issued by China Securities regulatory commission (CSRC), extraordinary profit and loss arises in various trading and issues that have no direct relation with the normal operations of a company, or that are related with normal operations but affect the users of the statement to make reasonable judgment of the Company's operation performance and profitability due to the special and occasional nature of such trading and issues.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

II. Reconciliation between financial statements prepared under CAS and IFRS

The Company is listed on the Stock Exchange of Hong Kong. The Group prepared financial statements under International Financial Reporting Standards ("IFRS") which has been audited. There are reconciliation items in the consolidated financial report prepared under CAS and IFRS, the reconciliation items and the amount are listed as follows:

	Net gains/(losses)		**Net assets**	
	For the year ended 31 December		**For the year ended 31 December**	
	2024	2023	**2024**	2023
Under CAS	**322,517**	(1,409,043)	**25,144,495**	24,942,907
Difference items and amounts				
Government grants (1)	**2,010**	2,010	**(12,003)**	(14,013)
Safety production costs (2)	**(7,530)**	57,719	**–**	–
Under IFRS	**316,997**	(1,349,314)	**25,132,492**	24,928,894

Notes in relation to the reconciliation items:

(1) Government grants

Under CAS, government subsidies defined as capital contributions according to the relevant government requirements are not considered a government grant, but instead should be recorded as an increase in capital reserves.

Under IFRS, such grants are offset against the cost of asset to which the grants are related. Upon transfer to property, plant and equipment, the grant is recognized as income over the useful life of the property, plant and equipment by way of a reduced depreciation charge.

(2) Safety production costs

Under CAS, safety production costs should be recognized 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, expenses are recognized in profit or loss when incurred, and property, plant and equipment are depreciated with applicable methods.

For the year ended 31 December 2024
(All amounts in thousands of Renminbi Yuan unless otherwise stated)

III. Gains/(Losses) on net assets and gains/(losses) per share

Items	Weighted average gains/(losses) on net assets (%)		Gains/(Losses) per share (RMB per share)			
			Basic		Diluted	
	2024	2023	2024	2023	2024	2023
Net gain/(losses) attributable to shareholders of the Company	1.270	(5.504)	0.030	(0.130)	0.030	(0.130)
Net gain/(losses) attributable to shareholders of the Company excluding non-recurring items	1.356	(5.346)	0.032	(0.127)	0.032	(0.127)

Written Confirmation Issued by Directors, Supervisors and Senior Management

Pursuant to the relevant requirements of Article 82 of the *Securities Law, Management Measures for Information Disclosure of Listed Companies (2021), Standards for the Contents and Formats of Information Disclosure by Companies Offering to the Public No.2--Contents and Formats of Annual Reports (2021Revision),* and *Shanghai Stock Exchange Stock Listing Rules (2024 Revision)*, as the Company's directors, supervisors and senior management, we fully understood and reviewed the Company's 2024 Annual Report and issued the written opinions as follows:

I. Confirmation opinions by directors and senior management
The Company operated in strict accordance with the financial system of listed companies, and the 2024 Annual Report fully, truly and fairly reflected the Company's financial performance and operating results. The formulation and review procedures of the Company's 2024 Annual Report were in compliance with laws and regulations, regulations of China Securities Regulatory Commission, articles of association and relevant internal control systems.

II. Review opinions by supervisors
   1. The formulation and review procedures of the Company's 2024 Annual Report were in compliance with laws and regulations, articles of association and relevant internal control systems.
   2. The contents and formats of the Company's 2024 Annual Report met the relevant regulations of China Securities Regulatory Commission and Shanghai Stock Exchange.
   3. No violation of information confidentiality was found in the Company's personnel involved in the formulation, review and information disclosure of the Company's 2024 Annual Report.
   4. The Company's 2024 Annual Report fully, truly and fairly reflected the Company's financial performance and operating results.

III. All directors, supervisors and senior management guarantee that the information disclosed in the Company's 2024 Annual Report and summary is true, accurate and complete, promise that there are no false records, misleading statements or major omissions, and bear the legal liabilities for the authenticity, exactness and completeness of the contents.

Signature Directors:

Guo Xiaojun   Du Jun   Huang Xiangyu   Xie Zhenglin   Qin Zhaohui

Tang Song   Chen Haifeng   Yang Jun   Zhou Ying   Huang Jiangdong

Supervisors:

Xie Li   Zhang Feng   Chen Hongjun   Zhang Xiaofeng   Zheng Yunrui   Choi Ting Ki

Senior Management:

Huang Fei   Li Shantao   Zhou Guoming   Liu Gang

Corporate Information

(I) Corporate Information

Chinese Name of the Company	中國石化上海石油化工股份有限公司
Chinese Short Name of the Company	上海石化
English name of the Company	Sinopec Shanghai Petrochemical Company Limited
Abbreviation of the English Name of the Company	SPC
Legal representative of the Company	Guo Xiao Jun

(II) Contact Persons and Contact Details

	Secretary to the Board	Securities Affairs Representative
Name	Liu Gang	Yu Guangxian
Address	No.48 Jinyi Road, Jinshan District, Shanghai, PRC, Postal Code: 200540	
Tel	8621-57943143	8621-57933728
Fax	8621-57940050	8621-57940050
E-mail	liugang@spc.com.cn	yuguangxian@spc.com.cn

(III) Basic Information

Registered Address*	No.48 Jinyi Road, Jinshan District, Shanghai, PRC
Postal code of the registered office of the Company	200540
Office address of the Company	No.48 Jinyi Road, Jinshan District, Shanghai, PRC
Postal Code of Office Address	200540
Principal Place of Business in Hong Kong	Room 605, Island Place Tower, 510 King's Road, Hong Kong
Website of the Company	www.spc.com.cn
E-mail address	spc@spc.com.cn

* There were no changes in registered address of the Company during the Reporting Period

(IV) Information Disclosure and Access

Designated newspapers for the publication of the Company's announcements	*China Securities Journal, Shanghai Securities News and Securities Times*
Websites for the publication of the Company's annual reports	Shanghai Stock Exchange website, Hong Kong Stock Exchange website and the website of the Company
Place for access to the Company's annual reports	Secretariat Office to the Board, No.48 Jinyi Road, Jinshan District, Shanghai, PRC

(V) Shares Profile of the Company

Share Type	Place of Listing	Stock Short Name	Stock Code
A Shares	Shanghai Stock Exchange	上海石化	600688
H Shares	Hong Kong Stock Exchange	SHANGHAI PECHEM	00338

(VI) Other Relevant Information

Auditor engaged by the Company (Domestic)	Name	KPMG Huazhen LLP
	Address	8th floor, KPMG building, Oriental Plaza, No. 1, East Chang'an Street, Dongcheng District, Beijing, PRC
	Signing Auditors	Wang Wenli, Zhang Lin
Auditor Engaged by the Company (Overseas)	Name	KPMG Public Interest Entity Auditor registered in accordance with the Financial Reporting Council Ordinance
	Address	8th Floor, Prince Building, 10 Chater Road, Central, Hong Kong
	Signing Auditors	Au Yat Fo

Legal Advisors:

PRC Law:	Haiwen & Partners 20th Floor, Fortune & Finance Center No.5 Dong San Huan Central Road Chaoyang District, Beijing, PRC Postal Code: 100020
Hong Kong Law:	Zhong Lun Law Firm 4th floor, Jardine house, 1 Connaught Plaza, central, Hong Kong Postal Code: 100020

Joint Company Secretaries:
Liu Gang, Xu Hai Yan

Authorised Representatives for Hong Kong Stock Exchange:
Guo Xiao Jun, Xu Hai Yan

H Shares Share Registrar:
Hong Kong Registrars Limited
Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wan Chai, Hong Kong

Documents Available for Inspection

(I) The financial statements signed and sealed by the chairman, chief financial officer, general manager of the finance department.

(II) The original audit report containing the signatures of the certified public accountants of the accounting firm.

(III) The originals of all company documents and announcements publicly disclosed in the newspapers designated by CSRC during the Reporting Period.

(IV) Written confirmation of the annual report signed by the Directors, Supervisors and senior management of the Company.

Chairman: Guo Xiaojun

Date of approval by the Board: 19 March 2025